

**NOTICE OF CLASS ACTION SETTLEMENT**

**If you own or owned a Strategic Accumulator Universal Life Policy issued by Security Life of Denver that was subject to a COI rate increase announced in September 2015, you may be affected by a class action settlement**

*A court authorized this notice. This is not a solicitation from a lawyer.*

- A proposed settlement has been reached in a class action lawsuit called *PHT Holding I LLC v. Security Life of Denver Insurance Co.*, Case No. 1:18-cv-01897-DDD-SKC (D. Colo.) (the “Settlement”).
- Plaintiff alleges that Defendant Security Life of Denver Insurance Company (“Security Life”) breached its contracts with Strategic Accumulator Universal Life (“SAUL”) policy owners. In September 2015, Security Life announced that SAUL insurance policies would be subject to a cost of insurance (“COI”) rate scale increase. Plaintiff asserts the COI rate increase violated the terms of the policy holders’ contracts, and that Plaintiff and members of the Class have been damaged as a result. Security Life denies Plaintiff’s claims and asserts multiple defenses. The Court has not decided who is right or wrong. Instead, both sides have agreed to the Settlement to avoid risks, costs, and delays of further litigation.
- The case is currently pending before Judge Daniel D. Domenico of the United States District Court for the District of Colorado (the “Court”). If the Court approves the Settlement, Class Members will be eligible to receive payment from a cash Settlement Fund of \$30 million, as further detailed in Question 10.
- In addition, Security Life agrees that the COI rate scales on SAUL policies will not be increased until March 31, 2028. Security Life also agrees that it will not take certain legal action or assert certain legal defenses challenging death claims for any Class Member as outlined in the Settlement Agreement available at [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com).
- You are a Class Member if you own or owned a SAUL policy subjected to Security Life’s COI rate increase announced in September 2015. Excluded from the Class are those who have previously opted out of the certified class; owners whose policies were issued in Alaska, Arkansas, New Mexico, Virginia, and Washington; and Security Life, its officers and directors, members of their immediate families, and their heirs, successors, or assigns. Your legal rights are affected whether or not you act. ***Please read this Notice carefully.***

**YOUR LEGAL RIGHTS AND OPTIONS**

<b>Do Nothing</b>	<ul style="list-style-type: none"> <li>• Get certain benefits from the Settlement — Automatically receive a payment in the mail if you are entitled to one</li> <li>• Be bound by the Settlement</li> <li>• Give up your right to sue or continue to sue Security Life for the claims in this case</li> </ul>	
<b>Object</b>	<ul style="list-style-type: none"> <li>• Tell the Court what you do not like about the Settlement. The purpose of an objection to the Settlement is to persuade the Court not to approve the proposed Settlement. A successful objection to the Settlement may mean that the objector and other members of the Class are not bound by the Settlement.</li> </ul>	<p>Filed and served by <b>July 3, 2023</b></p>

- These rights and options—**and the deadlines to exercise them**—are explained in this Notice. The deadlines may be moved, cancelled, or otherwise modified, so please check [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com) regularly for updates and further details.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

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## **BASIC INFORMATION**

### **1. Why was this Notice issued?**

You have a right to know about a proposed Settlement and your rights and options before the Court decides whether to approve the Settlement.

Judge Daniel D. Domenico of the United States District Court for the District of Colorado is in charge of this case. The case is called *PHT Holding I LLC v. Security Life of Denver Insurance Co.*, Case No. 1:18-cv-01897-DDD-SKC (D. Colo.). PHT Holding I LLC owns two SAUL policies that were subjected to the COI rate increase at issue in the case and is the Plaintiff and Court-appointed class representative in this case. The company it sued, Security Life, is called the Defendant.

### **2. What is this lawsuit about?**

The class action lawsuit alleges that Security Life breached its contracts with certain SAUL policy owners when in September 2015, Security Life announced that SAUL insurance policies would be subject to a cost of insurance (“COI”) rate scale increase. Plaintiff asserts the COI rate increase violated the terms of the policy holders’ contracts, and that Plaintiff and members of the Class have been damaged as a result. Specifically, Plaintiff alleged that Security Life breached the policy provision which states “Any change in rates will apply to all individuals of the same premium class and whose policies have been in effect for the same length of time.” Security Life denies Plaintiff’s claims and asserts multiple defenses, including that the challenged action is permitted by the contract terms, lawful, justified, and has not harmed Plaintiff or caused any damages. The Court has not decided who is right or wrong. Instead, both sides have agreed to the Settlement to avoid the risks, costs, and delays of further litigation, so that people affected will get a chance to receive compensation.

### **3. Which life insurance policies are affected by the lawsuit?**

The marketing name of the policies subject to the COI rate increase in September 2015 is **Strategic Accumulator Universal Life** or **Strategic Accumulator UL**. The SAUL policies that were subject to the COI rates scale increase were issued between 2003 and March 2006.

