

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT  
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE  
OF FINANCIAL AND INSURANCE  
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL  
INSURANCE COMPANY,

Respondent.

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Christopher L. Kerr (P57131)  
Jason R. Evans (P61567)  
Assistant Attorneys General  
Attorneys for Petitioner  
Corporate Oversight Division  
P. O. Box 30755  
Lansing, MI 48909  
(517) 373-1160

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**EX PARTE PETITION FOR APPROVAL OF THE REHABILITATOR'S PLAN TO:  
(1) AMEND THE REINSURANCE AND ADMINISTRATION AGREEMENT WITH  
AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY; AND  
(2) ENTER INTO AN ASSUMPTION AGREEMENT WITH LIFESHIELD NATIONAL  
INSURANCE COMPANY  
RELATIVE TO AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY  
REINSURED LIFE INSURANCE AND ANNUITY POLICIES**

R. Kevin Clinton,<sup>1</sup> Director of the Michigan Department of Insurance and Financial  
Services,<sup>2</sup> as Rehabilitator of American Community Mutual Insurance Company (the

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<sup>1</sup> Governor Snyder duly appointed R. Kevin Clinton to succeed Ken Ross as the Commissioner of the Michigan Office of Financial and Insurance Regulation ("OFIR") effective April 18, 2011.

<sup>2</sup> Pursuant to Executive Order No. 2013-1 effective March 18, 2013, OFIR was renamed the Michigan Department of Financial and Insurance Services ("DIFS") and all the authority,

“Rehabilitator”), by and through his attorneys, Bill Schuette, Attorney General, and Christopher L. Kerr and Jason R. Evans, Assistant Attorneys General, petitions this Court pursuant to MCL 500.8114(4) to approve the Rehabilitator’s plan to: (a) amend the Reinsurance and Administration Agreement between American Community and American Underwriters Life Insurance Company (“American Underwriters”); and (b) enter into an Assumption Agreement with LifeShield National Insurance Company (“LifeShield”), which combined result in these companies fully assuming certain American Community life insurance and annuity policies formerly reinsured by American Underwriters. In support of this Ex Parte Petition, the Rehabilitator states as follows:

1. On April 8, 2010, this Court entered a Stipulated Order Placing American Community into Rehabilitation, Approving Appointment and Compensation of Special Deputy Rehabilitators, and Providing Injunctive Relief (the “Rehabilitation Order”). Pursuant to MCL 500.8113(1), the Rehabilitation Order appointed the Commissioner/Director as the Rehabilitator of American Community.

2. As required by MCL 500.8113(1), the Rehabilitation Order directed the Rehabilitator to “take immediate possession of all the assets of American Community and administer those assets under the Court’s general supervision.” Rehabilitation Order, p 4, ¶ 3.

3. The Rehabilitation Order further provides that “[p]ursuant to MCL 500.8114(2) and (4), the Rehabilitator may take such action as he considers necessary or appropriate to reform or revitalize American Community, and is empowered to pursue all avenues of reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community

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powers, duties, functions, and responsibilities of the former Commissioner of OFIR were transferred to the newly-created position of the Director of DIFS.

to effectuate rehabilitation and maintain, to the greatest extent possible, a continuity of health care services.” Rehabilitation Order, p 6, ¶ 10.

4. The Rehabilitation Order additionally provides that “[p]ursuant to MCL 500.8114(4), if the Rehabilitator determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, he shall prepare a plan to effect those changes and shall apply to the Court for approval of such plan.” Rehabilitation Order, p 6, ¶ 11.

5. American Community entered into a Reinsurance and Administration Agreement with American Underwriters effective July 1, 2003, pursuant to which American Underwriters agreed to 100% reinsure and to administer certain American Community life insurance and annuity policies (collectively, the “Reinsured Life and Annuity Policies”).

