

**MUTUAL BENEFITS KEEP POLICY TRUST
NOTICE TO KEEP POLICY INVESTORS REGARDING
INITIAL DISTRIBUTION OF NET SALE PROCEEDS
AUGUST 2024**

The Trustee provides this notice as an update and supplement to all prior notices and disclosures previously provided to investors. Many, but not all, investors will receive a disbursement check along with this notice of net sale proceeds from the sale of the Trust's remaining Keep Policies and/or refunds of certain premium payments, as discussed further below. With this notice, you are also being provided with a Trust Accounting for the **Mutual Benefits Keep Policy Trust**, prepared by **Barry Mukamal, as Trustee**, for the period from the inception of the Trust on **September 25, 2009 through March 31, 2024**, and a copy of the Trustee's Motion to Approve Trust Accounting filed with the Court. **Please be advised that this notice contains a "Limitation Notice" explained further below.**

BRIEF OVERVIEW OF EVENTS

- The Mutual Benefits Keep Policy Trust ("Trust") was formed to maintain and administer the policies originally owned by Mutual Benefits Corporation and designated by investors to be retained as "Keep Policies" until the Trust was no longer feasible to operate. The Trustee was not empowered to actively manage the Keep Policies or make decisions as to which policies should be retained or surrendered.
- In March 2023, the District Court approved (a) the sale of the remaining Keep Policies; and (b) a process for allocating the sale proceeds among the Keep Policies, applying the expenses of the Trust, and distributing the net proceeds to Keep Policy Investors. The sale closed on March 29, 2023 for \$24 million in gross proceeds.
- The Court-approved processes for allocating the sale proceeds and the expenses were completed. Distributions to Keep Policy Investors are based on the actuarial allocation of sale proceeds, not on the face value of the policy or the amount invested – as discussed further in the Policy Valuation section below.
- The Trustee is now making an initial 50% distribution of net proceeds to those Keep Policy Investors receiving distributions together with any applicable premium refunds. Unfortunately, not all Keep Policy Investors will receive distributions as some policies were allocated little or no value by the third-party actuarial firm engaged to estimate policy values. This is discussed further in the Policy Valuation section below.
- The Trustee plans to make a final distribution approximately six months after the initial distribution.

INFORMATION PROVIDED WITH THIS NOTICE

- Policy-Level Investor Settlement Statement – This statement, which was prepared for all policy interests in policies that were sold in the auction, reflects each investor's distributable share, if

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any, of policy level net sale proceeds¹ and premium refunds² payable to each investor and the historical policy-level activity from the Trust's inception in 2009 through the December 23, 2023 policy sale date.

- Frequently Asked Questions – these questions are the same as appears on the www.mbckeeptrust.com website. The website FAQ's may be updated from time to time after the release of this Notice.

- Schedule A (Summary of Net Cash Flows in Accounts Administered by the Servicer) and Schedule B (Summary of Net Cash Flows in Accounts Administered by the Trust) of the Trust Accounting, which summarize the accounting information for all Trust accounts from the inception of the Trust through March 31, 2024.

- USB (flash) Drive³ with the complete Trust Accounting for all Trust accounts as summarized in Schedule A and B from the September 25, 2009 inception of the Trust through March 31, 2024:
 - o Servicer Accounts Schedules A-1 through A-8 –these schedules report the activities of all Trust accounts which were maintained by Litai Assets, LLC (“Litai” or “Servicer”) and includes all premium accounts and all death benefit accounts in addition to the other accounts maintained by Litai.
 - o Trust Accounts Schedules B-1 through B-6–these schedules report the activities of all Trust accounts maintained by the Trustee which did not include any investor funds (e.g. – premium accounts or death benefit accounts) and which were used primarily to fund the Trust's operating expenses.
 - o Schedules C and C-1 through C-8 – these schedules reconcile the amounts available in the Trust's Accounts to the amounts being distributed in the Trustee's initial distribution and anticipated to be distributed in the final distribution.
 - o Schedules D through I – these schedules report the Gains & Losses on Trust investment activity (D); the Trustee Fees paid by the Trust (E); the Professional Fees of the Trustee's professionals paid by the Trust (F); and the Estimated Final Distribution (I).
 - o Trustee's Motion to Approve Trust Accounting, Limitation Notice, and Discharge of Trustee Upon Completion of Final Distributions and Final Accounting

¹ Some policies were found to have had little or no value by the third party actuarial firm engaged by Trust pursuant to the Court-Approved Trust Wind-Down process. Policy valuation is discussed further below.

² Premium refunds are policy and investor specific funds paid to the Trust by investors that had not been remitted to carriers as of the policy sale date, hence those amounts are refunded to applicable investors.

³ These documents, which are in PDF format, may be accessed by inserting the USB Drive into the USB port on any computer. The free Adobe Acrobat Reader program may be downloaded at get.adobe.com/reader. The documents are also available through the investor login section of the Trust's website at <https://investors.mbkpt.com/login>. You may obtain instructions for printing copies from Stretto at the contact information provided below.

