

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT

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 RICHARD GOLDSTEIN, PETER HALE)
 AND BARBARA J. SULLIVAN, ET AL.)
)
 Plaintiffs,)
)
 v.)
)
 SAVINGS BANK LIFE INSURANCE)
 COMPANY OF MASSACHUSETTS,)
 AND THE MASSACHUSETTS)
 COMMISSIONER OF INSURANCE,)
)
 Defendants.)

Civil Action No. 98-2330-BLS1
(Judge _____)

DECLARATION OF JENNIFER M. KEOUGH

Jennifer M. Keough declares:

1. I am Executive Vice President, Operations of The Garden City Group, Inc. (“GCG”).
 The following statements are based on my personal knowledge and information provided by other GCG employees working under my supervision, and if called on to do so, I could and would testify competently thereto.

2. GCG was engaged by the parties for the above captioned action (the “Action”) to serve as the Administrator as described in the Stipulated Settlement Agreement (the “Stipulation”), and approved by the Court. I submit this Declaration (“GCG Declaration”) in order to provide the Court with further information regarding the distribution of the settlement funds and information regarding a potential secondary distribution to Class Members as well as to *cy pres* recipients.

3. On or about September 15, 2010, GCG distributed the settlement funds to Class Members through issuance of checks, as well as through Defendant’s crediting of policies of current policyholders. Per the Stipulation, all checks expired 180 days after their issuance. As of June 10,

2011, \$690,724 in settlement awards remains uncollected by Class Members after the 180 day check validation period.

4. As the amount of unclaimed settlement funds is \$690,724, Plaintiffs' Class Counsel have asked GCG to analyze the economic feasibility of a secondary distribution, with the understanding that the Defendant would not bear the expense of such analysis. GCG has reviewed the costs associated with undertaking a secondary distribution of the remaining settlement funds, and can state that two economically feasible solutions exist for distributing the remaining funds.

("Scenario 1")

5. Under the first scenario ("Scenario 1"), GCG could send checks to only Main Class Members who, in the initial distribution, received and cashed checks for \$26 or more. In this manner, \$600,724 (after allocating \$90,000 for administrative expenses) would be distributed to approximately 44,100 Class Members as a secondary settlement payment averaging around \$13.62 (with a median amount of \$9.57). Administrative costs would be a maximum of \$90,000 (approximately 13% of available funds or roughly \$2.04 on a per recipient basis) and would not be charged to the Defendant, even in the unlikely event that administrative costs incurred by GCG exceed \$90,000. Any amount remaining from the \$90,000 set aside to cover the expenses will be subject to *cy pres*. The distribution would be limited to Main Class Members who 1) received a settlement distribution in the form of a check, 2) in an amount of \$26 or more, and 3) cashed their check. The \$26 minimum prior Settlement payment was selected because it will result in a secondary distribution of checks of not less than \$5. Main Class Members who received policy credits instead of checks (for whom the GCG does not have addresses) would not be included in the secondary distribution to keep the otherwise substantial costs down. Main Class Members were those class members entitled to dividends for surplus over the safety fund limit in certain years. Per Plaintiffs' Class Counsel, Subclass Members who were not also included in the Main Class will not be included in the secondary distribution because they have received full

compensation for their claims already. To further reduce costs and to facilitate the completion of this action, the checks to be provided in the secondary distribution will state that they will only be valid for 60 days (after which time all remaining unclaimed funds will be subject to *cy pres*).

(“Scenario 2”)

6. Under the second scenario (“Scenario 2”), GCG could send checks to only Main Class Members who received \$50 or more in the initial distribution in the form of a check that was cashed. This scenario would result in a higher amount per recipient for the secondary distribution (\$30.80 on average with a median of \$23.10), but fewer class members would benefit (approximately 20,800). GCG notes that under this scenario, \$40,000 more of the remaining fund would go to class members (or 6% more of available funds), as administrative costs would be that much lower (7% of available funds, rather than 13% for a distribution made under the Scenario 1). (The administrative cost for the distribution would be roughly \$2.40 on a per recipient basis.)


7. In reviewing the options associated with conducting a secondary distribution, GCG notes that a distribution that benefits as many class members as possible while curtailing the costs associated with the administration of a distribution is preferable. Plaintiffs’ Class Counsel’s preference is for Scenario 1 (i.e. ¶ 5), as a larger number of Main Class Members would benefit and the distribution would remain economically viable (as the minimum benefit would exceed the administrative cost for each payment). GCG can confirm that as the number of recipients of the secondary distribution grows, additional administrative expenses are expected and the average payment diminishes. For example, a distribution to the over 400,000 total policies in the Class would prove economically unfeasible and imprudent due to the prohibitive administrative costs and the likelihood that a higher proportion of the unclaimed fund would remain uncashed due to the lower per recipient secondary distribution amounts.

8. Upon direction from the Court and the parties, GCG is prepared to make secondary distributions to Class Members as outlined in Paragraphs 5 or 6 (or otherwise) and handle all related

follow-up through closure of this matter, the additional costs for which GCG has estimated will be \$90,000 for Scenario 1 or \$50,000 for Scenario 2. GCG agrees that the costs of administration to the Class will not exceed this total, and that GCG will not look to the Defendant or Name Plaintiffs or their Counsel for payment in any event. Any funds not expended on administration will remain in the settlement account for inclusion with any *cy pres* distribution.

9. Upon direction from the Court, GCG is prepared either to make the secondary distribution to Class members as outlined in Paragraphs 5 or 6 (or as otherwise directed by the Court) and/or to distribute any unclaimed funds to any Court-approved *cy pres* non-profit recipients, under the oversight of Plaintiffs' Class Counsel and prior notice to the Defendant of any proposed communications to Class Members or *cy pres* recipients.

Executed this 21st day of June, 2011 at Seattle, Washington.



Jennifer M. Keough