

**IMPORTANT LEGAL MATERIALS**

**UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA  
NOTICE OF PROPOSED CLASS ACTION SETTLEMENT & FAIRNESS HEARING**

In the case of *Michael Don et al. v. Unum Group et al.* case no: CV 13-4502-DSF (VBK), pending before the Hon. Dale S. Fischer, the United States District Court for the Central District of California (the “Court”), on March 9, 2016, authorized this Notice to be sent. **This is not a solicitation from a lawyer. You are not being sued. YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT. PLEASE READ THIS NOTICE CAREFULLY.**

You received this Notice because you are listed as being a current or former policyholder or certificate holder (or a representative of a current or former policyholder or certificate holder) under a long term care policy issued by Unum Life Insurance Company of America that is the subject of a proposed settlement of a class action lawsuit against Unum Group and Unum Life Insurance Company of America (collectively, “Unum”). The Court directed that this Notice be sent to you because you have a right to know about the proposed settlement, and your rights and options, before the Court decides whether to approve it. This Notice explains the lawsuit, the proposed settlement, your legal rights under the settlement, what settlement benefits are included in the proposed settlement, who is eligible for the proposed settlement benefits, and when the settlement benefits will become available if the Court finally approves of the proposed settlement. Please provide a copy of this Notice to any additional or former owners of your policy or certificate, if they have not already received it.

**You should consult your own tax advisor regarding the tax consequences to you of the proposed settlement, including, without limitation, the tax consequences of any payments provided under the proposed settlement, and any tax reporting obligations you may have.**

<b>SUMMARY OF YOUR LEGAL RIGHTS &amp; OPTIONS IN THIS SETTLEMENT:</b>	
DO NOTHING IN RESPONSE TO THIS NOTICE	You do not have to do anything to be eligible to receive settlement benefits. If you do nothing, you will receive the settlement relief described in this Notice. In other words, you are included unless you exclude yourself by timely complying with the instructions included in this Notice.
OBJECT	If you do not like the proposed settlement, you may object and explain why, by following the directions in this Notice. The Court will consider all timely and validly submitted objections at the Fairness Hearing. The deadline for any objections is May 8, 2016.
SPEAK AT THE FAIRNESS HEARING	You are not required to attend or speak at the Fairness Hearing. If you have timely and properly objected to the settlement, the Court will consider your objection without any requirement that you attend the Fairness Hearing. But if you wish, you may request permission to speak at the Fairness Hearing, by following the directions in this Notice. The Fairness Hearing is presently scheduled for June 27, 2016, at 1:30 p.m.
EXCLUDE YOURSELF FROM THE SETTLEMENT	You can exclude yourself from the settlement by timely complying with the instructions for doing so included in this Notice. If you exclude yourself from the settlement, you will not be entitled to receive any settlement benefits and will not be allowed to object to the settlement. The deadline for any exclusion requests is May 8, 2016.

## WHAT IS THIS CASE ABOUT?

### **i. Plaintiffs' Position.**

On May 17, 2013, this lawsuit was filed in Los Angeles Superior Court and subsequently removed to this federal court on June 21, 2013. It is referred to herein as "the Action." The three named Plaintiffs are (1) Michael Don (as Executor of his Father Ruben Don's estate), (2) Tamara Pelham (as Special Administrator of her Father Leroy Little's estate), and (3) Carolyn Jan Little. The Defendants are Unum Group and Unum Life Insurance Company of America (collectively, "Unum").

Plaintiffs allege that Unum failed to properly calculate long term care ("LTC") benefits in two respects. First, for Subclass I, Plaintiffs allege that Unum improperly calculated benefits by determining the Policy Anniversary based on the Effective Date of the Policy rather than the Policy Date. Second, for Subclass IV, Plaintiffs allege that Unum improperly calculated benefits by calculating the inflation increase based on the *remaining* Lifetime Maximum Benefit Amount, even though the word "remaining" does not appear in the inflation protection or benefit increase provision or rider. In addition, for Subclass VII, Plaintiffs allege that when policyholders requested duplicate copies of their LTC policies, Unum failed to provide exact copies of their original policies. The proposed subclasses consist of Unum's LTC insureds who (1) were (i.e., insureds with "accrued damages"), (2) are (i.e., insureds who are currently "in claim"), or (3) will be (i.e., "future claimant" insureds) affected by any of Plaintiffs' three different theories. This nationwide class action sought, among other relief, damages for breach of contract as well as declaratory and injunctive relief.