POLICY VALUATION

Upon reviewing the accompanying Policy-Level Investor Settlement Statement and applicable disbursement amounts, many investors may want to know how the policy valuations were determined. The Trustee is aware that a number of policies in the portfolio were determined to have little or no value. The Court-approved allocation process consisted of the following:

- The Trustee engaged an independent, nationally recognized actuary (“Actuarial Firm”) which performed and delivered a post-sale actuarial allocation of the sale price of the policies based upon the relative value of the policies in each Tranche.⁴
- The policy portfolio purchaser, Acheron Portfolio Trust (“APT”), which also holds in excess of 60% of the investment interests in the Keep Policies, engaged a separate independent, nationally recognized actuary which also performed and delivered its own actuarial allocation of the sale price of the policies based upon the relative value of the policies in each Tranche.
- If there was a disagreement with APT regarding the policy allocations, there was a procedure to address any such disagreements within a specified timeframe. Upon reviewing the report issued by the Actuarial Firm, APT did not express any disagreement with the findings in that report.
- Some policies have minimal, or no, net value based on the actuarial allocation and the application of liquidation and administrative costs.
- Investors should bear in mind that not all life insurance policies have investment value to a buyer of a viatical or life settlement – the future value of the expected premium payments over the expected remaining lifespan of the insured, at an appropriate discount rate, must not exceed the future value of the policy’s death benefit, discounted at the same rate. In these cases where the present value of the policy premium payment outflows was equal to or greater than the future value of the policy death benefits benefit inflow, no sale proceeds were allocated to such policies.

The process used by the Actuarial Firm to arrive at the policy valuations involved an assessment of all the factors that impact the market value of policies. Note that there is no situation in which a policy’s *market* value would ever be equal to a policy’s *face* value. Factors impacting the market value of policies include: the policy face value, the policy type (e.g. – universal life, whole life, term life), the insured’s

⁴ The actuarial allocation was based upon the data and information available to the Trustee, primarily including the data previously provided to the Trustee by Litai with respect to the policies, and such information and considerations, such as experience of mortality or attributes of parties, as are typically considered by actuaries in performing valuations of viaticated insurance policies and/or life settlement investments.

age, the insured's gender, the insured's health status (if known), the policy final expiration date, the anticipated premiums to be paid on the policy through its expiration,⁵ and the insured's life expectancy as determined by a qualified life expectancy firm (if available).

The Trust Agreement, which was primarily drafted by the Receiver's team and approved by the Court in 2009, did not grant the Trustee any authority to actively manage the policies owned by the Trust.⁶ Rather, the Court-approved Trust Agreement mandated that the Trustee maintain and preserve the policies only without any consideration of asset management, until the continued operation of the Trust became unfeasible. As a result, the Trustee did not have the discretion to seek to sell or surrender policies rather than maintain and preserve them.

Further, it is the Trustee's understanding that the Mutual Benefits Corporation did not employ a particular process when assigning investors to particular policies. Instead, MBC's policy selection process was largely random resulting in investors being placed into higher or lower value policies without any criteria for which policy or policies investor funds were allocated.

The combination of the Trustee's limited management capacity along with the randomness with which MBC assigned investors to policies resulted in a number of investors recovering very little, and in some cases none, of their invested funds. However disappointing and upsetting this may be for such investors, the Trustee also must remind investors that all steps in the formation, operation and wind-down of the Trust have been approved by the Court.

LIMITATION NOTICE Under the Florida Trust Code, a trustee may provide a "Trust Disclosure Document," which means a Trust Accounting or any other written report of the Trustee, and may provide a "Limitation Notice," which means a written statement of the Trustee that an action by a beneficiary for breach of trust based on any matter adequately disclosed in a Trust Disclosure Document may be barred unless the action is commenced within 6 months after receipt of the Trust Disclosure Document or receipt of a Limitation Notice that applies to the Trust Disclosure Document. This Notice and the enclosed documents, including the Trust Accounting and the Motion to Approve Trust Accounting, are Trust Disclosure Documents and are subject to this Limitation Notice:

Please be advised that an action for breach of trust based on matters disclosed in a trust accounting or other written report of the trustee or a trust director may be subject to a 6-month statute of limitations from the receipt of the trust accounting or other written report. If you have questions, please consult your attorney.

⁵ The future value of the expected premium payments over the expected remaining lifespan of the insured, at an appropriate discount rate, must not exceed the future value of the policy's death benefit, discounted at the same rate. In such cases, the policy was found to have no value.

⁶ The Trust was anticipated to operate for only 3 to 5 years when it was formed. However, the Trust operated for just over 14 years.

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If you wish to contact the Trustee regarding this notice, please use the following contact information, which has been updated from prior communications with you.

Email: mbkpt@longevityaa.com

Mailing Address:

Stretto

Attn: Mutual Benefits Processing Dept

410 Exchange

Ste 100

Irvine, CA 92602

You may also call **305-728-2985**. Calls will be received and answered between 9am-5pm Eastern Standard Time Monday through Friday.