

**IN THE CIRCUIT COURT
OF GREENE COUNTY, ALABAMA**

AUBREY WAYNE TIDMORE, et al.

Plaintiffs,

v.

**STATE MUTUAL INSURANCE
COMPANY, et al.**

Defendants.

CIVIL ACTION NO.: CV-95-066

CAROL BELL, et al.

Plaintiffs,

v.

**STATE MUTUAL INSURANCE
COMPANY, et al.**

Defendants.

CIVIL ACTION NO.: CV-96-040

**VERIFIED MOTION FOR FUTHER RELIEF, INCLUDING TEMPORARY AND
PRELIMINARY INJUNCTIVE RELIEF**

State Mutual Insurance Company (hereinafter referred to as "State Mutual" or the "Company") moves the Court for further relief in this case based upon the following facts and circumstances:

1. The above two actions were brought against State Mutual on behalf of a class of people defined as follows:

"All persons who since January 1, 1978, purchased State Mutual Insurance Company policies as described herein but who have cash surrendered, or lapsed the policies since January 1, 1992 and all persons who since January 1, 1978 purchased and are now holders of whole life policies issued by State Mutual Insurance Company described as Life Paid up at 90 (LP90), Life Paid Up at 95 (LP95), Life Paid Up as 65 (LP65) and Graded Premium Whole Life (GPWL) policies and to whom State Mutual

Insurance allegedly represented that certain dividend scale projections in connection with these policies would be in effect throughout the life of the policies and/or may have suppressed the fact that the dividend scale projections could later change or be lowered, and, as a result, the members of the class were or may be in the future injured upon the subsequent lowering of said dividend. Excluding, however, any person who was a named Plaintiff in any separate lawsuit filed on or before August 3, 1995 which alleged fraud, concealment, failure to disclose or misrepresentation in connection with the purchase, sale or issuance of any one or more State Mutual policies.”

2. On or about June 15, 1998, the Court signed the Order and Final Judgment in this matter and retained jurisdiction as stated in this Order as follows:

“9. This court reserves and maintains continuous jurisdiction over State Mutual and the members of the Class with respect to all matters in relation to the settlement or the consummation of the Settlement; the validity of the Settlement; the construction and enforcement of the Settlement in any orders entered pursuant thereto; in any disputes which may arise between Class Members with respect to the persons entitled to receive the proceeds of any amounts payable to Class Members under the Settlement Agreement; and the entry enforcement of this FINAL JUDGMENT and the injunctions contained herein, including modification of this Final Judgment, jurisdiction to revoke this Order and Final Judgment in its entirety and reinstate all claims dismissed or claims, actions, causes of action and liabilities related pursuant to paragraph 5 hereof; to tax court costs, and all other matters pertaining to the Settlement or its implementation and enforcement.”

3. On October 12, 2009, State Mutual filed a Motion for Further Relief seeking declaratory and injunctive relief with respect to the Company’s right to adjust dividends across-the-board on approximately 5,500 Life Span Term Policies/Riders issued by State Mutual. The original plaintiffs’ class opposed the requested relief.
4. On December 11, 2009, the Court received testimony and evidence regarding that part of State Mutual’s Motion pertaining to approximately 2,272 riders on policies

governed by the Class Action Order dated June 15, 1998. Following the hearing, the Court entered a December 29, 2009, Amended Order that found, inter alia:

- a. The Court had jurisdiction over this matter. The Order and Final judgment dated June 15, 1998, reserved and maintained “continuous jurisdiction over State Mutual and the class members with respect to all matters relating to the settlement or the consummation of the settlement; the validity of the settlement; the construction and enforcement of the settlement in any orders entered pursuant thereto; in any disputes which may arise between class members with respect to the persons entitled to receive the proceeds of any amounts payable to class members under the Settlement Agreement; and the entry and enforcement of this final judgment and the injunctions contained herein, including modification of this final judgment, jurisdiction to revoke this Order and Final Judgment in its entirety and reinstate all claims dismissed or claims, actions, causes of action and liabilities related pursuant to paragraph 5 hereof; to tax court costs, and all other matters pertaining to the settlement or its implementation and enforcement”.
- b. The matters before the Court involved certain Life Span term policies/riders where the dividends were not lowered at the same time that the dividends on the LP95, LP90, LP65 and GPWL policies were lowered, all of which are covered in the subject matter of original class action lawsuit.