6. As a result of negotiations between the parties, the Rehabilitator on behalf of American Community, American Underwriters (and its affiliate, Great Fidelity Life Insurance Company, or “Great Fidelity”), and LifeShield have executed agreements effectuating the transfer by American Community and assumption by American Underwriters/Great Fidelity or LifeShield of the Reinsured Life and Annuity Policies. Specifically, American Community and American Underwriters have executed amendments to the Reinsurance and Administration Agreement pursuant to which, effective June 30, 2012, American Underwriters/Great Fidelity assumed by novation all of the reinsured annuity policies except for ten (10) annuity policies issued in Michigan.<sup>3</sup> Likewise, American Community and LifeShield have executed an

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<sup>3</sup> Exhibit 1, Second, Third, Fourth, and Fifth Amendments to Indemnity Reinsurance and Administration Agreement Between Rehabilitator for American Community Mutual Insurance Company and American Underwriters Life Insurance Company. Due to privacy, confidentiality, and/or proprietary concerns, exhibits to these documents containing policy numbers, policyholder names, and States of issue have been replaced with blank placeholders.

Assumption Agreement and amendments thereto pursuant to which, effective June 30, 2012, LifeShield assumed by novation all of the reinsured life insurance policies, the ten (10) annuity policies issued in Michigan, and five (5) group life insurance policies converted to individual policies.<sup>4</sup>

7. The Assumption Agreement between American Community and LifeShield further substituted LifeShield in the place of American Community and made LifeShield a party to five (5) reinsurance treaties covering the life insurance policies assumed by LifeShield.<sup>5</sup>

8. Upon this Court's approval of the foregoing agreements, American Underwriters/Great Fidelity and LifeShield will also mail assumption certificates to the holder of each policy that the respective company has assumed within thirty (30) days after approval of said certificate by the applicable State insurance regulatory authority.<sup>6</sup>

9. American Underwriters was established in 1977. The company is domiciled in Arizona with administrative offices in Wichita, Kansas, and it is licensed in 18 states. American Underwriters' most recent A.M. Best financial strength rating is "B" (Fair) with a "Stable" outlook. As of September 2012, American Underwriters had assets totaling \$91,578,000 and surplus in the amount of \$12,296,000. American Underwriters offers a diversified product portfolio, including individual and group life insurance, credit life and health insurance, and fixed annuities marketed to individuals and small businesses. The company also provides reinsurance to unaffiliated companies, while its technology platform allows it to act as a third

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<sup>4</sup> Exhibit 2, Assumption Agreement Between Rehabilitator For American Community Mutual Insurance Company and LifeShield National Insurance Company, together with Amendment No. 1 and Amendment No. 2 thereto. Due to privacy, confidentiality, and/or proprietary concerns, exhibits to these documents containing policy numbers, policyholder names, and States of issue have been replaced with blank placeholders.

<sup>5</sup> Exhibit 2, Section 1.4 and Exhibit D.

<sup>6</sup> Exhibit 1, Section 3.2 and Exhibits C and D; Exhibit 2, Section 3.2 and Exhibit C.

party administrator for other insurance companies. Here, American Underwriters has both reinsured and administered the American Community Reinsured Life and Annuity Policies since 2003 without any issues.<sup>7</sup>

10. LifeShield was established in 1982 (under the name Homeshield Insurance Co.) and is domiciled in Oklahoma. The company changed its name to LifeShield in 2009 to more properly represent itself as a life insurance company. LifeShield is currently licensed to transact life, accident, and disability insurance in 34 states and the District of Columbia, with plans to expand into additional states. LifeShield's most recent A.M. Best financial strength rating is "B++" (Good) with an issuer credit rating of "bbb" (Good). As of September 2012, LifeShield had assets totaling \$59,421,000 and surplus in the amount of \$16,972,000. Since 2001, LifeShield has made at least five acquisitions of closed blocks of life insurance and annuity businesses, consistent with its assumption of the American Community Reinsured Life and Annuity Policies here.

11. Based on American Underwriters/Great Fidelity's and LifeShield's experience in the industry, solid financial condition, and other considerations, the Rehabilitator has determined that these assumption agreements are necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public.

12. Consistent with the Rehabilitation Order, the Rehabilitator has determined that these assumption agreements will also maintain to the greatest extent possible a continuity of services for American Community's life insurance and annuity policyholders.

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<sup>7</sup> Great Fidelity is a wholly-owned subsidiary of American Underwriters established in 1952. Great Fidelity is domiciled in Indiana and is licensed in 11 states.

