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In the Matter of
Mutual of Omaha Insurance Company
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Agreement between the Attorney General of the State of Connecticut And Mutual of Omaha Insurance Company and its subsidiaries and affiliates (collectively "Mutual") dated May 14, 2008

WHEREAS, the Connecticut Attorney General caused an investigation to be made of Mutual pursuant to Conn. Gen. Stat. § 35-24 et seq. (the Connecticut Antitrust Act) and Conn. Gen. Stat. § 42-110a et seq. (the Connecticut Unfair Trade Practices Act) related to Mutual's practices in the marketing, sale or placement of Single Premium Group Annuities ("SPGAs") to defined benefit pension plan sponsors ("pension plan sponsors") (hereinafter, the "Investigation");

WHEREAS, the Connecticut Attorney General is prepared to make the following allegations (the "Allegations") based on the above Investigation:

A. Factual Allegations

1. Since at least 1999, in connection with its SPGAs contracts, Mutual has paid approximately one million dollars in undisclosed compensation to a group of SPGAs Brokers, (collectively, the "Brokers") namely A & R Enterprises, BCG Terminal Funding Company, BISYS Insurance Services, Brentwood Asset Advisors, LLC, Dietrich & Associates, Inc., Insurance Service Marketing Group, Life Brokerage Service Corp., Oswald Financial, Roland Florenz, Ltd., Sharp Benefits, Inc., and USI Consulting Group.

2. Without the knowledge of pension plan sponsors, Mutual participated in a scheme with the Brokers, which effectuated a breach of the Brokers' fiduciary duties to pension plan sponsors, by entering with the Brokers into various secret excess commission agreements ("the Excess Commission Agreements"), formally called "Expense Reimbursement Agreements," and

"Administrative Service Agreements" at various times by Mutual on documents used with the Brokers , and also referred to internally by Mutual as marketing agreements. These Excess Commission Agreements provided a select group of brokers with compensation in the form of "overrides," "fees," and "soft dollars" in addition to denominated "commissions," in connection with the sale, marketing or placement of Mutual's SPGAs. These Brokers together controlled a significant share of the market in the placement and sale of SPGA contracts nationwide, placing annuities for Mutual and for other insurance companies. Mutual and the Brokers knowingly deceived the pension plan sponsors by either failing to disclose the excess commissions or by affirmatively misstating the true amount of commission that the Brokers received.

3. Mutual was fully aware that the compensation payments made under these agreements were nothing more than additional undisclosed commission that allowed the Brokers to show a lower "commission" to their clients while receiving greater overall compensation. While Mutual and the Brokers were the beneficiaries of their scheme, the pension plan sponsors were deceived into depending upon a broker who was paid significantly more than the agreed-upon commission, and who had a strong financial motivation to place the pension plan sponsor's business with Mutual rather than recommend an insurance carrier that would have been, objectively, the best available choice, or that did not have an Excess Commission Agreement.

The Brokers

4. Due to the complexities associated with a pension plan's administrative requirements and legal obligations, the plan sponsor's fiduciary obligation to the plan, and the intricacies and complexity in evaluating and selecting an appropriate SPGA, many plan sponsors turn to the services of an experienced pension broker to guide and navigate the plan through the myriad steps necessary to make the right annuity choice. The broker's role with respect to the

purchase of an SPGA for a pension plan is to assist the client in selecting the safest available annuity at the best terms for the benefit of retirement plan participants. Often, the process of purchasing an annuity requires a broker to arrange for and conduct a course of preliminary and final bidding among competing insurers. At the conclusion of the bidding, the broker will most often provide the plan with a written recommendation regarding the most appropriate annuity for the plan to purchase.

5. Brokers are generally compensated for their services to the plan in one of two ways: (a) a fee negotiated between the plan sponsor and the broker, which is paid directly by the plan to the broker, or (b) a commission agreed to by the plan sponsor and paid by the selected insurance company, which usually builds the commission into the final annuity premium. Consistent with the broker's role as the plan sponsor's independent expert or fiduciary hired to guide the plan sponsor through a sea of decisions, the plan expects, (because the law requires it), that the broker's duty is to act solely for the benefit of its principal – the plan sponsor - not the insurance company.

6. BCG markets itself as one of the largest SPGA consulting/placement firms in the nation. On its website, BCG tells prospective clients that: "[t]owering amounts of information and a diverse set of choices in the marketplace can be an overwhelming proposition. YOUR ally and confidant in this process should be one you can trust to make the proper recommendations and possess the knowledge and relationships to navigate you through the sea of decisions needed to make proper fiduciary choices." In a description of the company for pension plan sponsors, BCG's website states: "[i]ntegrity is our mainstay as evidenced by our loyalty to our clientele, straight shooting approach and commitment to meet your needs and the interests of your participants and other stakeholders."

7. Brentwood advertises itself as "a national leader in the placement of group annuity contracts" and takes pride in the "unrivaled due diligence" that it provides clients searching for the right annuity for their plan. Brentwood claims to provide clients with services "that enable the [plan] fiduciary to make an informed decision, and, on its website, states that, in 2002, 2003 and 2005, Brentwood "placed more group annuity contracts . . . than anyone in the nation." According to Brentwood's website: "Navigating plan sponsors and financial intermediaries through the complicated maze of regulations and fluid economic changes associated with employee benefits and investments are skills Brentwood Asset Advisors, LLC have taken many years to develop."

