

Account Value Increment (AVI) Distribution

2020 AVI Distribution Q&A Post Distribution

Q1: I received a check from Aurora that indicated: “The check below represents funds as allocated from the court approved Rehabilitation Plan of Executive Life Insurance Company (ELIC) that you are due as an Opt-In policyholder. Please refer to the ELIC FAQ Guide at www.Auroralife.com for answers to Frequently Ask Questions or contact Aurora Customer Service at 800-265-2652, Option 1.” Why did I receive it?

A: This 2020 distribution is occurring because funds recently became available for distribution from the ELIC Estate due to the settlement of a lawsuit. The check represents your Aurora Contract’s allocation as an Opt-In policyholder in accordance to the provisions of the Rehabilitation Plan of Executive Life Insurance Company. Distributions under the ELIC Rehabilitation Plan are often referred to as Account Value Increments (AVI).

Q2: I received Aurora’s check and I do not have an in-force Aurora policy. How could that be right?

A: An Aurora policy does not have to be active and in-force currently to be eligible for and have funds allocated to it under the ELIC Rehabilitation Plan.

Q3: How is Aurora National Life Assurance Company (Aurora) related to the ELIC Rehabilitation Plan and what does “Opt-In” mean?

A: Aurora assumed virtually all the ELIC Restructured Contracts as a result of ELIC’s Rehabilitation in the early 1990’s. Policyholders who chose to accept their Restructured Policies were identified as “Opt-In” policyholders. Aurora is responsible for paying ELIC Rehabilitation Plan proceeds to Opt-In policyholders only.

Q4: What information is available on the ELIC Estate’s Settlement which led to this distribution?

A: The California Conservation and Liquidation Office (CLO) oversees matters relating to the ELIC Estate and the ELIC Rehabilitation Plan. They determine when the ELIC Estate is able to disburse recovery amounts to Opt-In policy holders. The ELIC Estate routinely posts information regarding their activities on their website, www.caclo.org. **This can be found in the “In the News” section. For more detailed information on court filings, click on the Companies link and navigate to Executive Life Insurance Company.** More information regarding their settlement and this distribution of funds is located there.

Q5: I received an ELIC Distribution check from Aurora. What portion, if any, is taxable?

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A: Your check stub indicates the amount that will be reported as taxable at the end of this distribution year as well as the amount of any taxes that have been withheld.

Q6: I see some withholding on my check stub and would like different withholding than what you withheld. Why did you withhold taxes at the rate you did, and what should I do to get the amount of the withholding changed?

A: Aurora used either the last withholding information it had on file for you or applicable IRS rules for your type of policy or contract. If you would like a different withholding amount, please return the check immediately to Aurora with instructions on your desired withholding amount. Please ensure your instructions include your signature.

All withholding changes for the AVI check must be processed by December 1, 2020 for the Federal or State withholding to be reversed.

Q7: The check I received was damaged and I need a replacement check (no other changes requested)?

- A. Send us the original damaged check along with a note requesting the check be reissued with no changes.

This request can also be handled by calling (800) 265-2652, Option 3

- B. If you are requesting changes, see below for required documents that will need to accompany the returned check.

Q8: I received my check, but it went to my old address and was forwarded. What do I need to do to get my address updated in Aurora's records?

A: Please mail updated address information to Aurora signed by the payee. If the address update is more than one policy, please list each policy number for which an update applies.

Q9: I received a check and I am not able to negotiate it. What do I need to do to have the payee changed and check reissued?

A: Please return the check with a letter indicating the Payee is deceased and the contact information of the court appointed Representative or Administrator of the Payee's Estate.

If the payee is deceased:

- A. A copy of the Death Certificate for the payee
- B. If the Estate was Probated and is still open:

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- a. A copy of the Court Appointment documents naming the legal representative of the Estate
- b. An IRS Form W-9 providing the tax identification number for the Estate completed and signed by the legal representative **If the Estate was not probated:**
 - A. A Small Estate Affidavit or equivalent document
 - a. An IRS Form W-9 for each individual named in the Small Estate Affidavit or equivalent, completed and signed by that person
 - b. If the Estate was probated and was subsequently closed:
 - i. A copy of the Estate Final Distribution provided by the Court
 - ii. An IRS Form W-9 providing the Tax Identification number for each person listed in the Estate Final Distribution document, completed and signed by that person