13. Specifically, following Court approval and finalization of these assumption agreements, American Community will extinguish any potential liability or obligations under the Reinsured Life and Annuity Policies, while American Underwriters/Great Fidelity and LifeShield will instead become directly responsible. As a result, \$1,721,442 in residual reserves for the reinsured annuity policies and \$3,917,572 in residual reserves for the reinsured life insurance policies (both figures as of August 31, 2011) will be removed from American Community's books. At the same time, the American Community policyholders subject to these assumption agreements should experience a seamless transition to these reputable replacement insurers.

14. Time is of the essence in securing this Court's approval of these assumption agreements, which have a June 30, 2012 effective date and provide for the prompt issuance of assumption certificates following Court (and applicable State insurance regulator) approval. Consequently, the Rehabilitator requests this Court to waive any hearing on this Petition and instead approve the Rehabilitator's plan on an ex parte basis. Such approval is expressly allowed by the permissive language in MCL 500.8114(4), which provides that "[u]pon application of the rehabilitator for approval of the plan, and after notice and hearings as the court may prescribe, the court may either approve or disapprove the plan proposed, or may modify it and approve it as modified." MCL 500.8114(4)(emphasis added).

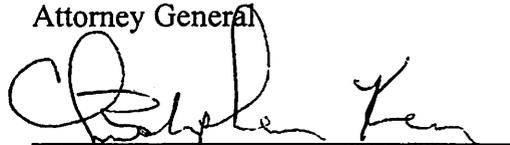
15. Similarly, providing personalized notice of this Ex Parte Petition and any resulting Order to all parties that have a general interest in American Community's rehabilitation is impractical at this time because there has been no claims submission or other process to identify such interested parties. Moreover, attempting to identify and personally notify every party having a general interest would be time-intensive and costly to American Community's

rehabilitation estate. For these reasons, the Rehabilitator requests that the Court authorize and ratify service of this Ex Parte Petition and any resulting Order by posting electronic copies on the DIFS website, [www.michigan.gov/difs](http://www.michigan.gov/difs), under the section “Who We Regulate,” and the subsection “American Community.” Service in this manner is reasonably calculated to give interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, the Director, as Rehabilitator of American Community, respectfully requests this Court to approve the Rehabilitator’s plan to: (a) amend the Reinsurance and Administration Agreement between American Community and American Underwriters; and (b) enter into an Assumption Agreement with LifeShield, which combined result in these companies fully assuming certain American Community life insurance and annuity policies formerly reinsured by American Underwriters. Further, the Rehabilitator requests the Court to waive any hearing on this petition and to approve it on an ex parte basis. Finally, the Rehabilitator requests this Court to authorize and ratify service of this Ex Parte Petition and any resulting Order by posting electronic copies on the “American Community” section of the DIFS website.

Respectfully submitted,

Bill Schuette  
Attorney General



Christopher L. Kerr (P57131)  
Jason R. Evans (P61567)  
Assistant Attorneys General  
Michigan Department of Attorney General  
Attorneys for Petitioner  
Corporate Oversight Division  
P.O. Box 30755  
Lansing, Michigan 48909  
(517) 373-1160

Dated: April 19, 2013

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**SECOND AMENDMENT TO  
INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT**

**Between  
REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY  
and  
AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY**

**THIS SECOND AMENDMENT TO INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT** effective this 1<sup>st</sup> day of October, 2011 by and between James Gerber in his capacity as Deputy Rehabilitator of American Community Mutual Insurance Company, a Michigan domestic insurer in Receivership (the "Company") and American Underwriters Life Insurance Company, an Arizona-domiciled insurer (the "Reinsurer.")