- c. State Mutual, pursuant to Court order, reserved unto itself the right to declare the amount of annual dividends in the future using its sound business judgment. Prior notices and explanations had been given to the class setting forth the non-guaranteed nature of the dividends and the Company's reservation of the rights to declare an amount of annual dividends in the future.
- d. The uncontested testimony and evidence at the December 11, 2009, hearing supported a projected dividend cut on all Life Span term policies. The proposed dividend cut tracked the Court's previously approved "contribution principal" to bring the dividends of these policies/riders in line with the class action policies and in compliance with Actuarial Standard of Practice No. 15, which supports using the same dividend factor for virtually identical classes of policies and/or riders.
- e. The Court considered the factors necessary to support injunctive relief against the plaintiff class and further found that: (a) the class had ample notice of these proceedings; (b) the class was represented by able class counsel whose firm was designated original class counsel; (c) class counsel filed a thoughtful response in opposition to the motion; (d) the law and uncontested facts adduced at the hearing established that, in the absence of permanent injunctive relief against the class, State Mutual would suffer irreparable harms which could likely jeopardize the Company's solvency; and (e) State Mutual has no adequate remedy at law.

5. The Court bifurcated the hearing on State Mutual's motion by first addressing and adjudicating the issues relating to the 2,272 class members and reserved a ruling on the requested preliminary and permanent injunctive relief pending a determination of the rights of the non-party stand-alone policyholders as they are impacted by the legal issues raised in the motion. State Mutual's request for a temporary restraining order against the non-party policyholders was granted.
6. The Court recognized that State Mutual's exercise of its dividend declaration rights must be applied uniformly within a particular line or block of business or policies. The Court also found that State Mutual had to declare its dividend before December 31, 2009, in order to establish the company's liabilities for 2010.
7. The Court determined that State Mutual met its burden of proof for the issuance of a temporary restraining order (without notice) against the non-class member stand-alone policyholders, enjoining them from instituting, prosecuting or maintaining any legal proceedings in any court relating to the issues before the Court in the Motion For Further Relief. Actuarial Standard of Practice No. 15 mandated that State Mutual use the same dividend factor for virtually identical classes of policies and/or riders. The Court order facilitated the implementation of this actuarial standard for all policies and riders within this class of Life Span term insurance products. Using its equitable powers to protect the Court's prior decrees and injunctions, as recognized in Ex Parte State Mutual Insurance Company (re: *Aubrey Wayne Tidmore, et al, v. State Mutual Insurance Company, et al*); *State Mutual Insurance Company v. Betty J. Payne et. al.*, 715 So.2d, 207, December 17, 1997), the Court's December 29, 2009, temporary restraining order

effectively authorized State Mutual to make its dividend declaration across-the-board with the Life Span term insurance products, whether they are riders or free-standing policies.

8. The Court appointed Vanessa A. Searight as Guardian Ad Litem to represent the interests of the newly added non-class members during the pendency of State Mutual's Motion for Further Relief, as it applies to them, and to afford them a meaningful opportunity to be heard on the motion. (Ms. Searight subsequently associated Mr. James Stewart to assist her in the discharge of her duties to the newly added parties, which the Court approved.) The Court recognized that the newly added parties could retain their individual counsel to respond to the motion as they see fit.
9. State Mutual and the Guardians Ad Litem, after extensive communications and face-to-face meetings, negotiated an amicable resolution to the matters in the pending motion relating to the newly added parties, and agreed to a March 1, 2010, consent decree which was entered in the case following an approval hearing by the Court. The Consent Decree outlined a customer appreciation package that conferred substantive benefits upon the newly added parties that State Mutual had no legal duty to otherwise provide. The customer appreciation package included the following benefits:
 - a. A settlement benefit payable at death equal to 10% of the guaranteed base amount of Life Span term insurance in force on the date of death.
 - b. Policyholders were granted the option to exercise their one time right of conversion of their Lifespan Term Policy to a whole life policy with

a face amount equal to or lesser than their current coverage, but not less than the minimum issue amount of coverage, without presenting evidence of insurability until age 70.