### **ii. Unum's Position.**

Unum expressly denies any and all wrongdoing alleged in the Action, including all versions of the Complaints and all other contentions and allegations made, recognized, explicitly or implicitly, or pursued during the course of the litigation, and does not admit or concede any claimed, actual or potential fault, wrongdoing, or liability in connection with any facts or claims which have been or could have been alleged against it in the Action. Unum contends that Plaintiffs' claims are not cognizable and are otherwise improper as a matter of law, and that Plaintiffs would suffer failures of proof at trial that would be fatal to their claims. Unum contends that the language in its policies fully complies with all requirements of applicable law, and that it fully complied with all of its obligations under its policies. Unum contends that its policies were not misleading with regard to any of the matters raised in the Action and that it completely fulfilled its obligations to all Settlement Class Members before and after the sale of the policies, including by providing benefits and value equal to or in excess of that promised. Unum contends that Settlement Class Members have not suffered any damage or loss as a result of the conduct alleged in the Action. Unum contends that this case is not proper to be certified as a contested class action for litigation purposes.

## Why The Settlement Was Reached?

Based upon the exhaustive discovery, investigation and evaluation of the facts and the law, and notwithstanding their firm belief in the merits of their claims, Plaintiffs and Class Counsel have agreed to settle the Action after considering such factors as: (1) the benefits to Plaintiffs and the Class provided by this Settlement Agreement; (2) the risks and uncertainty of trial, especially in complex actions such as this, as well as the difficulties and delays inherent in any appeals which would likely follow the trial; and (3) the desirability of consummating this Settlement Agreement in order to provide relief to Plaintiffs and the Class, many of whom are elderly and in need of a prompt resolution.

Unum considers it desirable for the Action to be settled and dismissed, because the Settlement will: (i) provide substantial benefits to Unum's policyholders; (ii) confer benefits on Unum, including the avoidance of further expense and disruption of the management and operation of Unum's business due to the pendency and defense of the Action; (iii) finally put to rest the claims of Plaintiffs and the Class and the underlying lawsuit; and (iv) avoid the substantial expense, burdens, and uncertainties associated with a potential finding of liability and damages for Plaintiffs and the Class on the claims alleged in the Action.

To reach this Settlement, the Parties engaged in numerous, arm's-length settlement meetings, including several mediation sessions with Robert J. Kaplan, Esq. of Judicate West Mediation Services, beginning in October 2013, and continuing through October, 2015. Specifically, the Parties prepared for and participated in three full day mediations in this case spanning from October 21, 2013, to October 15, 2015, and continued mediating through Mr. Kaplan, a well-regarded mediator who has mediated approximately 5000 cases, including hundreds of complex and class action cases, through November 19, 2015.

## Who Is In the Settlement Class?

"Settlement Class" means, subject to the exclusions listed below, all Class Members, except the following persons: (1) persons who properly opted-out of the Settlement; (2) any officer, director, employee or agent of Unum; (3) any judge, justice, or judicial official presiding over the Action and the staff and immediate family of any such judge, justice, or judicial official; and (4) notwithstanding the above, no Claim shall be eligible for or approved for Settlement Relief with respect to any Policy

for which a valid agreement or release exists between Unum and the Settlement Class Member that would preclude the Settlement Class Member's right to receive relief from the Settlement.

"Class Member" means and includes any person included in the definition of Subclass I, Subclass IV, or Subclass VII.

"Subclass I" means all current and former insureds nationwide whose Unum LTC Policies state "[u]nless we tell you something else, years, months and anniversaries that we refer to are calculated from the Policy Date" and Unum used (for insureds with "accrued damages"), is using (for insureds "in claim"), or will use (for "future claimant" insureds) the Effective Date.

"Subclass IV" means all current (as of the Execution Date of the Settlement Agreement) and former insureds nationwide whose Unum LTC Policies contain an optional provision for inflation protection which states that their Lifetime Maximum Benefit Amount will increase, and Unum applied (for insureds with "accrued damages"), is applying (for "in claim" insureds), or will apply (for "future claimant" insureds) the annual inflation increase to the remaining Lifetime Maximum Benefit Amount, even though the word "remaining" does not quantify or reduce the Lifetime Maximum Benefit Amount.

"Subclass VII" means all current and former insureds under Unum's LTC Policies nationwide issued pre-2002 who since 2010 received a "duplicate" policy that was not an exact copy of their original policy.

### What Are The Settlement Benefits?

If the Court approves the proposed settlement, the benefits that will be available will depend on which subclass or subclasses you fall within. For each subclass, the available settlement benefits are summarized. The terms of the settlement relief are set forth in full in the Stipulation For Settlement. You may view and download a copy on the settlement website. See, "**Whom May I Contact for More Information?**", pg 6 below. You can also get a copy from the Settlement Administrator, upon request, at no cost to you. You may request a copy by mail or via the toll-free telephone line.