**WHEREAS**, on or about September 5, 2003, the Company entered into an Indemnity Reinsurance and Administration Agreement, wherein the Reinsurer agreed to 100% coinsurance on certain life and annuity policies; and

**WHEREAS**, on April 8, 2010, Ingham County Circuit Court Judge William E. Collette issued a Rehabilitation Order in Case No. 10-397-CR (the "Rehabilitation Court"), placing the Company into Rehabilitation and naming the Commissioner of the Office of Financial and Insurance Regulation as the Company's Rehabilitator; and

**WHEREAS**, the Commissioner of OFIR appointed James Gerber as Deputy Rehabilitator; and

**WHEREAS**, the parties hereto desire that the Reinsurer and/or its affiliate, Great Fidelity Life Insurance Company (State of Ohio only) (hereinafter, "Reinsurer/affiliate") assume certain Reinsured Policies in states in which the Reinsurer/affiliate have certificates of authority;

**NOW, THEREFORE**, as of the date first above written, this Agreement is amended as follows:

**SECTION ONE  
ASSUMPTION**

**Section 1.1** **Transfer and Cession.** Pursuant to Article XI of the Agreement and otherwise subject to the terms and conditions of this Agreement, the Company shall transfer and cede, and the Reinsurer/affiliate shall accept and assume by novation the Reinsured Policies described more specifically in the attached Exhibit "A" which is attached hereto and incorporated by reference, which consists of all annuity business written by the Company except in the State of Michigan, and a block of life insurance business written by Company in the State of Ohio, attached as Exhibit "B."

**Section 1.2** **Novation.** When the Reinsurer/affiliate assumes by novation the Reinsured Policies:

- (i) the Reinsured Policies shall become the property of the Reinsurer/affiliate and Reinsurer/affiliate shall be the successor to the Company under the Reinsured Policies as if the said Reinsured policies were direct obligations originally issued by Reinsurer/affiliate and the Reinsurer/affiliate shall be responsible for the performance of all duties and obligations due thereunder in accordance with the terms of said Reinsured Policies.

- (ii) The Reinsurer/affiliate shall be substituted in the place and stead of the Company, and each policyholder under such Reinsured Policies shall disregard the Company as a party thereto and treat the Reinsurer as if it had been originally obligated thereunder.
- (iii) The Company shall be released of all liability and obligations with regard to the Reinsured Policies.
- (iv) The Policyholders under the Reinsured Policies shall have the right to file claims arising under such Reinsured Policies directly with the Reinsurer/affiliate and shall have a direct right of action for benefits under the Reinsured Policies against the Reinsurer/affiliate.
- (v) Reinsurer/affiliate hereby consents to be subject to any such direct action taken by any such policyholder.
- (vi) The Reinsurer shall be responsible for all matters relating to the administration of the Reinsured Policies after the novation date, including, but not limited to policy changes, reinstatement standards, premium rate changes, dividends, policy renewals, agent commissions and administrative methods and procedures.
- (vii) Any indemnity reinsurance of the Reinsured Policies, and related liabilities thereunder pursuant hereto by the Reinsurer/affiliate shall cease and instead be replaced by such assumption by novation.
- (viii) The Reinsurer/affiliate shall make payment due based on the terms of the Reinsured Policies.

**Section 1.3 Assumption Certificates.** Reinsurer/affiliate shall issue an Assumption Certificate to each policyholder substantially in the form as set forth in Exhibits "C" and "D" hereto (Exhibit "D" being affiliate's assumption certificate of Ohio business only), as such may be required by the regulatory authorities of the states having jurisdiction over the Reinsured Policies in order to effect the assumption and novation. The Assumption Certificates shall comply with applicable law. The Assumption Certificates are subject to the terms and conditions of the Reinsured Policies, this Agreement and any defenses that are now or may hereinafter become available to the Company or the Reinsurer/affiliate. The Reinsurer/affiliate shall promptly use all reasonable efforts to obtain approval of the Certificates by all appropriate regulatory authorities and to effect the assumption by delivering said Certificates of Assumption to every policyholder.

## **SECTION TWO REINSURER'S LIABILITY**

**Section 2.1 Liability of Reinsurer.** The Reinsurer/affiliate shall continue to pay any and all benefits pursuant to the terms and conditions of the Reinsured Policies in accordance with the terms and conditions of the Reinsured Policies and for handling all claims that are incurred therefrom.

## **SECTION THREE REHABILITATION COURT APPROVAL**

**Section 3.1 Court Approval.** The Company shall promptly use all reasonable efforts to make application to the Rehabilitation Court for approval of this Agreement. The parties hereto agree to cooperate each with the other in order to obtain such Court approvals as are required for the assumption of the Reinsured Policies by Reinsurer/affiliate.