- c. Each policyholder was permitted to purchase, on an annual basis, without proof of insurability, an additional amount of non-guaranteed One Year Term insurance equal to any deficiency in coverage up to the initial face amount at the Company's then current One-Year Term Rate for the insured's attained age to maintain their initial level of coverage. In the event the insured elects to reduce the amount of insurance coverage in any subsequent year by purchasing a lesser amount of the One Year Term insurance so that the total coverage is less than the initial coverage amount, this reduced amount of insurance coverage shall be the maximum coverage available from that point forward, and at no time may the insured increase the coverage after it is reduced.
- d. Each policyholder could elect to receive their annual dividend in cash and have only the guaranteed amount of reducing term insurance as their coverage.

10. State Mutual and the newly added parties agreed that in consideration for the substantive benefits extended to the newly added parties in this consent decree, the temporary restraining order against them entered on December 29, 2009, and extended on January 7, 2010, shall be made a permanent injunction.

11. In addition to the findings agreed upon between State Mutual and the Guardians

Ad Litem, the Court made the following independent findings, among others:

- a. Having affirmed State Mutual's right to cut dividends for plaintiff class members in accordance with the factors set out in the June 15, 1998, Final Judgment, the central question for the March 1, 2010, hearing was whether the newly added parties could offer the Court credible evidence and/or recognized legal authority as to why the across-the-board dividend cuts approved in the December 29, 2009, Order for Life Span Term policies and riders should not apply to them through the Court's issuance of a preliminary and permanent injunction.
- b. The March 1, 2010, phase of the bifurcated proceedings was not a re-litigation of State Mutual's right to cut the dividends, as codified in the June 15, 1998, Final Judgment. The Court found that the Company already enjoyed that well-established right with respect to all classes of policyholders without judicial review. What State Mutual sought in its motion was the judicially recognized right to implement these cuts in accordance with the formula approved by the Court for original class members on an across-the-board basis for all persons who hold Life Span Term policies and riders, as required by Actuarial Standard No.15.
- c. The gravamen of policyholder opposition to State Mutual's motion centered on the mistaken belief that the Company has no legal right to reduce dividends on Life Span Term policies and riders (and other

classes of policies) using its sound business judgment. While understandable, this argument was judicially found to be erroneous and had no basis in fact. The marketing materials accompanying all of the dividend participating policies specifically state that these dividends are not guaranteed.

12. In addition, beginning with the first anniversary of each Life Span Term policy and/or rider, the insured was sent an annual statement that illustrated the guaranteed decreasing term insurance death benefit portion of the coverage as well as the non-guaranteed annual renewable term benefit portion of the coverage that is purchased by dividends. This statement showed the amount of the non-guaranteed coverage and the amount of the dividend, which was used to purchase it. Finally, the annual statement each year clearly stated that State Mutual's dividends are "not guaranteed".
13. In approving the Consent Decree based upon the clear facts in this case and the controlling case law, the Court affirmed its power to effectuate and protect its jurisdiction and its decrees.
14. The Consent Decree provided the newly added parties substantial and meaningful relief that they would not otherwise be entitled to enjoy under their Life Span Term policies and riders. State Mutual provided the benefits package, as described in this Consent Decree, to the newly added parties as soon as it was administratively practical to do so.
15. The Court retained jurisdiction over the newly added parties for the purpose of monitoring the full implementation of the benefits package awarded them and

compliance with the injunctive relief against them, and otherwise to enforce this decree.