The Total Settlement Fund is synonymous with the term Common Fund, and constitutes the sum of all of the past, present and future value of this entire Settlement. It includes the Settlement Relief, the Attorneys' Fees and Costs and litigation expenses referenced elsewhere in this Notice, all costs of Administration, all Incentive or Service Awards to any Class Representatives, and the value of any change in practices effected by this Agreement or Settlement. Plaintiffs contend that the value of the "Total Settlement Fund" is \$45,988,014.52. Unum does not contest that valuation.

The Settlement Relief available to Settlement Class Members consists of the following:

Subclass I. The Subclass I relief will be provided through a combination of (a) monetary payments and (b) a future business practice change, anticipated to be completed within two years of the Final Settlement Date, whereby Unum would change its processes to calculate the Policy Anniversary based on the Policy Date rather than the Effective Date ("Policy Anniversary Change"). For current Subclass I class members, i.e., Subclass I class members who have already received benefits under their policies, Unum would pay those class members the difference between what they received in benefits and what they would have received in benefits if Unum had calculated the Policy Anniversary based on the Policy Date. *Before the date of the Policy Anniversary Change*, Unum will also pay future Subclass I class members, i.e., Subclass I class members who in the future receive benefits under their policies, the difference between what they receive in benefits and what they would have received in benefits if Unum had calculated the Policy Anniversary based on the Policy Date. *After the date of the Policy Anniversary Change*, Unum will pay future Subclass I members benefits with the Policy Anniversary calculated based on the Policy Date. Plaintiffs estimate the relief to be provided to Subclass I, as described in this paragraph, at \$18,595,470. Plaintiffs contend that \$1,822,407.98 to 1,163 insureds that Unum's March 19, 2015 discovery responses identified have been underpaid, is not included in the \$18,595,470 for Subclass I, which is plaintiffs' estimate of payments for approximately 11,867 insureds. Unum does not challenge Plaintiffs' valuation. In addition, Unum will not claim back Unum's overpayment, under Plaintiffs' Subclass I theory, of \$1,774,583.20 to 3,069 insureds.

Subclass IV. The Subclass IV relief will be provided as 1.5 months of additional benefits, based on the Subclass IV class member's original monthly benefit amount stated in the policy, payable to any Subclass IV class member who reaches their Lifetime Maximum Benefit Amount. Unum and Plaintiffs value the relief to be provided to Subclass IV, as described in this paragraph, at \$18,600,000.00.

Subclass VII. Unum represents and warrants that members of Subclass VII have had—and will continue to have—their claims adjudicated based the language of their original policies, notwithstanding their prior receipt from Unum of versions of their policies that were not exact copies of their original policies. Upon final approval of the Parties' settlement by the Court in the Action, Unum will, on a going forward basis, provide exact copies of the original policies to policyholders requesting duplicate polices. While the monetary value of this change in practice to Subclass VII is not easily quantifiable, Plaintiffs contend that it has substantial value. Unum agrees not to oppose that contention.

### **When Would I Get My Settlement Benefits?**

The Court will hold a hearing on June 27, 2016, at 1:30 p.m., called the Fairness Hearing, to decide whether to finally approve the proposed settlement. Settlement benefits will only be available if the Court approves the settlement after that hearing. If the Court approves the settlement, then immediately payable settlement benefits will be paid within sixty (60) days after the Final Settlement Date. For future claims, Unum will pay when benefits under this Settlement become due.

### **What is Unum Paying To The Class Representatives?**

Subject to Court approval, in recognition of their service as Class Representatives, Unum shall not oppose and shall pay Class Representative incentive or service awards to Michael Don of \$25,000, Tamara Pelham of \$20,000, and Carolyn Jan Little of \$15,000. The incentive or service awards to Plaintiffs total \$60,000. In addition, Unum shall pay Michael Don \$15,000 in consideration for individually settling a claim he had that Unum represents was unique to him. Unum shall pay these amounts in addition to any benefits that Plaintiffs are entitled to receive as Settlement Class Members. Unum expressly agrees that Carolyn Jan Little will be entitled to benefits under her policy if she (a) timely continues to pay premiums as due, (b) complies with all of her other obligations under her policy, and (c) suffers a covered Loss of Functional Capacity or covered Cognitive Impairment as defined in the policy. Unum will not in any way retaliate against the Littles or Pelham or rely upon their participation in this lawsuit as a basis upon which to deny coverage.