If the payee is a Company:

- A. Documentation validation that the signer is authorized to sign for and claim money on behalf of the payee (e.g. Corporate Resolution if available- with corporate seal or notarized signature, or other document)
- B. Contact information for the payee and authorized signer, signed by the authorized signer
- C. Completed W-9 form

If the Payee's name has changed due to a purchase, merger or insolvency we require the following items, in addition to those stated above:

- A. A copy of the merger and succession paperwork, clearly identifying the Successor-in-Interest
- B. Written proof of the corporate dissolution or insolvency with supporting legal documentation clearly identifying the Successor-in-Interest

If the payee is a Trust:

- A. Name/Address information and signature of the current Trustee(s)
- B. W-9 form providing the Tax Identification Number of the Trust, signed by the Trustee(s)

If Trustee(s) listed above has changed, provide the following information: A.

- Documentation supporting the resignation of the above-referenced Trustee(s)
- B. Documentation of resignation and acceptance for all subsequent Trustees (Letters of Resignation, Death Certificates, Letters of Acceptance)

If the Trust is no longer in existence, provide the following:

- A. Documentation supporting the termination of the Trust and successor(s) in interest, if any
- B. An IRS Form W-9 providing the Tax Identification number for each person listed in the Trust termination documentation, completed and signed by that person

Q10: How did you determine the value of my allocated amount?

- A: The calculations for disbursements takes into account the type of product or policy, your covered percentage from your state guaranty association (if any), previous disbursement amounts, and specific definitions within certain Articles in the ELIC Rehabilitation Plan.

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A detailed explanation of the one or more specific policy's calculation allocation, indicate that is information not available to you but you can request that information for them. It will be provided in writing and take 3-4 weeks to complete due to heavy volumes.

Q11: I had two policies, both for the same face amount, why are the distribution amounts different for each policy?

A: The calculations for the allocable amount due policies are not relative to policy face amounts. Distributions are based on a complex formula that results in each policy receiving its proportionate share of the entire ELIC distribution.

A detailed explanation of the one or more specific policy's calculation allocation, indicate that is information not available to you but you can request that information for them. It will be provided in writing and take 3-4 weeks to complete due to heavy volumes.

Q12: I had two policies with Aurora. One is terminated and one is still in-force. I only received a check for the policy that was terminated. Why didn't I receive a check for the policy that was in-force?

A: Eligible in-force Aurora policies generally have the value of any AVI distributions added to the account value of the policy. Such is the case for in-force SPDA and Life policies on FAST. AVI payments are applied to eligible QUOT Deferred contracts to increase their future benefit payments.

Q13: What is the best way to ensure I receive any future Distributions from the ELIC Estate? Will there be another AVI Distribution after this one?

A: We have been advised that this is the final distribution, but please keep us informed of any address changes as a 1099-R will be mailed out at the end of the year.

Q14: Can I use this distribution to extend the Extended Term Insurance (ETI) coverage I currently have?

A: No. Once a policy is on ETI any AVI distribution is paid in cash to the policy owner.

Q15: (From 1035 Exchange Company) We are an insurance company and received an AVI Check made payable for the benefit of one of our policy holders. What does the check represent and why did we receive after the 1035 exchange earlier this year?

A: The money was recently allocated from the court approved Rehabilitation Plan of Executive Life Insurance Company (ELIC). Certain policy owners were eligible for

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disbursements from the plan, and our records indicate our policy was 1035 exchanged to your company earlier this year. The ELIC funds were released after the exchange took place and should now be applied to the contract with your organization.

Q16: (From 1035 Exchange Company) We are unable to locate an active record for the person named. Or, our policy is a single premium contract and no further money can be deposited.

A: Please return the check with a notation indicating that information to the address on the check: PO Box 448, Hartford CT 06141-0448.

Q17: (Policyholder/payee whose policy was 1035 exchanged prior to the current year) Why are you sending me a check for money from a policy that was 1035 exchanged to another company? Why didn't you send the money to the other company?

A: The 1035 exchange took place prior to this current tax year. We consider that tax year closed for the purposes of sending the distribution to the carrier who received your earlier 1035 exchange. Therefore, the check was made payable to you.