16. This motion seeks further relief under paragraph 9 of the June 15, 1998 Order and Final Judgment and the March 1, 2010, Consent Decree to protect and enforce the economic rights granted to (a) the original class members under the 1998 Final Judgment and (b) the added policyholders under the Consent Decree.
17. State Mutual has approximately 6,000 additional dividend participating life insurance policies. Like the policies involved in the original case and in the Consent Decree, these other policies are long-term life insurance products. They have not been subjected to the three-factor formula that was judicially approved in the 1998 Order and Final Judgment for policies held by the original class members and for the policyholders covered by the Consent Decree. These policies contained similar language to the policies of policyholders who are parties to this case to the effect that dividends are not guaranteed and that they are subject to adjustments.
18. As affirmed in the Court-approved Consent Decree, State Mutual, under the terms of the June 15, 1998, Order and Final Judgment, retained the right to declare the amount of annual dividends in the future in the following language:

“Future Dividend Practices:

While State Mutual retains the right to declare the amount of annual dividends in the future, State Mutual will be enjoined to follow the ‘contribution principal’ for the development of all dividend scales from 1998 forward for all policy issues described herein. As in the past, future dividends may increase or decrease from the projections of current dividend scales.”

19. After the March 2010 Consent Decree was entered and State Mutual began to implement the Court-ordered dividend adjustments according to the three-factor formula to a larger group of policyholders, an unintended consequence has occurred. Because life insurance is a long-term contract, it takes several years of analysis to distinguish between what may be perceived as a single-year anomaly but is, in reality, a long-term trend. The remaining participating policies, under different insurance plans within the company, have benefited by not having their dividends adjusted as they would have been had the three-factor formula been applied as it was to the 1998 and 2010 groups of life insurance policies. Although these remaining policies do not strictly fall within the “like kind” definition of Actuarial Standard 15 so as to be so similar to the 1998 class member and the 2010 Consent Decree group of policies, they are still whole life participating policies. State Mutual and its actuaries have concluded that to not adjust these policies’ dividends in the same manner as the 1998 and 2010 groups is not fair and equitable to those groups.
20. In order to protect the equitable benefit of the economic relief secured by the class members in the 1998 Order and Final Judgment and the non-class policyholders in the 2010 Consent Decree and, to insure the financial soundness of the Company for all policyholders of the Company, including the 1998 and 2010 groups, State Mutual seeks the approval of the Court to adjust the dividends on the Company’s remaining participating whole life policies consistent with the method utilized to adjust dividends for the 1998 and 2010 groups, the three-factor formula.

21. While the Company recognizes and maintains its contractual and Court-ordered right to adjust dividends on all of its policies, it seeks judicial approval to do so because it is mindful that the protection of the 1998 class members and the additional 2010 non-class policyholders may be affected in a way that would not be consistent with the Court's prior Orders if this judicial approval were not obtained from the Court.
22. A supplemental Order from the Court mandating that State Mutual apply the three-factor formula across the board to all participating policies receiving dividends would accomplish the Company's goal and would preserve the benefits conferred upon those policyholders covered by the 1998 Order and 2010 Consent Decree.
23. Just as the implementation of the three-factor formula has had unintended consequences on the remaining dividend participating life insurance policies, the use of another dividend calculation method on the remaining participating policies is having unintended consequences for the 1998 and 2010 groups of policyholders covered by the Court's prior Orders. State Mutual, seeing the inequities and dangers emanating from the unintended consequence of the 1998 and 2010 Court Orders, seeks this relief and the protection of a Order from the Court, as was done in 2009-2010 litigation in this case, before the Company proceeds with the dividend adjustments for the remaining policyholders..
24. State Mutual will track the contribution principal to bring the dividends for these 6,000 policies in line with the class action policies mandated by the 1998 Final Judgment and the 2010 Consent Decree.

25. State Mutual's rights with respect to these policies are governed by (a) the contractual language of the policies themselves, (b) the provisions of the 1998 Final Judgment, (c) the provisions of the 2010 Consent Decree, and (d) the Court's retention of jurisdiction as to dividend matters concerning dividend-participating policies and their riders.
26. State Mutual is entitled to a declaration of its rights in relation to the uniform application of its dividend participating policies, especially in light of the provisions of the 1998 Order and Final Judgment and the 2010 Consent Decree. State Mutual contends that it has the right, under the prudent business judgment rule, to set the amount of dividends for all dividend-participating policies on an equal basis and by using the uniform application of the Court-approved three-factor formula.
27. Furthermore, State Mutual, the class members, and the policyholders covered by the Consent Decree all have an affirmative duty to protect the economic benefits derived from the 1998 Order and Final Judgment and 2010 Consent Decree from the unintended consequences of the Company's adherence to these Order, especially when they inequitably benefit the remaining participating policies. State Mutual is leading the way in this regard by filing this motion for further relief.
28. The additional 6,000 plus policies will also be impacted directly by State Mutual's request for the Court's approval of its uniform application of the three-factor formula for calculating dividends on all dividend-participating policies.