### **What is Unum Paying To The Class Counsel?**

Class Counsel Attorneys' Fees and Class Counsel Expenses will not reduce any other benefit or Settlement Relief provided to the Settlement Class or Plaintiffs. Unum will pay Class Counsel Attorneys' Fees and Class Counsel Expenses as approved by the Court as part of the Settlement, up to \$9,600,000.03 currently consisting of \$9,518,406.12 in attorneys' fees and \$81,593.91 in costs and litigation expenses. This is less than 21% of the Total Settlement Fund. Settlement Class Members will not be responsible themselves for paying any attorneys' fees, costs, litigation expenses, administration expenses, or incentives or service awards for the Class Representatives (unless a Settlement Class Member elects to retain their own attorney at their own expense).

Class Counsel will move for approval of the Class Counsel Attorneys' Fees and Class Counsel Expenses at least 21 days prior to the deadline for the submission of Exclusions and Objections, or such other date set by the Court. The amount of the Class Counsel Attorneys' Fees and Class Counsel Expenses approved by the Court for payment by Unum shall be determined at the Fairness Hearing, but shall not exceed \$9,600,000.03 currently consisting of \$9,518,406.12 in attorneys' fees and \$81,593.91 in costs and litigation expenses.

The amount of any reduction in attorneys' fees or costs awarded to Class Counsel by the Court will be paid as additional days, weeks, or months of benefits to Subclass IV and will not revert to Unum. Any such amounts will not be paid to members of Subclass I as such insureds will already receive 100 cents on the dollar on their claims under the Settlement.

The Class Counsel Attorney Fees and Class Counsel Expenses payment described in this section is the total amount to which Class Counsel and their predecessors and any associated counsel will be entitled to receive from Unum with respect to the Action, the Settlement or otherwise.

### **What Am I Releasing If I Do Not Exclude Myself From The Settlement?**

Scope of Release: Michael Don provides a General Release. All other members of the Settlement Class, including Carolyn Jan Little and Tamara Pelham, provide a limited release.

- A. Limited Release by Settlement Class Members. Effective on the date of entry of the Final Order and Judgment, the Settlement Class Members (except for Don) release the Released Parties (as defined in Section C below) from any and all claims, penalties, actions, causes of action, damages, compensation, interest, and attorneys' fees that have been asserted in or are related to Plaintiffs' Third Amended Complaint.
- B. California Civil Code Section 1542 Waiver. In order to achieve a full and complete release of the Released Claims pertaining solely to the release set forth in Paragraph A above, and not to any other claims that are not expressly released therein, each Settlement Class member acknowledges that the release in Paragraph A above is also intended to include in its effect all such claims within the scope of the releases whether or not the Settlement Class member knows or suspects them to exist in his or her favor as of the Final Settlement Date.

Accordingly, each Settlement Class Member waives all rights and benefits afforded by Section 1542 of the Civil Code of the State of California and any similar or comparable laws only with respect to those claims released by Paragraph A above, and does so understanding the significance of that waiver pertaining to the release set forth in Paragraph A above. Section 1542 of the Civil Code of the State of California provides:

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”**

If a Class Member does not timely opt out of the Settlement and the Settlement is given final approval and final judgment is entered, the Settlement Class Member acknowledges that he/she/it read section 1542 of the Civil Code of the State of California.

To the extent that California or other similar federal or state law may apply (because of or notwithstanding the choice of law provisions in the Settlement Agreement), Plaintiffs and the Settlement Class Members hereby agree that the provisions of §1542 and all such similar federal or state laws, rights, rules, or legal principles, to the extent they are found to be applicable herein, are hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Settlement Class Members in connection with the Released Claims, and Plaintiffs and the Settlement Class Members agree that this is an essential term of this Agreement.

However, to be clear, this Paragraph B does not release claims which are not expressly within the definition of Released Claims as set forth in Paragraph A above.

- C. Released Parties. The Released Parties are Defendants Unum Life Insurance Company of America and Unum Group, and their present, former and future parents, subsidiaries, affiliates, predecessors, successors and assigns, and each of its and their respective members, shareholders, directors, officers, employees, agents, servants, registered representatives, insurers and attorneys (collectively the “Released Parties”).
- D. Limit of Release. Nothing in this Release shall be deemed to alter the Settlement Class Members’ contractual rights under the Policies (except to the extent that such rights are specifically supplemented or altered by the Settlement Agreement), including but not limited to any right to make a claim for benefits that will become payable in the future pursuant to the express written terms of a Policy.

