

EXHIBIT 2

FUND DISTRIBUTION ACCOUNT PLAN OF ALLOCATION

A. Preliminary Matters

The purpose of this Plan of Allocation of the Fund Distribution Account (“Plan of Allocation” or “Plan”) is to establish a reasonable, fair and equitable method of disbursing the Fund Distribution Account among Fund Distribution Claimants. For purposes of determining the amount a Fund Distribution Claimant may recover under this Plan, Plaintiffs’ Settlement Counsel have consulted with their damages consultants and others. This Plan is intended to disburse in a fair and equitable manner the Remaining Fund Proceeds (defined below) in each of the Eligible Hedge Funds (defined below) based on each investor’s relative ownership interest in the respective Eligible Hedge Fund. The Plan is not intended to provide an assessment of, among other things, the damages that limited partners or shareholders could have recovered had the case proceeded to, and they prevailed at, trial.

Because the money remaining in the Fund Distribution Account is less than the total of the capital accounts of all current limited partners or shareholders, the formula described below for calculating a Recognized Claim is not intended to estimate the amount that will actually be paid to Fund Distribution Claimants. Rather, the formula provides the basis on which the Fund Distribution Account will be disbursed among Fund Distribution Claimants.

B. Eligible Securities

Fund Distribution Claimants may be entitled to receive a payment from the Fund Distribution Account based on investments in securities (“Eligible Securities”) offered by the following hedge funds (“Eligible Hedge Funds”):

- Rye Select Broad Market Fund, L.P.;
- Rye Select Broad Market XL Fund, L.P.;
- Rye Select Broad Market Prime Fund, L.P.;
- Rye Select Broad Market Insurance Fund, L.P.;
- Rye Select Broad Market Insurance Portfolio, LDC (but only with respect to INTAC Independent Technical Analysis Centre Ltd., LifeInvest Opportunity Fund, LDC, Scottish Annuity Company (Cayman) Limited, The Scottish Annuity and Life Insurance Company (Bermuda) Ltd. and The Scottish Annuity Life Insurance Co. (Cayman) Ltd.);
- Rye Select Broad Market Portfolio Limited;
- Rye Select Broad Market XL Portfolio Limited;
- Broad Market XL Holdings Limited;
- Tremont Market Neutral Fund L.P.;
- Tremont Market Neutral Fund II, L.P.;

- Tremont Market Neutral Fund Limited;
- Tremont Opportunity Fund Limited;
- Tremont Opportunity Fund II L.P.;
- Tremont Opportunity Fund III L.P.;
- Tremont Arbitrage Fund, L.P.;
- Tremont Arbitrage Fund-Ireland; and
- Tremont Strategic Insurance Fund, L.P.

C. Principles and Additional Definitions

This Plan is based on the following principles and additional definitions (listed alphabetically), among others:

1. “Contribution” is the amount paid on or before December 11, 2008 by an authorized Claimant to an Eligible Hedge Fund for an Eligible Security. If an authorized claimant acquired an Eligible Security by means of a gift, assignment, inheritance or operation of law, the Contribution for that acquisition shall be calculated by using the amount paid for the Eligible Security on the original date of Purchase and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of the Eligible Security.
2. “Disbursement” is the amount to be paid to a Fund Distribution Claimant from the Remaining Fund Proceeds.
3. “Eligible Carrier” is one of the following insurance carriers that invested in Eligible Hedge Funds: (a) New York Life; (b) Metropolitan Life Insurance Company; (c) John Hancock Variable Life; (d) General American; (e) Pacific Life Insurance Company; (f) Hartford Life Insurance Company; (g) Pruco Life Insurance Company; (h) Security Life of Denver; (i) AIG Life Insurance Company; (j) Sun Life (SLF) Assurance Company; (k) Scottish Annuity and Life; (l) Nationwide Life; (m) New England Life Insurance Company; (n) Acadia Life Limited; (o) The Scottish Annuity Life Insurance Co. (Cayman) Ltd.; (p) AGL Life Assurance Company; (q) BF&M Life Insurance Company Limited; and (r) The Scottish Annuity and Life Insurance Company (Bermuda) Ltd.
4. “Eligible Policyholder” is an owner of a variable universal life insurance policy or deferred variable annuity policy that was issued by an Eligible Carrier.
5. “Fund Distribution Claimant” means any current limited partner or shareholder in any of the Eligible Hedge Funds, who is entitled under the Stipulation and this Plan to share in the disbursement of the Fund Distribution Account and who submits a timely and valid Proof of Claim.
6. “Fund Distribution Account” means the account for distribution of the Remaining Fund Proceeds.

