

NOTICE OF SETTLEMENT APPROVAL OF LA CAPITALE CLASS PROCEEDING LITIGATION

PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS.

Claim forms must be received by Class Counsel no later than May 17, 2023.

The British Columbia Supreme Court has approved the settlement of the class proceeding *Matthews and Dunlop v La Capitale Civil Service Mutual, La Capitale Financial Group Inc., La Capitale Civil Service Insurer Inc., La Capitale Financial Security Insurance Company, and 36022 14 Canada Inc.*, commenced in the Supreme Court of British Columbia, Court File: VLC-S-S-1810216 (the "Class Proceeding").

The Class Proceeding alleged that the Defendants engaged in conduct that deprived the Class of compensation owed pursuant to various agreements between the Class and the Defendants. The Defendants deny any wrongdoing or liability, and none of the allegations have been proven in court. The settlement represents a compromise of the parties' positions. The Class Proceeding has been dismissed as part of the Settlement.

This notice contains a summary of some of the terms of the Settlement Agreement. All capitalized terms not otherwise defined have the meaning ascribed to them in the Settlement Agreement. If there is a conflict between the provisions of this Notice and the Settlement Agreement, the terms of the Settlement Agreement shall prevail.

WHO IS INCLUDED?

The Settlement applies to "all individuals or entities, wherever resident, who were, between November 30, 2006 and May 28, 2020 (the "Class Period") party to any agreement with the Pennsylvania Life Insurance Company, the Penncorp Life Insurance Company, or their subsidiaries or acquirers which grants or entitles them to ongoing compensation from the Pennsylvania Life Insurance Company, the Penncorp Life Insurance Company, their subsidiaries, their acquirers or from the business operations and activities of the Defendants", except those who "opted out" of the action (the "Class").

WHAT IS THE SETTLEMENT?

The Settlement provides for the payment of a settlement amount of CAD\$7,465,000 (the "Settlement Amount").

The Court has approved the following payments, each of which will be paid out of the Settlement Amount:

- (a) \$2,760,881.57 to Class Counsel for (i) legal fees and reimbursement of disbursements paid in respect of the class proceeding, plus applicable taxes; (ii) fees and disbursements relating to the administration of the claims process; and (iii) expenses relating to the provision of notices relating to the settlement; and
- (b) \$25,000 to each of the two Representative Plaintiffs as honoraria (\$50,000 total).

The balance of the Settlement Amount will be utilized by Class Counsel to fund the payment of Approved Claims to Class Members:

- (a) who, per the records of the Defendants, as of the date of certification had satisfied all of the vesting criteria pursuant to an agreement with La Capitale entitling them to receive, at any time during the Class Period, ongoing compensation from La Capitale which includes the business operations and activities of the Defendants, including those individuals listed in Schedule "B" and Schedule "C" to the Settlement Agreement; and
- (b) who are an "Approved Class Member" pursuant to the Distribution Protocol.

Payments to approved claimants who are deceased will be made to the estate, beneficiary, or heir of the deceased or to any other person who may be legally entitled to receive payments to approved claimants, as the case may be. If any person who is not a Class Member is legally entitled, by court order, agreement, or otherwise, to receive compensation payable to an approved claimant who is not deceased, that compensation will be paid to the person so entitled.

CLAIMS PROCESS

Class Counsel will mail a copy of the Application Form to all Class Members listed in Schedule “B” and Schedule “C” to the Settlement Agreement (i.e. Eligible Class Members) for whom it has a mailing address. If you do not receive a copy, one can be obtained from <https://www.merchantlaw.com/lacapitale>.

Class Members *not* listed in Schedule “B” or Schedule “C” to the Settlement Agreement (or who are not individuals representing the estate of, beneficiary of, or heir of the deceased or to any other person who may be legally entitled to receive payments from individuals listed in Schedule “B” or Schedule “C” to the Settlement Agreement) cannot make a claim pursuant to the Settlement Agreement.

In order to make a claim for compensation from the Settlement Fund, Eligible Class Members (or their authorized representatives) must complete and sign a Claim Form and submit it, along with the required supporting documentation, to Class Counsel by fax, mail, or e-mail to the address below, **no later than 5:00pm (Saskatchewan time) on May 17, 2023**. Claim Forms received after this time will be invalid.

After the deadline for receiving valid claim forms has expired, Class Counsel will process the valid claims and make a lump-sum one-time payment to each Approved Claimant for their share of the balance of the Settlement Amount, as described in the Distribution Protocol. Please consult <https://www.merchantlaw.com/lacapitale> for the latest status of the settlement administration process.

FOR FURTHER INFORMATION

Any questions about this notice or requests for information relating to the administration of the settlement should be addressed to Class Counsel:

Merchant Law Group LLP
Attn: La Capitale Class Action
100-2401 Saskatchewan Drive
Regina, Saskatchewan, S4P 4H8
Tel.: (306) 359-7777
Fax: (306) 522-3299
Email: lacapitale@merchantlaw.com

More information on the settlement, including copies of the Settlement Agreement, Distribution Protocol, and Claims Form may be found at <https://www.merchantlaw.com/lacapitale>.

PLEASE DO NOT CALL THE DEFENDANTS OR THE COURT ABOUT THIS CLASS PROCEEDING.

This Notice has been approved by the British Columbia Supreme Court.