

For Immediate Release
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Judge Grants Final Approval in Class-Action Lawsuit Life Insurance Policyholders Will Get Refunds

\$4 Million Settlement Against Allied Life is Hailed by Consumers

Calling the settlement a major victory for insurance policyholders nationwide, Timothy P. Dillon, counsel for plaintiffs, hailed the ruling received today from United States District Court in Los Angeles giving final approval to a \$4 million class-action settlement in Sharlotte G. Harbott vs. Allied Life Insurance Company [CV 98-1215 CAS (Ex)].

The ruling affects more than 25,000 current and former policyholders in 49 states who purchased or owned universal life insurance from Allied Life prior to November 1, 1991, and whose policies were subject to insurance rate increases in 1991 and 1994. Plaintiffs charged that Allied Life wrongfully increased the cost of insurance rates in 1991 by 8% and in 1994 by 2% in violation of the contract language contained in the policies.

Dillon of Claremont's Shernoff, Bidart, Darras & Arkin called the settlement, a great settlement for the class as all policyholders will receive 100% of the cost of insurance charges plus interest.

The class-action breach of contract lawsuit was filed in January 1998. Plaintiffs maintained, that according to the policy language, the cost of insurance rates could only be increased on the basis of Allied Life's adverse mortality experience and Allied Life did not have the requisite adverse mortality experience to justify the cost increase.

Under the terms of the settlement agreement, Allied Life will set up a \$4 million settlement fund to pay all claims and attorneys' fees. Class members will receive 100% of the cost of insurance increases taken from their accounts during the period 1991 through 1996 together with interest. For those policyholders with policies still in force, those policies will receive an immediate credit. Former policyholders will receive a refund check for the amount owed.