These non-class member policyholders must be joined as necessary parties to enforce State Mutual's rights and to protect the class members' rights and benefits under the Court's 1998 Final Judgment and the non-class members' rights and benefits under the 2010 Consent Decree in a uniform manner.

29. If approved by the Court, State Mutual will, as it has in the past, engage a Litigation Administrator to contact all affected non-party policyholders of in order to provide appropriate notice and a meaningful opportunity to be heard on State Mutual's motion for further relief regarding these policies. The Court followed this procedure with respect to State Mutual's October 12, 2009, motion for further relief.
30. Class members and the policyholders covered by the 2010 Consent Decree have been provided notice of State Mutual's Motion for Further Relief by service of said Motion on Class Counsel and on the Guardian Ad Litem. The Court designated Frank H. Tomlinson and Alexander Jones, Jr., or Pritchard, McCall and Jones, LLC, whose address is Pritchard, McCall and Jones, LLC, 800 Financial Center, 505 North 20th Street, Birmingham, Alabama 35203-2605, as Class Counsel in its June 15, 1998, Order.
31. Attorney Vanessa A. Searight is the Court-appointed Guardian Ad Litem who represents the interests of the policyholders under the 2010 Consent Decree. Ms. Searight associated Mr. James Stewart to assist her as counsel of record in the discharge of her duties to the newly added parties, which the Court approved.
32. State Mutual contends that, unless joined, immediate and irreparable injury, loss or damages will result if the 6,000 remaining participating policyholders are not

preliminarily and permanently enjoined from bringing civil actions against State Mutual as a result of uniform application of the three-factor formula to all dividend-participating policies. Such preliminary and permanent injunctive relief is necessary to enforce the rights and benefits conferred upon the parties in the Court's Order and Final Judgment of June 15, 1998, as well as the March 1, 2010, Consent Decree, because State Mutual is subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations absent the requested injunctive relief.

33. Because the relief requested protects the rights of 1998 class members and 2010 Consent Decree policyholders and enforces this Court's prior Orders, State Mutual has demonstrated that it has at least a reasonable chance of success on the ultimate merits of the case. Furthermore, any hardship imposed on the adverse parties by the injunction would not unreasonably outweigh the benefit accruing to State Mutual.
34. It is critical that State Mutual declare the dividends for the newly added group of life insurance policyholders (and others) on or before December 31, 2015, in order to establish the company's liabilities for 2016.
35. In support of this motion and the temporary and preliminary injunction relief requested below (pending a final hearing on permanent injunctive relief), State Mutual has attached the sworn affidavit of the Company's consulting actuary and valuation actuary, Douglas M. Price, (See, Exhibit "A"). The motion itself has been verified by Richard H. Burton, Vice President and Corporate Compliance officer at State Mutual.

36. State Mutual requests the Court to set a time and date for a hearing on the motion for further relief, including the temporary, preliminary, and permanent injunctive relief it seeks, on or before December 30, 2015.
37. Based upon the foregoing, State Mutual respectfully requests the Court to grant the following further relief:
- a. Enter an order requiring the class members and policyholders added under the 2010 Consent Decree to file a response to the motion for further relief by December 23, 2015.
 - b. Enter an order adding the remaining non-party participating State Mutual policyholders as necessary parties for the purpose of enforcing State Mutual's right under the 1998 Final Judgment and 2010 Consent Decree, approving an adequate notice to the remaining participating State Mutual policyholders, and affording them a meaningful opportunity to be heard on the relief requested in State Mutual's motion for further relief, should the Court conclude that their joinder is necessary and proper;
 - c. Enter an order appointing a qualified attorney as a Guardian Ad Litem for the non-class remaining participating State Mutual policyholders to protect their interests in this litigation. And, if appropriate, appoint a representative of the non-class remaining participating State Mutual policyholders to work with the appointed Guardian Ad Litem.
 - d. Enter the following equitable relief in State Mutual's favor: (i) a temporary restraining order; (ii) a preliminary injunction (on the basis of the pleadings, prior Orders of the Court, and the Affidavit of Doug Price,

