

1 **DISTRIBUTION PLAN**

2 The following Distribution Plan is designed to distribute the Other  
3 Compensation as defined in the Settlement Agreement. All defined terms used here  
4 shall have the same meaning given to them in the Settlement Agreement and  
5 Definitions (Ex. A).

6 As set forth in the Agreement, within twenty (20) business days of the entry of  
7 a Final Approval Order and Defendants' receipt of a satisfactory W-9 from the  
8 Settlement Administrator<sup>1</sup>, National General shall pay \$7.5 million and Wells Fargo  
9 shall pay \$1.0 million to an escrow fund from which the Settlement Administrator  
10 shall, upon further orders of the Court and subject to such supervision and direction  
11 of the Court and/or the Settling Parties as may be necessary or as circumstances may  
12 require, administer the Other Compensation to Other CPI Customers (or their heirs or  
13 legatees), and who do not otherwise opt-out of the Settlement. The initial distribution  
14 of Other Compensation shall be as follows: (1) \$6,375,000 million distributed *pro*  
15 *rata* to Other CPI Customers who paid for a CPI Policy placed on their Account(s)  
16 which remained in effect, without reversal, for at least 120 days after the CPI Billing  
17 Date; and (2) \$2,125,000 million distributed *pro rata* to all Other CPI Customers who  
18 paid for a CPI policy placed on their Account(s) which remained in effect, without  
19 reversal, for less than 120 days after the CPI Billing Date.

20 **A. Payments by Check.** Payments shall be made by check, which shall  
21 contain verbiage that they can be negotiated within one hundred and eighty (180)  
22 days after the check issuance date. However, customers who attempt to cash checks  
23 during a period of one year from the issuance date will be able to do so. Checks  
24 shall be reissued if the check is returned or the Authorized Recipient asks for it to be  
25 reissued within the original one hundred and eighty (180) day time frame.

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27 <sup>1</sup> In the event that the foregoing date falls on a Saturday, Sunday, or U.S. bank holiday,  
28 the payment will be made on the next business day.

1           **B.     Reminder Notice.** Reminder notices will be sent via U.S. Mail and/or  
2 e-mail by the Settlement Administrator to Authorized Recipients who have not  
3 cashed their checks, consistent with current remediation protocols, including at 30,  
4 45, 60 or 90 day intervals, as appropriate. The reminder notice shall inform the  
5 Authorized Recipient of the following: (i) the check that was previously mailed to  
6 the Authorized Recipient; (ii) the deadline for cashing the check; (iii) if the  
7 Authorized Recipient no longer possesses the check, the Authorized Recipient can  
8 request a reissuance of the check if the Authorized Recipient timely notifies the  
9 Settlement Administrator; and (iv) if the check is not timely cashed, the proceeds  
10 will be added back to the remaining Other Compensation to be re-distributed to  
11 Authorized Recipients who have cashed their checks, unless it is administratively  
12 infeasible to do so, in which case such remaining funds shall be paid to a charity  
13 agreed on by the Parties and approved by the Court.

14           **C.     Locating Authorized Recipients.** After the original one hundred  
15 eighty (180) day period of the payments to Authorized Recipients has passed, the  
16 Settlement Administrator shall continue to use all reasonable efforts to locate  
17 Authorized Recipients who have not yet cashed their checks and who have not  
18 requested reissuance. If the Authorized Recipient is located, a check will be  
19 promptly reissued to the current address for the Authorized Recipient.

20           **D.     Reissued Checks.** All reissued checks will be valid for another one  
21 hundred eighty (180) days from the reissue date. Reissued checks are subject to  
22 reminder notices as set forth in Section B above.

23           **E.     Expiration of uncashed checks and Re-Distribution Amongst**  
24 **Authorized Recipients.** One year after original issuance date or one hundred and  
25 eighty (180) days from the reissued check date, as applicable, all uncashed checks  
26 will be voided, and the value of uncashed checks shall be added back to the Other  
27 Compensation. The remaining Other Compensation shall then be distributed *pro*  
28

1 *rata* to Authorized Recipients who cashed checks, unless it is administratively  
2 infeasible to do so, in which case such remaining funds shall be paid, subject to  
3 Court approval, to a mutually agreeable nonprofit agreed on by the Parties and  
4 approved by the Court.

5 **F. Class Data.** Defendants are responsible for providing sufficient data in  
6 processed, readily useable form, e.g., in Excel spreadsheets, to the Settlement  
7 Administrator to identify and locate all Authorized Recipients and effectuate the  
8 Settlement. Such data will be deemed confidential.

9 **G. No Claims Process.** All payments shall be paid to Authorized  
10 Recipients, without claims process. In order to maximize the likelihood that  
11 Settlement payments are received and successfully deposited, the Settlement  
12 Administrator shall use the same distribution protocol developed for the Allocation  
13 Plan to communicate with, and mail out checks to, Authorized Recipients.

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