### **4. What is a class action and who is involved?**

In a class action, a person(s) or entity(ies) called a “Class Representative(s)” sues on behalf of all individuals who have a similar claim. Here, PHT Holding I LLC, represents other eligible SAUL policy owners and together they are called the “Class” or “Class Members.” Bringing a case, such as this one, as a class action allows resolution of many similar claims of persons and entities that might be economically too small to bring in individual actions. One court resolves the issues for all class members, except for those who validly exclude themselves from the class.

## **5. Why is this lawsuit a class action?**

In the Court's Order certifying the Class, the Court decided that the settlement of the breach of contract claim against Security Life in this lawsuit can proceed as a class action because, at that point of the lawsuit, it met the requirements of Rule 23 of the Federal Rules of Civil Procedure, which governs class actions in federal court. The Court found that:

- There are numerous Class Members whose interests will be affected by this lawsuit;
- There are legal questions and facts that are common to each of them;
- The Class Representative's claims are typical of the claims of the rest of the Class;
- The Class Representative and the lawyers representing the Class will fairly and adequately represent the interests of the Class;
- A class action would be a fair, efficient and superior way to resolve this lawsuit;
- The common legal questions and facts predominate over questions that affect only individual Class Members; and
- The Class is ascertainable because it is defined by identifiable objective criteria.

In certifying the Class, the Court appointed Susman Godfrey LLP as Class Counsel. For more information, visit the Important Documents page at [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com).

## **6. Why is there a Settlement?**

Security Life denies any and all liability or wrongdoing of any sort with regard to the 2015 COI rate increase. Trial was scheduled to start on February 13, 2023. Two days before trial, the parties reached a settlement in principle, which was subsequently memorialized in the Settlement Agreement, in order to avoid the risks, costs, and delays of further litigation. The Court has not decided in favor of Plaintiff or Defendant. Plaintiff and Class Counsel think the Settlement is in the best interests of the Class and is fair, reasonable, and adequate.

## **THE CLASS**

### **7. Am I part of the Class?**

The Class consists of all owners of SAUL policies subjected to Security Life's COI rate increase announced in September 2015.

### **8. Are there exceptions to being included?**

Yes. Excluded from the Class are owners of SAUL policies subjected to the COI rate increase whose policies were issued in Alaska, Arkansas, New Mexico, Virginia, and Washington, and Security Life, its officers and directors, members of their immediate families, and their heirs, successors, or assigns.

## **9. What if I am still not sure if I am included?**

If you are still not sure whether you are a Class Member, please visit [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com), call the Settlement Administrator toll-free at 1-833-667-1230, or write to: Security Life COI Life Insurance Settlement, c/o JND Legal Administration, P.O. Box 91225, Seattle, WA 98111.

## **WHAT CLASS MEMBERS GET**

### **10. What does the Settlement provide?**

A Settlement Fund of \$30 million will be established for Class Members. After payment of the cost to administer the Settlement Fund as well as attorneys' fees and expenses and the payments to the Class Representative (*see* Question 14 below), the Settlement Administrator will distribute the remaining amounts to Class Members in proportion to their share of the overall COI overcharges collected from the Class through December 30, 2022, with a minimum cash payment to each Class Member of \$100.00. No portion of the Settlement Fund will be returned to Security Life.

Security Life has also agreed not to:

- Raise COI rate scales on policies covered by the Settlement for a period of five years from the date of the Settlement Agreement. In other words, Security Life is prohibited from imposing another COI rate scale increase on the policies in the class until March 31, 2028, at the earliest.
- Cancel, void, rescind, or deny a death claim submitted under the Class Members' policies or contest the validity of a policy based on:
  - An alleged lack of valid insurable interest under any applicable law or equitable principles; or
  - Any misrepresentation allegedly made on or related to the application for, or otherwise made in applying for the policy.

More details are in a document called the Settlement Agreement, which is available at [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com).

If you are a Class Member, you cannot sue, continue to sue, or be part of any other lawsuit against Security Life about the facts that arise from the same factual predicate of the claims released in this Settlement. It also means that all the decisions by the Court will bind you. The Released Claims and Released Parties are defined in the Settlement Agreement. They describe the legal claims that you give up if you stay in the Settlement. The Settlement Agreement is available at [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com).

## **HOW TO GET A PAYMENT**

### **11. How can I get a payment?**

You will automatically receive a payment in the mail if you are entitled to one. No claims need to be filed.

Questions? Call 1-833-667-1230 or visit [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com)

## **12. When will I get my payment?**

Payments will be mailed to Class Members after the Court grants “final approval” of the Settlement and after all appeals are resolved. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved and resolving them can take time. Please be patient.

## **THE LAWYERS REPRESENTING YOU**

## **13. Do I have a lawyer in this case?**

Yes. The Court has appointed the following lawyers as “Class Counsel.”