which is attached hereto as Exhibit A); and (iii) a permanent injunction (after a final hearing) against: (a) the class members, (b) Consent Decree policyholders, and (c) all remaining participating State Mutual policyholders, pending final determination of the relief requested in this motion, enjoining and prohibiting them from prosecuting, filing, maintaining, pursuing or participating as a litigant (by intervention or otherwise, either directly, individually or representatively or in any other capacity) any separate action asserting any claims which arise from or relate to the subject matter of State Mutual's motion for further relief and its right to uniformly apply the three-factor formula to all dividend participating policies;

- e. Modify the June 15, 1998, Order and Final Judgment to approve State Mutual's prudent business judgment with respect to dividends for all dividend-participating policies and finding that (a) State Mutual has retained the right to declare the amount of annual dividends in the future, (b) State Mutual may follow the contribution principal for the development of all dividend scales from 1998 forward for all dividend-participating policies issued, as well as their related riders, and (c) as in the past, future dividends may increase or decrease for the projections of current dividends scales;
- f. Enter an Order "sunsetting" this case after the relief requested in this motion has been granted and implemented;

- g. Granting State Mutual such other and further relief as the Court may deem just and proper.

Respectfully submitted this the 22nd day of November 2015.

s/ Donald V. Watkins

Attorney Bar Number: WAT022
Attorney for Defendant
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VERIFICATION

STATE OF GEORGIA)

FLOYD COUNTY)

BEFORE ME, the undersigned authority, personally appeared Richard H. Burton who, being first duly sworn, deposes and says on oath:

1. My name is Richard H. Burton. I am over the age of eighteen (18) and I make this Verification based upon my personal knowledge.
2. I am Vice President and Corporate Compliance Officer at State Mutual Insurance Company in Rome, Georgia.
3. The facts set forth in the verified Motion for Further Relief are based on my personal knowledge and review of the business records of State Mutual concerning the matters at issue in the Motion, which were made in the customary and ordinary course of business, by persons with first-hand knowledge of the information contained therein, and were made at or about the time that such knowledge was acquired.

By:  _____
Richard H. Burton

I, the undersigned authority, Notary Public in and for said County, in said State,
hereby certify that Richard H. Burton, whose name is signed to the foregoing
Verification, and who is known to me, acknowledge before me that being informed of the
contents of the affidavit, has executed the same voluntarily on the same bears date.

Carol B. Callahan
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served upon the following counsel of record by e-filing, by emailing to their last known email addresses, and by placing a copy of same in the United States mail, properly addressed and postage prepaid this the 22nd day of November 2015.

Frank H. Tomlinson, Esq.
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Class Counsel for Plaintiffs

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Class Counsel for Plaintiffs

Vanessa A. Searight, Esq.
Attorney at Law
501 19th Street N.
Bessemer, AL 35020
Court-Appointed Guardian Ad Litem for 2010 Consent Decree
Policyholders/Sub-Class Members

James Stewart, Esq.
Attorney at Law
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Court-Approved Co-Guardian Ad Litem for 2101 Consent Decree
Policyholders/Sub-Class Members

s/Donald V. Watkins
Counsel for Defendant

EXHIBIT A

AFFIDAVIT OF DOUGLAS M. PRICE

EXHIBIT A
IN THE CIRCUIT COURT
OF GREENE COUNTY, ALABAMA

AUBREY WAYNE TIDMORE, et al.)	
Plaintiffs,)	
v.)	
)	
STATE MUTUAL INSURANCE)	CIVIL ACTION NO.: CV-95-066
COMPANY, et al.)	
)	
Defendants.)	
)	
)	
CAROL BELL, et al.)	
)	
)	
Plaintiffs,)	
)	
v.)	CIVIL ACTION NO.: CV-96-040
)	
STATE MUTUAL INSURANCE)	
COMPANY, et al.)	
)	
Defendants.)	