**Section 3.2 Assumption Certificates.** Upon receipt of approval by the Rehabilitation Court having jurisdiction over the rehabilitation of Company, Reinsurer/affiliate shall mail Assumption Certificates to each holder of the Reinsured policies promptly, but in no event later than thirty (30) days

after receipt of approval by the applicable Insurance regulatory authority. The Reinsurer/affiliate and Company shall agree upon the appropriate date to effect the assumption of the Reinsured Policies and shall make such assumption and Assumption Certificates comply with said date.

**Section 3.3** **Communications with Policyholders.** The text of any written communication to be mailed to Policyholders of the Reinsured Policies in conjunction with the assumption certificates shall be approved by the Rehabilitator prior to mailing. If the Rehabilitator does not disapprove any such proposed written communication with thirty (30) days of the receipt of same, the written communication may be utilized and sent by the Reinsurer to the policyholders.

#### **SECTION FOUR EXHIBITS**

**Section 4.1** **Exhibits to Agreement.** The Exhibits attached to this Agreement are incorporated herein and made a part of this Agreement by reference and further set forth with specificity the Reinsured Policies covered by this Agreement.

#### **SECTION FIVE MISCELLANEOUS**

**Section 5.1** **Cooperation between Parties.** The Parties hereto agree to execute any and all appropriate documents and to take all other reasonable actions to effectuate or facilitate the aforesaid Assumption.

**Section 5.2** **Governing Law.** This Agreement shall be governed by, construed, and enforced in accordance with the internal, local laws of the State of Michigan (without regard to conflicts of law rules).

**Section 5.3** **Entire Agreement.** This Agreement contains the entire agreement between the Parties relative to the subject matter hereof and supersedes and replaces all prior communications and agreements (oral or written) between Company and Reinsurer/affiliate. No variation, modification, or change of this Agreement shall be binding upon either Party hereto unless set forth in a document duly executed by both Parties.

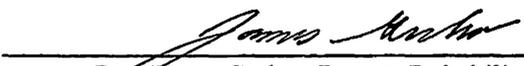
**Section 5.4** **Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

**Section 5.5** **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall have the force and effect of an original, on the Effective Date.

IN WITNESS WHEREOF, Company and Reinsurer/affiliate have duly executed this Agreement as of the date first above written.

**"COMPANY"**

AMERICAN COMMUNITY MUTUAL INSURANCE CO.

  
By: James Gerber, Deputy Rehabilitator

**"REINSURER"**

AMERICAN UNDERWRITERS LIFE INSURANCE CO.

  
By: Bruce Welner, President/CEO

**"AFFILIATE"**

GREAT FIDELITY LIFE INSURANCE CO.

  
By: Bruce Welner, President/CEO

**"EXHIBIT A"**

**AMERICAN COMMUNITY MUTUAL ANNUITIES**

**[Policy information omitted from court filing due to privacy, confidentiality, and/or proprietary concerns]**

**EXHIBIT B**

**American Community Mutual Policies  
Ohio State of Issue  
Reinsured from American Underwriters Life  
As of July 31, 2011**

**[Policy information omitted from court filing due to privacy, confidentiality, and/or  
proprietary concerns]**

## **Exhibit "C"**

Owner Name:  
Old Contract No:  
New Contract No:

### **ASSUMPTION CERTIFICATE**

This is to certify and confirm that, pursuant to the terms of an Indemnity Reinsurance and Administration Agreement (the "Agreement"), as amended, AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY, an Arizona stock life insurance company, has assumed all contractual liabilities under the terms of the policy of insurance (the "Policy"), that was issued to you by American Community Mutual Insurance Company, a Michigan mutual insurance company in rehabilitation ("ACM").

By virtue of this Agreement, the liability and obligations of ACM under the Policy issued by ACM are now directly those of AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY. All benefits under the Policy remain the same.

All premiums now or hereafter due on this Policy are payable to AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY at its administrative office or to its duly authorized agents.

This change is effective as of October 1, 2011 (the "Effective Date").