8. Dietrich is "a pension financial services firm providing specialized annuity brokerage and consulting services to institutional clients" that claims to be the "largest independent broker in the single premium group annuity market." Dietrich promotes itself as assisting clients in the evaluation and selection of group annuity products. Dietrich holds itself out to clients as "totally objective" in its "carrier evaluation and selection process," and it claims that "clients have the assurance that contracts purchased . . . are the most competitive available."

9. Sharp Benefits was established in 1996 with the "objective" of providing a means for "plan sponsors to obtain a fast and knowledgeable response to annuity" needs. Sharp Benefits claims to offer "honest, practical advice" and promises to provide clients with "the best service." According to its website in 2000 – 2001: "[m]any plan sponsors find that they are in need" of an "annuity contract for plan participants. The process of a plan termination requires that the plan sponsor and consultant make many important decisions. One important part" of the process is to "choose an insurance company" to issue "annuity contracts for the plan participants and beneficiaries. The purpose of Sharp Benefits is to handle the complete Annuity Search, from plan

review to final contract issue." One of Sharp Benefits responsibilities is to negotiate "with each carrier on behalf of the plan sponsor to obtain the most competitive final bids." Debbie M. Sharp, the president of Sharp Benefits, is now an independent marketing representative for BCG.

10. USICG, headquartered in Glastonbury, Connecticut, is part of USI Holdings Corporation, the 9th largest property and casualty benefits broker in the United States. On its website and through other promotional materials, USICG markets itself as a firm that does not address a client's particular needs with a "preconceived notion" as to what is the right solution. Rather, USICG claims that when a client "partners" with USICG, that client taps into the company's many consultants whose claimed goal is to "maximize the value of every dollar spent" and to provide the best in "value-added service" in selecting the right investment.

11. Although the other Brokers – A&R, BISYS, Insurance Service Marketing Group, Life Brokerage Service Corp., Oswald Financial, and Roland Florenz – placed less SPGA business with Mutual than did BCG, Brentwood, Dietrich, Sharp, or USICG in the years from 1999 to 2006, they also received compensation under Excess Commission Agreements.

The Excess Broker Compensation

12. In 1999, Brentwood and Dietrich asked Mutual to create an Expense Reimbursement Agreement ("ERA") for SPGA placements. A critical component of the agreement, however, was that "the producer does not want the expense reimbursement disclosed in the proposal, as they do not view this as a commission but rather a 'special arrangement' between their firm and Mutual." Beginning in 1999, Mutual entered into ERA contracts with selected brokers, without the knowledge of pension plan sponsors, under the guise of a plan to "reimburse" the Brokers for the so-called "expenses" that they incurred, up to one percent of the final premium, in placing an SPGA contract with Mutual.

13. The Excess Commission Agreements were the brainchild of Brentwood which "originated the concept as a means of offsetting (reducing) their commissions" – in other words, making it look to their pension plan clients like they were receiving a lower commission, even though their true commission on the sale was higher. Brentwood used this tactic to mislead the plans into thinking Brentwood would accept the same or less compensation than other brokers who were competing to represent the plan. Dietrich convinced Mutual to adopt the ERA program.

14. If the ERA were legitimate, the broker would be reimbursed for actual expenses – which would not increase or decrease with reconciliation of quoted premium with known specifics of the individuals in the pension plan. For example, the vouchers submitted by Sharp Benefits, always included, as the largest line item, an amount for "consulting expenses," which is not an expense at all, just a summary item of the services Sharp was already being paid a commission to perform. Mutual at times even refers to the ERA as commission.

15. In June of 2000, Mutual learned that the Principal Insurance Co. and the Hartford Insurance Co. were considering discontinuing their ERA and were intending to replace it with an "Overwrite" or "Marketing Allowance" agreement. Mutual was concerned that if it followed the other insurers' lead, larger brokers, such as Dietrich would not work for Mutual. "If we discontinue the ERA, what will be Dietrich's reaction? Will we be able to continue selling through them, or will we have to offer an overwrite or marketing allowance comparable to other insurers to continue selling with them?" To placate one of its key brokers, Mutual told Kurt Dietrich that his firm was "a tremendous partner, and we are all anxious to supply you with the incentive compensation program that befits a partner of your stature."

16. Mutual understood that in order to receive business from USICG, it would need to do more than just provide a quality SPGA product, it would have to agree to pay USICG undisclosed commissions as well. An email from USICG's President of Retirement and Investment Services to Mutual in 2003 explained that "the extra 1% soft dollar arrangement has to be firm in order to compete on [compensation] with Principal. Omaha and USI both need to be on the same page on that issue." The email was forwarded within Mutual, with the message that "we know that a few carriers including Principal are still paying ERA payments to Dietrich and USI. Since we stopped the official override program last year, [ ] has been adamant on a 1% kicker for all premium opportunities he places with us . . . [ ] has given [Mutual] every opportunity for last look and competitive feedback that he has not openly shared with our competitors, . . . [he] will need to know prior to the final pricing whether or not we have priced in the 1% ERA/override compensation."

17. Mutual was aware that these payments were by their nature nothing more than additional commissions. One Mutual vice president expressed in 2001 that she was "not in favor of the ERA for all cases because of the disclosure issue regarding payment of commissions to a broker." An internal memo from 2002 states that "[p]ricing the ERA on a single case basis requires that the ERA be specifically disclosed so that the plan fiduciary is aware of all expenses and can determine, on behalf of the Plan, whether such expenses are reasonable." Although Mutual appeared to have come to the conclusion, internally, that ERAs should be disclosed to its customers, the company crafted its disclosures in such a way as to mask their true nature from pension plan sponsors.