7. "Recognized Claim" is the amount of a claim under this Plan and is the number used to calculate a Fund Distribution Claimant's Disbursement.
8. "Redemption" is the amount withdrawn on or before December 11, 2008 by an Authorized Claimant from an Eligible Hedge Fund based on ownership of an Eligible Security. For this purpose, Redemption is the amount requested and actually paid to an Authorized Claimant based on ownership of an Eligible Security.
9. "Remaining Fund Proceeds" means (i) all amounts remaining in the Rye Funds after resolution of the Settling Funds' claims in or relating to the Madoff Trustee Proceedings and any other matters required to be resolved in the ordinary course prior to distribution; and (ii) all amounts the Tremont Funds would otherwise be entitled to from the Fund Distribution Account under this Plan of Allocation as a result of the Tremont Funds' investments in the Rye Funds.
10. "Rye Funds" means (i) Rye Select Broad Market Fund, L.P.; (ii) Rye Select Broad Market XL Fund, L.P.; (iii) Rye Select Broad Market Prime Fund, L.P.; (iv) Rye Select Broad Market Insurance Fund, L.P.; (v) Rye Select Broad Market Portfolio Limited; (vi) Rye Select Broad Market XL Portfolio Limited; (vii) Broad Market XL Holdings Limited and (viii) Rye Select Broad Market Insurance Portfolio LDC (but solely with respect to INTACT Independent Technical Analysis Centre Ltd., LifeInvest Opportunity Fund, LDC, Scottish Annuity Company (Cayman) Limited, The Scottish Annuity and Life Insurance Company (Bermuda) Ltd. and The Scottish Annuity Life Insurance Co. (Cayman) Ltd.).
11. "Settling Funds" means the Rye Funds and the Tremont Funds, as set forth herein.
12. "Tremont Funds" means (i) Tremont Market Neutral Fund L.P.; (ii) Tremont Market Neutral Fund II, L.P.; (iii) Tremont Market Neutral Fund Limited; (iv) Tremont Opportunity Fund Limited; (v) Tremont Opportunity Fund II L.P.; (vi) Tremont Opportunity Fund III L.P.; (vii) Tremont Arbitrage Fund, L.P.; (viii) Tremont Arbitrage Fund-Ireland; and (ix) Tremont Strategic Insurance Fund, L.P.

D. Recognized Claim

The Recognized Claim for each Fund Distribution Claimant in any particular Eligible Hedge Fund will be the ending balance in the claimant's capital account in the Eligible Hedge Fund as of December 31, 2008 (a) as reflected on the claimant's last monthly account statement for the calendar year ending December 2008, or (b) as established by other suitable proof of the actual balance as of that date from the Eligible Hedge Fund.

Only current limited partners or shareholders may be entitled to a Disbursement from the Fund Distribution Account, regardless of whether that limited partner or shareholder suffered a loss on his/her/its aggregate investments in Eligible Securities.

Please note that the term “Recognized Claim” is used solely for calculating the amount of participation by Fund Distribution Claimants in the Fund Distribution Account. It is not the actual amount a Fund Distribution Claimant can expect to recover.

E. Disbursements from the Fund Distribution Account

The Notice and Claims Administrator will determine each Fund Distribution Claimant’s share of the Eligible Hedge Fund in which that limited partner or shareholder invested.

Each Fund Distribution Claimant will receive a Disbursement determined by multiplying the amount of the Remaining Fund Proceeds attributable to the Eligible Hedge Fund in which the Fund Distribution Claimant was invested by a fraction, the numerator of which is the Fund Distribution Claimant’s Recognized Claim and the denominator of which is the sum total of all Fund Distribution Claimants’ Recognized Claims for that Eligible Hedge Fund, provided that no Fund Distribution Claimant will receive more than its Recognized Claim. Eligible Policyholders will be paid by their Eligible Carrier out of the Eligible Carrier’s Disbursement based on a methodology to be determined by the Eligible Carrier. For the International Fund Liquidations, distributions will be made at the direction of the Liquidators.

Determinations by the Notice and Claims Administrator and payments made pursuant to this Plan of Allocation above shall be conclusive against all Fund Distribution Claimants.

No Person shall have any claim against the Settling Plaintiffs, Plaintiffs’ Settlement Counsel or the Notice and Claims Administrator based on Disbursements, determinations or claim rejections made substantially in accordance with this Plan or further orders of the Court, except in the case of fraud or willful misconduct. No Person shall have any claim under any circumstances against the Released Parties based on any Disbursements, determinations or claim rejections or the design, terms or implementation of this Plan.

Distribution to Fund Distribution Claimants who fail to complete and file a valid and timely Proof of Claim form shall be determined solely on the basis of Tremont’s records.

To the extent that the Court approves the Fund Distribution Plan of Allocation, the Fund Distribution Plan of Allocation will not be subject to further change as to any investor.

Each Settling Fund shall use its best efforts to maximize the amount of the Remaining Fund Proceeds attributable to that Settling Fund, without regard to the identity or status of the Settling Fund’s shareholders or limited partners, and shall distribute those Remaining Fund Proceeds in accordance with the Fund Distribution Plan of Allocation, without regard to the identity or status of those shareholders or limited partners.

Except to the extent provided immediately above, the Court has reserved jurisdiction to modify, amend or alter the Plan of Allocation without further notice to anyone and it may allow, disallow or adjust any Fund Distribution Claimant’s claim to ensure a fair and equitable distribution of the Fund Distribution Account.

If there is any balance remaining in the Fund Distribution Account (whether by reason of unclaimed funds, tax refunds, uncashed checks, or otherwise), at a date one hundred

eighty (180) days from the later of (a) the date on which the Court enters an order directing the Fund Distribution Account to be disbursed to Fund Distribution Claimants, or (b) the date the Settlement is final and becomes fully effective, then Plaintiffs' Settlement Counsel shall, upon approval of the Court, disburse such balance among Fund Distribution Claimants as many times as is necessary, in a manner consistent with this Plan of Allocation, until each Fund Distribution Claimant has received its Recognized Claim (but no greater than its Recognized Claim) as defined in this Plan. If Plaintiffs' Settlement Counsel determines that it is not cost-effective to conduct such further disbursement, or following such further disbursement any balance still remains in the Fund Distribution Account, Plaintiffs' State Law and Securities Class Counsel shall, with the consent of the State Law and Securities Plaintiffs and upon approval of the Court, and without further notice to the State Law Subclass and Securities Subclass Members, cause the remaining balance to be disbursed *cy pres*.