AFFIDAVIT OF DOUGLAS M. PRICE

Douglas M. Price, being duly sworn, testifies as follows:

1. My name is Douglas M. Price. I am of legal age, under no legal disability, and make this affidavit upon my personal knowledge of the facts stated in State Mutual's motion for further relief. I authorize its use for any purpose allowed by law, including for the support of State Mutual's pending Motion for Further Relief in the above-referenced case. This Affidavit is based upon my own personal knowledge, training and expertise.

2. I am a legal resident of the State of Florida. I have been a legal resident of Florida at all times material to this Motion for Further Relief. This affidavit was prepared, executed, and notarized in the State of Florida.
3. In preparing this affidavit, I reviewed the Motion for Further Relief and the matters contained therein.
4. I am a Consulting Actuary for State Mutual Insurance Company and serve as the Company's Valuation Actuary. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.
5. I currently oversee the calculation of the dividend scales using the contribution principle in the above-styled case, which enjoined State Mutual as follows:

"Future Dividend Practices

While State Mutual retains the right to declare the amount of annual dividends in the future, State Mutual will be enjoined to follow the 'contribution principle' for the development of all dividend scales from 1998 forward for all policy issues described herein. As in the past, future dividends may increase or decrease from the projections of current dividend scales"

6. I have reviewed the dividend scales on all dividend-participating policies. I have also reviewed Actuarial Standard of Practice No. 15 developed by the Actuarial Standard Boards and adopted in March of 2006, which became effective on August 1, 2006.
7. Section 1.2 entitled "Scope" indicates as follows:


"That standard applies to actuaries when performing professional services in connection with the establishment or modification of the divided framework and the determination and illustration of dividends for individual participating life insurance, annuities and disability insurance, including any attached participating riders and agreements."

8. State Mutual has asked that I opine, as the Company's Consulting Actuary, on two issues: (a) the economic equity to both class and non-class policyholders of declared dividend levels, and (b) an appropriate Dividend Framework (The structure by which the Company allocates divisible surplus among participating policyholders) to use for non-class policyholders for purposes of allocating future declared dividends.
9. In my professional judgment, the current level of declared dividends disproportionately allocates dividends to the non-class policyholders that are the subject of State Mutual's Motion for Further Relief, to the economic detriment of the class policyholders and the policyholders covered by the 2010 Consent Decree. Furthermore, the level of declared dividends currently being paid to the non-class policyholders referenced in the Motion for Further Relief is in excess of what would otherwise be generated by using the Contribution Principle, and
10. To ensure equitable treatment of ALL policyholders, the non-class Dividend Framework should follow the three-factor formula stipulated by the Court Order for class policyholders, in order to ensure a consistent Dividend Framework among ALL policyholders.
12. State Mutual's use of the Contribution Principle approved in the June 15, 1998 Order and Final Judgment for calculating dividends for all dividend participating policies, whether in their format as freestanding policies or as an attached rider, would be appropriate and in compliance with Actuarial Standard of Practice No.15.

13. All of State Mutual's dividend-participating policies and riders declare that dividends are not guaranteed and that State Mutual has the right to adjust dividends within the Company's sole discretion using sound business judgment.

14. In my professional judgment, the uniform application of the Contribution Principle is justified from an actuarial standpoint, and it evidences State Mutual's sound business judgment.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of November 2015.



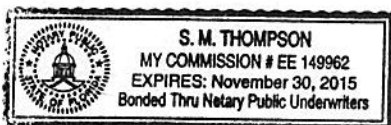
Douglas M. Price
Affiant


STATE OF FLORIDA)

Pinellas COUNTY)

I, the undersigned authority, Notary Public in and for said County, in said State, hereby certify that Douglas M, Price, whose name is signed to the foregoing affidavit, and who is known to me, acknowledge before me that being informed of the contents of the affidavit, has executed the same voluntarily on the same bears date.

Given under my hand and official seal this ___ day of November, 2015.





Notary Public
My Commission Expires: 11.30.2015