18. It was critically important to the Brokers that the plan sponsors remain unaware of the Excess Commission Agreements. In an internal e-mail in 2000, a Mutual employee in its

Boston office was asked to find out from a key broker "on a discrete basis" what other carriers were doing with respect to disclosing the true nature of the payments under the agreements. The response she relayed back to her supervisor was "No. It would not exist if disclosed on proposal." Regarding one sale brokered by Debbie Sharp in 2001, e-mails between Sharp and Mutual emphatically remind the broker "to take off the ERA Calculation page before you send it on!!"

19. Beginning in 2002 Mutual revised its ERA agreements and instead paid to the Brokers an "override," pursuant to an "Administrative Services Agreement ("ASA")." In 2005, Mutual again changed the label for its Excess Commission Agreements. The undisclosed excess commission payments remained the same, and continued to be priced into all broker produced SPGA bids – and still were not disclosed to the pension plan sponsors.

20. In every iteration of Mutual's Excess Commission Agreements, Mutual disclosed to its pension plan customers that the commission was at one level, when Mutual and the Brokers knew the true commission was in fact greater. At their heart, these agreements were fashioned to ensure Mutual received preferential treatment from the Brokers, even when Mutual's SPGA product may not have been as appropriate for the pension plan as a competing insurer's product. In Mutual's own words, "[t]he override allows us to provide additional compensation to valued producers and compete with the additional commission programs offered by other insurers." Mutual understood that the undisclosed commission influenced the broker "to recommend United when our ratings may not be equivalent or better than our competitors."

21. In some cases, the amount of undisclosed commission exceeded the disclosed "commission." In several cases, Mutual prepared a proposal for its pension plan customer, which included a statement that there would be no commission charged. Such "zero"

commission proposals occurred in situations where the pension plan sponsor paid a direct fee to the Broker for their services to the plan. In many of these cases, unbeknownst to the plan, Mutual paid additional commission to the Brokers as well.

22. The "Expense Reimbursement Agreements" were an attempt to legitimize an otherwise illegal agreement. The undisclosed ERA payments were based on a pre-determined percentage of premium and *not* on actual expenses incurred by the Brokers. No audits of expenses were ever performed by Mutual. Instead, the so-called "expenses" were pegged at a pre-determined amount, and expense vouchers were created to fit the pre-determined amount. In fact, Mutual would often tell the Brokers how much the Brokers' "expenses" were for placing the SPGA contract. For example, in the SPGA placement for Jewish Memorial Hospital in 2001, Mutual wrote to USICG "we will provide the calculated ERA amount for you to complete an expense voucher." For the placement of a SPGA for Southern Labor Union, Dietrich's business expenses are shown as $88,786 on November 13, 2000. By December 28, 2000, after reconciliation of covered employees, Dietrich's "business expenses" had been <u>reduced</u> to $87,494.00. Every line item on the revised voucher, including "Fixed expenses," had been proportionately reduced. On another Dietrich sale, Mutual e-mailed Dietrich for "an updated Expense reimbursement voucher based on the new ERA total . . ." The ERA total *like a commission,* was determined as a percentage of the premium – not by any expenses actually incurred by Dietrich. Mutual had Dietrich revise the "expense voucher" – *up or down* – to match the pre-determined 1% excess commission.

Examples of Pension Plans that were Harmed

23. Mutual paid the Brokers excess commissions in at least seventy-eight SPGA cases throughout the United States, including several located in Connecticut. The pension plans that

were deceived by Mutual are comprised of a diverse set of private and public companies, government agencies, non-profit organizations and other establishments. Below are several examples in which Mutual paid undisclosed excess commissions to secure SPGA business.

General Systems, Inc. ("General")

24. In 2001, General retained USICG to assist the company in finding a broker to evaluate proposals for the purchase of a SPGA. USICG recommended Sharp Benefits, which sought SPGA proposals from several carriers, including Mutual. Mutual's SPGA proposal disclosed that Sharp Benefits would receive a commission of 1.25% which would be paid out of the premium. Despite Mutual's representation regarding Sharp Benefits' commission, in fact Mutual paid the broker an additional .25% ERA, which was not disclosed to General. Mutual priced the additional amount into the SPGA premium to pay the ERA. The gross premium on the 2001 General SPGA was $8,363,783; the commission disclosed to General was $104,547.

25. Sharp was paid additional compensation by Mutual, under the ERA. In correspondence to Mutual from Sharp Benefits in 2001 concerning this ERA, Sharp claimed expenses of $24,632.37, of which the bulk – $21,605.37 – was listed as "consulting service." E-mail also confirmed—unknown to General—that the undisclosed ERA percentage was priced into the premium. Mutual instructed Sharp to "submit her ERA voucher for $4,000 more than originally priced in to the General Systems quote" in order to cover the cost of a new printer.

26. Subsequent to General's 2001 purchase of the Mutual SPGA, General purchased a second, supplemental SPGA, from Mutual. For the supplemental SPGA, Sharp used a quote from the Principal Insurance Company, and forwarded it to General as a quote from Mutual.