Without limiting the foregoing, nothing in this Release shall release, preclude, or limit any claim or action to enforce the terms of the Settlement Agreement.

**How can I Object to the Settlement?**

- A. To object to the fairness, reasonableness, or adequacy of this Agreement or the Settlement, or to the award of Class Counsel Attorneys’ Fees and/or Class Counsel Expenses, you must serve the Settlement Administrator, Class Counsel and Unum’s Counsel, identified below, no later than 30 days after the mailing of the original Class Settlement Notice, a written statement of the objections, to include: your name, address, and policy number, the specific reason(s), if any, for each objection, including any legal support that you wish to bring to the Court’s attention, and any evidence or other information you wish to introduce in support of the objections. You may object either on your own or through an attorney retained at your own expense. Do not file anything with and do not contact the Court, the Clerk, or the Court staff.

You may not object to the settlement if you properly exclude yourself from the Class in the manner described in the section below entitled “How can I Exclude Myself from or Opt-Out of the Settlement?”

<b>Counsel for the Class (“Class Counsel”) are:</b>	<b>Counsel for Defendants (“Unum”) is:</b>
Allan A. Shenoi SHENOI KOES LLP 175 S. Lake Avenue, Ste. 202 Pasadena, CA 91101  Law Offices of Christopher C. Vader 82632 B Hwy 111, Ste. 3 Indio, CA 92201	Joshua E. Anderson SIDLEY AUSTIN LLP 555 West Fifth Street, Suite 4000 Los Angeles, California 90013

- B. Any Settlement Class Member who serves a written objection, as described in the preceding paragraph, may, if the court grants permission, appear at the Fairness Hearing, either in person or through personal counsel hired at the Settlement Class Member’s sole expense, to object to the fairness, reasonableness, or adequacy of this Agreement or the Settlement, or to Unum’s payment of the Class Counsel Attorneys’ Fees and/or Class Counsel Expenses. Settlement Class Members or their attorneys who intend to make an appearance at the Fairness Hearing must deliver a notice of intention to appear to the Settlement Administrator, to Class Counsel and to Unum’s Counsel, identified above, no later than 30 days after the mailing of this Class Settlement Notice. Do not file anything with and do not contact the Court, the Clerk, or the Court’s staff.
- C. Any Settlement Class Member who fails to comply with the provisions of this Section shall waive and forfeit any and all rights he or she may have to appear separately and/or object, and shall be bound by all the terms of the Settlement Agreement and by all proceedings, orders and judgments, including, but not limited to, the Release and the Judgment in the Action.

D. Any Settlement Class Member who properly objects consistent with these provisions shall be entitled to all of the benefits of the Settlement if it is approved, so long as the objecting Settlement Class Member complies with all requirements of this Notice applicable to Settlement Class Members.

**How can I Exclude Myself from or Opt-Out of the Settlement?**

To exclude yourself from the settlement, you must send a letter by mail saying that you want to be excluded from *Don v. Unum Life Insurance Company of America*. Be sure to include your name, address, policy number, telephone number, and your signature. You must **mail** your exclusion request so that it is received no later than May 8, 2016 to:

**DON v UNUM CLASS ACTION ADMINISTRATOR  
C/O RUST CONSULTING INC – 5069  
PO BOX 2492  
FARIBAULT MN 55021-9192**

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Unum in the future for these same claims. If the request for exclusion is sent from within the United States, it must be sent through the United States Postal Service via First-Class Mail, or the equivalent. Do not use a postage meter as that may not result in a postmark appearing on the envelope.

**Whom May I Contact for More Information?**

The Court has appointed Rust Consulting to serve as the Settlement Administrator. This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement and more information about the settlement by visiting [www.donvunumadministrator.com](http://www.donvunumadministrator.com), calling Rust Consulting toll free at **(866) 403-1827**, or writing to the Settlement Administrator at the address provided below:

**DON v UNUM CLASS ACTION ADMINISTRATOR  
C/O RUST CONSULTING INC – 5069  
PO BOX 2492  
FARIBAULT MN 55021-9192**

**PLEASE DO NOT TELEPHONE, WRITE OR FILE ANYTHING WITH, OR OTHERWISE CONTACT THE COURT, THE CLERK OF THE COURT, OR THE COURT STAFF FOR INFORMATION REGARDING THIS SETTLEMENT. PLEASE DO NOT CONTACT PLAINTIFFS, DEFENDANTS, OR DEFENDANTS' COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT.**

**BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA.**

DATED: April 8, 2016

Hon. Dale Fischer  
United States District Judge