**Steven G. Sklaver**  
**Michael Gervais**  
SUSMAN GODFREY LLP  
1900 Avenue of the Stars, Suite 1400  
Los Angeles, CA 90067-6029  
ssklaver@susmangodfrey.com  
mgervais@susmangodfrey.com  
Telephone: 310-789-3100

**Seth Ard**  
**Ryan Kirkpatrick**  
**Zach Savage**  
SUSMAN GODFREY LLP  
1301 Avenue of the Americas, 32nd Floor  
New York, NY 10019-6023  
sard@susmangodfrey.com  
rkirkpatrick@susmangodfrey.com  
zsavage@susmangodfrey.com  
Telephone: 212-336-8330

## **14. How will the lawyers be paid?**

The Court will determine how much Class Counsel will be paid for fees and expenses. Class Counsel will file a motion seeking an award for attorneys’ fees not to exceed 33 1/3% the Final Settlement Fund (i.e., \$10,000,000.00). In addition to seeking an award for attorneys’ fees, Class Counsel will seek reimbursement for expenses incurred or to be incurred in connection with the Settlement, as well as an Incentive Award up to \$35,000 for Plaintiff for its service as the representative on behalf of the Class, to be paid from the Final Settlement Fund. You will not be responsible for direct payment of any of these fees, expenses, or awards.

## **15. Should I get my own lawyer?**

You do not need to hire your own lawyer to pursue the claims against Security Life because Class Counsel is working on behalf of the Class. However, if you want to be represented by your own lawyer, you may hire one at your own expense and cost.

## **OBJECTING TO THE SETTLEMENT**

### **16. How can I tell the Court if I do not like the Settlement?**

Any Class Member may object to the fairness, reasonableness, or adequacy of the proposed Settlement. Class Members who wish to object to any term of the Settlement must do so, in writing, by filing a written objection with the Court, and serving copies on Class Counsel and Counsel for Defendant. The written objection must include:

- Your full name, address, telephone number, and email address (if any);
- The case name (*PHT Holding I LLC v. Security Life of Denver Insurance Co.*);
- The policy number(s);
- A written statement of all grounds for the objection accompanied by any legal support for the objection (if any);
- Copies of any papers, briefs, or other documents upon which the objection is based;
- A list of all persons who will be called to testify in support of the objection (if any);
- A statement of whether you intend to appear at the Fairness Hearing; and
- Your or your counsel's signature.

If you intend to appear at the Fairness Hearing through counsel, the written objection must also state the identity of all attorneys representing you who will appear at the Fairness Hearing. Your objection, along with any supporting material you wish to submit, must be filed with the Office of the Court, with a copy served on Class Counsel and Counsel for Defendant by **July 3, 2023** at the following addresses:

<b>Clerk of the Court</b>	<b>Counsel for Defendant</b>
Alfred A. Arraj United States Courthouse Room A105 901 19 <sup>th</sup> Street Denver, CO 80294-3589	Clark C. Johnson Casey L. Hinkle Michael T. Leigh Burt A. (Chuck) Stinson Kaplan Johnson Abate & Bird LLP 710 West Main Street, 4th Floor Louisville, KY 40202 cjohnson@kaplanjohnsonlaw.com chinkle@kaplanjohnsonlaw.com mleigh@kaplanjohnsonlaw.com cstinson@kaplanjohnsonlaw.com
<b>Class Counsel</b>	
Steven G. Sklaver Michael Gervais SUSMAN GODFREY LLP 1900 Avenue of the Stars, Suite 1400 Los Angeles, CA 90067-6029	
Seth Ard Ryan Kirkpatrick Zach Savage SUSMAN GODFREY LLP 1301 Avenue of the Americas, 32nd Floor New York, NY 10019-6023	



## **THE COURT'S FAIRNESS HEARING**

### **17. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a Fairness Hearing on **September 13, 2023** at 2:30 MT at the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, 901 19th Street, Denver, CO, 80294. At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court will also consider how much to pay and reimburse Class Counsel and any Incentive Award payment to Plaintiff. If there are objections, the Court will consider them at this time. We do not know how long these decisions will take.

### **18. Do I have to come to the hearing?**

No. But you or your own lawyer may attend at your expense. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and served your written objection on time to the proper addresses, the Court will consider it.

### **19. May I speak at the hearing?**

Yes. You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intent to Appear." Your request must state your name, address, and telephone number, as well as the name, address, and telephone number of the person that will appear on your behalf. Your request must be filed with the Clerk of the Court and served on Class Counsel and Defendant's Counsel no later than **July 3, 2023**. See Question 16 for addresses.

## **IF YOU DO NOTHING**

### **20. What happens if I do nothing at all?**

Those who are eligible to receive a payment from the Settlement do not need to do anything to receive payment; you will automatically receive a payment from the Settlement. You will be bound by the Settlement, and you will give up your right to sue or continue to sue Security Life for the claims in this case.

## **GETTING MORE INFORMATION**

### **21. How can I get more information?**

This Notice summarizes the proposed Settlement. More details are in the Settlement Agreement, available at [www.SecurityLifeofDenverCOI.com](http://www.SecurityLifeofDenverCOI.com). You can also call the Settlement Administrator toll-free at 1-833-667-1230, or write to:

Security Life COI Life Insurance Settlement  
c/o JND Legal Administration  
P.O. Box 91225  
Seattle, WA 98111