27. For the supplemental SPGA placement which occurred in 2003, Sharp received a 4% commission and an additional, undisclosed 1% payment of $3,400 from Mutual, which again

was priced into the premium. That payment was purportedly for administrative services that Sharp was to provide to Mutual. Like the ERA, the ASA was just another means to funnel a secret payment to the broker, for no additional work. Pursuant to the ASA, no sham "expense" voucher was prepared. A Mutual employee wrote "[a]ll you have to do is sit back and watch your bank account. There are no expense justifications you have to do. I will calculate 1% of the total . . . and send you a check."

CWT Specialty Stores, Inc.

28. In 2002, Dietrich placed a $3,170,225 SPGA for the bankrupt CWT Specialty Stores, Inc. ("CWT") with Mutual. The Mutual proposal for CWT disclosed that Dietrich would receive a 3% commission. In fact, Mutual paid Dietrich a 3% commission and an additional one percent – $30,000 – the nature of which was not disclosed to the bankruptcy receiver. The additional $30,000 was priced into CWT's premium.

Stafford Savings Bank

29. In September, 2003, Mutual sold an SPGA to Stafford Savings Bank. For Stafford Savings Bank, Mutual disclosed in its proposal that the premium included, among other actuarial assumptions, "general corporate expenses" and "a one time commission of 2.5%" to be paid to the broker, USICG. On Schedule A of the Form 5500--a federal form that provides the plan with accurate information about compensation paid to brokers--Mutual identified a "commission" of $45,648 paid to USICG, which is 2.5% of the premium paid by Stafford Savings Bank. In November, 2003, Mutual paid USICG an additional one percent of the final net premium, pursuant to its "Administrative Services Agreement" with USICG. Stafford Savings Bank did not know the additional $20,836 was priced into the premium and paid to USICG.

Jewish Memorial Hospital

30. In 2001, USICG placed an SPGA from Mutual for its client, the Jewish Memorial Hospital ("Jewish Memorial"). Both Mutual and USICG represented to Jewish Memorial that there was no commission included in the premium because Jewish Memorial paid the broker a direct consulting fee. Specifically, Mutual's proposal for the hospital stated that "[t]he premium does not include provision for payment of commission." The Schedule A of the Form 5500 prepared by Mutual states that commissions on the sale were "$0.00." Notwithstanding its representation to its customer, Mutual paid USICG an additional $45,000, which was 1% of the premium. The payment, unknown to Jewish Memorial, had been priced into the premium.

31. Based on these findings, CTAG is prepared to allege that Mutual: (a) unlawfully engaged in unfair and deceptive trade acts; (b) conspired with and aided abetted the Brokers in a scheme to engage in unfair and deceptive trade acts resulting in a breach of the Brokers' fiduciary duties; and (c) made affirmative misrepresentations of material fact to plan sponsors in contravention of established law.

WHEREAS, Mutual denies the above Allegations and contends that: (1) Mutual disclosed the overall cost of the SPGA contracts, which included the cost of broker payments; (2) Mutual competed for its customers' business on the basis of overall cost and service and Mutual is not aware of any contract it received where it was not the lowest bidder; (3) Mutual's customers suffered no harm as a result of Mutual's conduct; and, (4) Mutual is supportive of the objective of greater transparency in disclosure in the SPGA market and desires to avoid the cost of litigation over the Allegations;

WHEREAS, Mutual has been and is continuing to cooperate fully with the Investigation being conducted by the Connecticut Attorney General and wishes to resolve the Investigation;

WHEREAS, pursuant to the Investigation by the Connecticut Attorney General, Mutual is entering into this Agreement prior to any court making any findings of fact or conclusions of law relating to the findings of the Connecticut Attorney General;

WHEREAS, as a result of the Connecticut Attorney General's Investigation, Mutual agrees to implement the business reforms stated herein;

WHEREAS, the Connecticut Attorney General finds that the relief and agreements contained in this Agreement are appropriate and in the public interest, and is willing to accept this Agreement as a settlement of the Connecticut Attorney General's Investigation of Mutual's SPGA business;

WHEREAS, the Connecticut Attorney General and Mutual wish to enter into this Agreement to resolve the Connecticut Attorney General's Investigation of Mutual's SPGA business;

WHEREAS, this Agreement is entered into solely for the purpose of resolving the Connecticut Attorney General's Investigation of Mutual's SPGA business, and (1) will not be used for any other purpose, and (2) will not be offered, received or construed as an admission or evidence of any liability or wrongdoing by Mutual; and

WHEREAS, nothing herein shall be construed to apply to any business or operations other than Mutual's SPGAs;

THEREFORE, Mutual and the Connecticut Attorney General hereby enter into this Agreement, and agree as follows:

B. Monetary Relief

Single Premium Group Annuity Fund

1. Within 10 business days of the date of this Agreement, by May 29, 2008, Mutual shall pay $1,505,000 dollars into a fund (the "Single Premium Group Annuity Fund") created and held by Mutual to be paid as a return of premium to Mutual's pension plan customers that (a) purchased Mutual's SPGAs during the period from January 1, 1999 through January 9, 2006, (b) used A & R Enterprises, BCG Terminal Funding Company, BISYS Insurance Services, Brentwood Asset Advisors, LLC, Dietrich & Associates, Inc., Insurance Service Marketing Group, Life Brokerage Service Corp., Oswald Financial, Roland Florenz, Ltd., Sharp Benefits, Inc., and USI Consulting Group, or those brokers' or consultants' predecessors (the "Brokerage Entities") as their broker or consultant, and (c) purchased an SPGA where the sale resulted in a payment to a broker or consultant pursuant to an expense reimbursement, marketing, or administrative service agreement, ("Broker Payment"). The pension plan customers who meet these criteria will be referred to in this Agreement as the "Eligible Customers" All of the money paid into the Single Premium Group Annuity Fund and any investment or interest income earned thereon shall be paid to the Eligible Customers under the formula set forth in paragraph B. of this Agreement, except as provided in paragraph B.9. No portion of the Single Premium Group Annuity Fund shall be considered a fine or penalty.

2. The Single Premium Group Annuity fund shall be invested in a designated money market fund subject to the prior approval of the Connecticut Attorney General,

3. Mutual shall (a) by July 14, 2008, identify the SPGAs purchased by the Eligible Customers (the "Eligible SPGAs") and calculate the amount of money each of the Eligible

customers paid for the Eligible SPGAs; (b) within ten business days of completing these calculations, file a report with the Connecticut Attorney General, certified by an officer of Mutual, setting forth: (i) each Eligible Customer's name and last known address; (ii) the Eligible Customer's Eligible Annuity(ies) (by group annuity number(s)); (iii) the amount the Eligible Customer paid in premiums for each Eligible Annuity; and (iv) the amount each Eligible Customer is eligible to receive from the Single Premium Group Annuity Fund, which shall equal each Eligible Customer's pro rata share of the Single Premium Group Annuity Fund as calculated by Multiplying the amount in the Single Premium Group Annuity Fund by the ratio of the Broker Payment that was made with respect to that Customer's Eligible Annuity(ies) divided by the total Broker Payments that were made with respect to all Eligible Annuities; and (c) by July 28, 2008, send a notice to each Eligible Customer, setting forth the items in (b)(ii) through (iv), above, and stating that the amount paid may increase if there is less than full participation by Eligible Customers in the Single Premium Group Annuity Fund (the "Annuity Notice"). The form of the Annuity Notice shall be subject to the prior approval of the Connecticut Attorney General.

4. In the event impediments arise with respect to the identification of Eligible Customers, or the distribution from the Single Premium Group Annuity Fund to a particular Eligible Customer, both the Connecticut Attorney General and Mutual agree to use their best efforts to achieve the parties' stated intention to distribute to each Eligible Customer their pro rata share of the Single Premium Group Annuity Fund. Any amounts not distributed to Eligible Customers, despite the best efforts of the parties, shall be distributed in accordance with paragraph B.9 of this Agreement.

5. Eligible Customers who receive an Annuity Notice and who voluntarily elect to receive a cash distribution (the "Participating Customers") shall tender a release in the form attached hereto as Exhibit 1 on or before December 1, 2008.

6. On or before January 14, 2009, Mutual shall pay each Participating Customer tendering a release the amount that that Participating Customer is eligible to receive from the single Premium Group Annuity Fund as set forth in paragraph B.3(b)(iv) above, and any interest or investment income earned thereon.

7. On or before January 28, 2009, Mutual shall file an interim report with the Connecticut Attorney General, certified by an officer of Mutual, listing all amounts paid from the Single Premium Group Annuity Fund.

8. In the event that any Eligible Customer elects not to participate or otherwise does not respond to the Annuity Notice (the "Non-Participating Customers"), the amount that such policyholder was eligible to receive from the Single Premium Group Annuity fund as set forth in paragraph B.3(b)(iv) may, up until July 14, 2009, be used by Mutual to satisfy any pending or other claims asserted by Non-Participating Customers or any other person or entity (excluding stakeholders of Mutual that are not customers of Mutual) relating to the payments made by Mutual to the Brokers pursuant to the SPGA Allegations that are set forth above, provided that in no event shall a distribution be made from the Single Premium Group Annuity Fund to any Non-Participating Customer or other person or entity until all Participating Customers have been paid the full aggregate amount set forth in paragraph B.3(b)(iv) above, and any interest or investment income earned thereon.

9. If any money remains in the Single Premium Group Annuity Fund as of July 14, 2009, after distribution as provided in paragraphs B.3(b)(iv) and B.6 to Participating Customers,

and the amounts set forth in paragraph B.8 to Non-Participating Customers or other person or entity, any such funds shall be distributed by August 14, 2009, on a pro rata basis to the Participating Customers.

10. In no event shall any of the money in the Single Premium Group Annuity Fund or the investment or interest income earned thereon be used to pay or be considered in the calculation of attorneys' fees.

11. In no event shall any of the money in the Single Premium Group Annuity Fund or the investment or interest income earned thereon be used to pay or be considered in the calculation of commissions or administrative or other fees to Mutual.

12. On or before September 14, 2009 Mutual shall file a report with the Connecticut Attorney General, certified by an officer of Mutual, listing all amounts paid from the single Premium Group Annuity Fund, including any payments subsequent to the payments described in paragraph B.6 or pursuant to paragraphs B.8 and B.9.

Penalty

13. Within 10 business days of the date of this Agreement, being May 29, 2008, Mutual shall pay $195,000 as a penalty, by wire transfer to the State of Connecticut.

C. Business Reforms

1. Within 90 days of the date of this Agreement, being September 2, 2008, Mutual shall undertake the following reforms with respect to its practices in the marketing, sale and placement of SPGAs. Mutual will not undertake any transaction for the purpose of circumventing the prohibitions contained in this Agreement. These reforms shall not apply to any other current business or products at Mutual, or to any products or services that Mutual may develop or acquire in the future.

2. For purposes of this Agreement, and subject to paragraph C.1 above, which limits these business reforms to the SPGA products and lines of business, Compensation shall mean anything of material value given to a Producer,[1] provided that Compensation shall not mean: (a) a commission set at the time of each sale, placement or servicing of a particular SPGA that is agreed to, in writing, by the plan sponsor; (b) customary, non-excessive meals or entertainment expenses; (c) reasonable education, training or conference expenses; or (d) Compensation paid to employees of Mutual or to Mutual's Producers that are captive or are exclusive to Mutual with respect to SPGAs and that are clearly and conspicuously indentified in marketing materials as Mutual's SPGA Producers. Mutual shall develop and implement policies for its relevant employees explaining the provisions of this paragraph as part of the written standards described in paragraph C.6. Prior to June 16, 2008, Mutual shall submit to the Connecticut Attorney General a draft of the intended policies for Connecticut Attorney General approval, which approval shall be provided within 30 days of confirmed receipt of such policies by the Connecticut Attorney General, or thereafter be deemed approved unless disapproved within that 30-day period.

3. Mutual shall disclose in writing (a) to brokers in its initial SPGA proposals, and (b) to its SPGA customers, prior to binding, all Compensation and commissions paid to the Producer or, if not immediately calculable, Mutual shall have complied with this provision by disclosing how such Compensation and commissions will be calculated in relation to that pension plan customer's SPGA, and shall, prior to binding, obtain the written consent of each of its SPGA pension plan customers to such terms of Compensation and commissions. All

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[1] For purposes of this Agreement, "Producer" shall mean any insurance agent, as that term is defined in Conn. Gen. Stat. § 38a-702a(1), who offers SPGAs from more than one insurer or affiliated group of insurers, or any insurance producer, as that term is defined in Conn. Gen. Stat. § 38a-702a(6), who sells, places or consults with clients respecting SPGAs.

disclosures and consents referred to in this Agreement may be delivered and obtained electronically. Additionally, beginning 60 days from the date of this Agreement, Mutual shall disclose on its website, information relating to Mutual's practices and policies regarding Compensation and commissions sufficient to inform pension plan sponsors of the nature and range of Compensation and commissions paid by Mutual to Producers of SPGAs. Prior to posting this disclosure on its website, Mutual shall submit to the Connecticut Attorney General the proposed format and content to the website disclosure. The final form and content of the website disclosure shall be subject to the prior approval of the CTAG, which approval shall be provided within a 30-day period. After that approval has been obtained, Mutual will not be required to submit such material in the future for approval.

4. For any SPGAs placed with a pension plan governed by the Employee Retirement Income Security Act of 1974 ("ERISA"), Mutual shall disclose all information as is contained within its business records and is needed by its SPGA pension plan customer to complete Schedule A of the Form 5500 Annual Report of Employee Benefit Plan, including but not limited to the name of each Producer, and the full amount of any Compensation and commissions paid or to be paid to the Producer that is attributable to a customer's SPGA, as required by ERISA or the U.S. Department of Labor regulations in effect. For any SPGAs placed with a pension plan not governed by ERISA, Mutual shall also disclose in writing to the pension plan customer, within 90 days of the end of the calendar year in which each SPGA contract is executed, all Compensation and commissions paid or to be paid to the Producer in relation to that pension plan customer's SPGAs. All disclosures and consents referred to in this Agreement may be delivered and obtained electronically.

5. During the period of May 14, 2008, through May 14, 2016, and subject to paragraph C.1 above, which limits these business reforms to the SPGA products and line of business, Mutual shall not pay any Producer any Compensation, as defined in paragraph C.2 herein. Regarding commissions, Mutual shall pay only a specified dollar amount or percentage commission on the premium set at the time of each sale, placement or servicing of a particular SPGA that is agreed to, in writing, by the plan sponsor.

6. Mutual shall implement written standards of conduct regarding Compensation and commissions paid to Producers of SPGAs, consistent with the terms of this Agreement, which implementation shall include *inter alia* appropriate training of relevant employees, including but not limited to training in business ethics, professional obligations, conflicts of interest, antitrust and trade practices compliance, and recordkeeping. Before July 14, 2008, Mutual shall submit to the Connecticut Attorney General a draft of these materials for approval, which approval shall be provided within 30 days of confirmed receipt of such policies by the Connecticut Attorney General, or thereafter be deemed approved unless disapproved within the 30-day period. After that approval has been obtained, Mutual will not be required to submit such material in the future for approval.

7. Mutual shall not engage or attempt to engage in violations of the Connecticut Antitrust Act (§§ 35-24 et seq.), Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. (§§ 42-110a et seq.), or the Connecticut Unfair Insurance Practices Act, (§§ 38a-815 et seq.).

D. Cooperation With The Attorney General

1. Mutual shall fully and promptly cooperate with the Connecticut Attorney General with regard to the investigation, and related proceedings and actions regarding Mutual's SPGA business. Mutual shall use its best efforts to ensure that all its officers, directors, employees, and

agents also fully and promptly cooperate with the Connecticut Attorney General in the Investigation and related proceedings and actions regarding Mutual's SPGA business. Cooperation shall include without limitation: (a) Mutual shall accept service of subpoena(s) and produce pursuant thereto any information and all documents or tangible evidence, including any compilations or summaries thereof, related to the Investigation and reasonably requested by the Connecticut Attorney General, subject only to the receipt of reasonable assurance of confidential treatment of such production; (b) pursuant to a subpoena, having Mutual's officers, directors, employees and agents attend any proceedings at which the presence of any such persons is reasonably requested by the Connecticut Attorney General and having such persons answer any and all related inquiries, subject to any applicable privilege or work product protection, that may be put to any of them by the Connecticut Attorney General (or any of the Attorney General's deputies, assistants or agents) ("proceedings" include but are not limited to any meetings, interviews, depositions, hearings, or trial); (c) in the event any document is withheld or redacted on grounds of privilege, work-product to other legal doctrine, a statement shall be submitted in writing by Mutual indicating: (i) the type of document; (ii) the date of the document; (iii) the author and recipient of the document; (iv) the general subject matter of the document; (v) the reason for withholding the document; and (vi) the Bates number or range of the withheld document; the Connecticut Attorney General may challenge such claim in any forum of its choice; and (d) Mutual shall not jeopardize the confidentiality of any aspect of the Connecticut Attorney General's Investigation, including sharing or disclosing evidence, documents, or other information (i) provided by the Connecticut Attorney General or (ii) created by Mutual for the Investigation, with others during the course of the Investigation, without the consent of the

Connecticut Attorney General. Nothing herein shall prevent Mutual from providing such evidence, documents or other information to other regulators, or as otherwise required by law.

2. Mutual shall comply fully with the terms of this Agreement. If Mutual violates the terms of paragraph D.1 in any material respect, as determined solely by the Connecticut Attorney General, after notice to Mutual, the Connecticut Attorney General may pursue any action against any entity for any violation or wrongdoing Mutual has committed, as authorized by law, without limitation.

E. Other Provisions

1. The provisions of this Agreement shall apply only to Mutual's SPGAs and shall apply only where: (a) the pension plan customer is domiciled in the United States or its territories; or (b) the contract is principally associated with providing retirement benefits to residents of the United States or its territories.

2. Mutual shall not seek or accept, directly or indirectly, indemnification pursuant to any insurance policy, with regard to any or all of the amounts payable pursuant to this Agreement.

3. The Connecticut Attorney General agrees that any prior approval required under the terms of this Agreement shall not be unreasonably withheld or delayed.

4. The Agreement is not intended to disqualify Mutual, or any current employees of Mutual, from engaging in any business in Connecticut or in any other jurisdiction. Nothing in this Agreement shall relieve Mutual's obligations imposed by any applicable state insurance law or regulations or other applicable law.

5. This Agreement shall not confer any rights upon any persons or entities besides the Connecticut Attorney General and Mutual. This agreement shall not in any way release or

discharge any persons or entities other than the Mutual, or any of its present or former officers, directors or employees, of any claims by the Connecticut Attorney General.

6. Mutual shall maintain custody of, or make arrangements to have maintained, all documents and records of Mutual related to the Investigation for a period of not less than six years.

7. The Connecticut Attorney General agrees, covenants and acknowledges that, subject to the obligations of Mutual as set forth in this Agreement, he will not initiate, maintain or otherwise bring any complaints, claims, causes of action or other legal proceedings, in law or in equity, against Mutual, or any of its present or former officers, directors or employees, with respect to Mutual's SPGA lines of business based on the underlying conduct giving rise to the allegations raised in this Investigation and taking place prior to the date of this Agreement.

8. The Connecticut Attorney General may make such applications as appropriate to enforce or interpret the provisions of this Agreement, or in the alternative, maintain any actions for such other and further relief as the Connecticut Attorney General may determine is proper and necessary for the enforcement of this Agreement. Mutual recognizes that the Connecticut Attorney General's remedy at law regarding enforcement of this Agreement is inadequate and agrees that the Connecticut Superior Court has the authority specifically to enforce the provisions of this Agreement, including the authority to award equitable relief.

9. If compliance with any aspect of this Agreement proves impracticable, Mutual reserves the right to request that the parties modify the Agreement accordingly or, after May 14, 2018, to seek modification from an appropriate court.

10. In any application or in any such action, facsimile transmission of a copy of any subpoena or complaint to current general counsel of Mutual shall be good and sufficient service

on Mutual unless Mutual designates in writing to the Connecticut Attorney General another person to receive service by facsimile transmission.

11. This Agreement shall be governed by the laws of the State of Connecticut without regard to conflict of laws principles.

12. Any disputes arising out of or related to this Agreement shall be subject to the exclusive jurisdiction of the Superior Court for the Judicial District of Hartford, or to the extent federal jurisdiction exists, the United States District Court for the District of Connecticut. Mutual consents to the jurisdiction of the State of Connecticut for the purpose of an action by the Connecticut Attorney General to enforce the terms of this Agreement.

13. This Agreement may be executed in counterparts.

WHEREFORE, the following, signatures are affixed hereto this May 14, 2008.

RICHARD BLUMENTHAL

Attorney General of the State of Connecticut
55 Elm Street, PO Box 120
Hartford, CT 06141-0120

MUTUAL OF OMAHA INSURANCE COMPANY

Richard C. Anderl
Senior Vice President and Associate General Counsel
Mutual of Omaha Plaza
Omaha, NE 68175-1008

004043586

WHEREFORE, the following, signatures are affixed hereto this May 14, 2008.

RICHARD BLUMENTHAL

____

Attorney General of the State of Connecticut
55 Elm Street, PO Box 120
Hartford, CT 06141-0120

MUTUAL OF OMAHA INSURANCE COMPANY

Richard C. Anderl

Richard C. Anderl
Senior Vice President and Associate General Counsel
Mutual of Omaha Plaza
Omaha, NE 68175-1008

004043586

EXHIBIT 1

RELEASE

This RELEASE (the "Release") is executed this _____ day of ______________ 2008 by RELEASOR (defined below) in favor of RELEASEE (defined below).

DEFINITIONS

"RELEASOR" refers to **[fill in name ______]**, its past, present and future parents, affiliates, subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, and any of their respective past, present or future officers, directors, trustees, employees, agents, brokers, producers, attorneys, representatives, shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns, insurers, reinsurers, indemnitors, or any other person or entity that has assumed any rights or obligations on behalf of RELEASOR.

"RELEASEE" refers to Mutual of Omaha Insurance Company, its past, present and future parents, subsidiaries, affiliates, associates, general or limited partners or partnerships, predecessors, successors, or assigns, and any of their respective past, present or future officers, directors, trustees, employees, agents, attorneys, representatives, shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns, insurers, reinsurers, or any other person or entity that has assumed any rights or obligations on behalf of The RELEASEE (collectively, "Mutual").

"AGREEMENT" refers to a certain agreement between Mutual and the Attorney General of the State of Connecticut ("CTAG") dated May 14, 2008; relating to an Investigation (as defined in the AGREEMENT) commenced against Mutual by CTAG pursuant to a January 9, 2006 subpoena. This RELEASE is referenced in paragraph B.5. of the AGREEMENT.

RELEASE

1. In consideration for the total payment of $______ in accordance with the terms of the AGREEMENT, RELEASOR does hereby fully release, waive and forever discharge RELEASEE from any and all past, present and future Claims that are based upon, arise out of or relate to, in whole or in part, directly or indirectly any of the allegations, acts, omissions, transactions, events, or matters discussed in the AGREEMENT or are subject to the Investigation (as that term is defined in the AGREEMENT), and occurring up to the date of the AGREEMENT. "Claims" are defined as any claims or causes of action (including any complaints, suits, or petitions in the law or in equity) and any allegations of wrongdoing (including any allegations of debts, contracts, agreements, obligations, promises, unjust enrichment, breach of any duty, or any other improper acts, omissions, disclosures, non-disclosures, or representations) and any demands for legal, equitable, or administrative relief or remedies (including any claims for injunction, declaratory relief, rescission, reformations, restitution, disgorgement, damages, punitive damages, penalties, attorneys' fees, costs and expenses) that could have been, may be, or could be asserted before any proceeding (including in

any court, arbitration, tribunal, or administrative body) regardless of whether the Claims are brought directly or derivatively or by a class, regardless of whether the Claims are based on federal, state or local law, and regardless of whether the Claims are known or unknown, foreseen or unforeseen, suspected or unsuspected, or fixed or contingent; provided, however, that nothing in this Release shall waive or discharge any Claim that Releasor may have to enforce the terms of an SPGA contract issued by Mutual.

2. RELEASOR acknowledges that it is releasing both known and unknown and suspected and unsuspected Claims, and is aware that RELEASOR may hereafter discover legal or equitable Claims or remedies presently unknown and unsuspected, or facts in addition to or different from those which RELEASOR now knows or believes to be true with respect to the allegations and subject matters discussed in this Agreement and related to this Investigation. Nevertheless, it is the intention of RELEASOR to fully, finally and forever settle and release all such matters, and all Claims relating thereto, which exist, hereafter may exist, or might have existed.

3. RELEASOR hereby expressly acknowledges certain principles of law applicable in some states, such as Section 1542 of the civil Code of California, which provide that a general release does not extend to Claims that a RELEASOR does not know or suspect may exist in his or her favor, which is known by him or her must have materially affected his or her settlement with the RELEASEE. Notwithstanding the choice of law provision in this Agreement, to the extent that California or other law might be applicable, RELEASOR hereby agrees that the provisions of Section 1542 of the Civil Code of California and all similar federal and state laws, rights, rules or legal principles of any other jurisdiction that may be applicable are hereby knowingly, voluntarily, and expressly waived and relinquished by RELEASOR.

4. In the event that the total payment referred to in paragraph 1. is not made for any reason, then this RELEASE shall be deemed null and void, provided that any payments received by RELEASOR shall be credited to Mutual in connection with any Claims that RELEASOR may assert against Mutual, or that are asserted on behalf of RELEASOR or by a class of which RELEASOR is a member, against Mutual.

5. This RELEASE may not be changed orally and shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to conflict of law principles, except to the extent that federal law requires that federal law govern. Any disputes arising out of or related to this RELEASE shall be subject to the exclusive jurisdiction of the Connecticut Superior Court for the Judicial District of Hartford or, to the extent federal jurisdiction exists, the United States District Court for the District of Connecticut.

6. RELEASOR represents and warrants that the Claims have not been sold, assigned or hypothecated in whole or in part.

Dated: ______________________________

RELEASOR: ______________________________

By: ______________________________

Print Name: ______________________________

Title: ______________________________