You will receive all future communications and benefit payments due under the Policy from American Underwriters Life Insurance Company, and should direct all future notices and claims on the Contract, if any, and all other communications concerning the administration and servicing of the Contract to the following address of its administrative office:

American Underwriters Life Insurance Company  
P.O. Box 9510  
Wichita, KS 67277  
1-800-333-2525

This Assumption Certificate forms a part of, and should be attached to, the Policy.

IN WITNESS WHEREOF, American Underwriters Life Insurance Company has caused this Assumption Certificate to be executed by its President and Secretary.

### **AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY**

Cindy A. Hawkins, Secretary

Bruce F. Welner, President

## **Exhibit "D"**

Owner Name:  
Old Contract No:  
New Contract No:

### **ASSUMPTION CERTIFICATE**

This is to certify and confirm that, pursuant to the terms of an Indemnity Reinsurance and Administration Agreement (the "Agreement"), as amended, GREAT FIDELITY LIFE INSURANCE COMPANY, an Indiana stock life insurance company, has assumed all contractual liabilities under the terms of the policy of insurance (the "Policy), that was issued to you by American Community Mutual Insurance Company, a Michigan mutual insurance company in rehabilitation ("ACM").

By virtue of this Agreement, the liability and obligations of ACM under the Policy issued by ACM are now directly those of GREAT FIDELITY LIFE INSURANCE COMPANY. All benefits under the Policy remain the same.

All premiums now or hereafter due on this Policy are payable to GREAT FIDELITY LIFE INSURANCE COMPANY at its administrative office or to its duly authorized agents.

This change is effective as of October 1, 2011 (the "Effective Date").

You will receive all future communications and benefit payments due under the Policy from Great Fidelity Life Insurance Company, and should direct all future notices and claims on the Contract, if any, and all other communications concerning the administration and servicing of the Contract to the following address:

P.O. Box 1428  
Duncan, OK 67534-1428

The Company's toll-free number is 1-800-366-8354.

This Assumption Certificate forms a part of, and should be attached to, the Policy.

IN WITNESS WHEREOF, Great Fidelity Life Insurance Company  
has caused this Assumption Certificate to be executed by its President and Secretary.

### **GREAT FIDELITY LIFE INSURANCE COMPANY**

Cindy A. Hawkins, Secretary

Bruce F. Welner, President

THIRD AMENDMENT TO  
INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT

Between

REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY

And

AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY

THIS THIRD AMENDMENT TO INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT is entered into this 1<sup>st</sup> day of October, 2011, by and between James Gerber in his capacity as Deputy rehabilitator of American Community Mutual Insurance Company, a Michigan domestic insurer in Receivership (the "Company") and American Underwriters Life Insurance Company, an Arizona-domiciled insurer (the "Reinsurer").

WHEREAS the "Agreement" to which this Amendment is attached is hereby modified as set forth below as of the Effective Date.

1. Wherever American Underwriters Life Insurance Company is identified in the Agreement, with regard to all life insurance business written by Company including ten (10) annuity policies written in the state of Michigan and five (5) life insurance policies converted from group policies to individual policies, however, excluding a block of life business written in Ohio, it shall be replaced by LifeShield National Insurance Co., of Oklahoma City, Oklahoma.

Specifically in the Preamble on Page 1 of the Agreement, "American Underwriters Life Insurance Company" will be replaced by "LifeShield National Insurance Co., and any and all references thereafter to "Reinsurer" shall mean LifeShield National Insurance Co., an insurance company organized and operating under the laws of the State of Oklahoma.

Further, in Article XVII, Representations and Warranties of the Reinsurer, subsection 17.1 a) Corporate Existence shall read "The Reinsurer is a life and accident and health insurance company organized, existing, and in good standing under the laws of the State of Oklahoma and is authorized to assume life insurance and annuity business in the State of Michigan."

2. Subsequent to the Effective Date of this Amendment American Underwriters Life Insurance Company shall have no obligations with respect to risks with regard to the policies subject to this Agreement with the exception of the block Ohio life insurance business referred to hereinabove in section 1.
3. As Company is in rehabilitation this Agreement: shall be subject to Michigan law; is contingent upon receipt of approval of the Ingham County Circuit Court, State of Michigan; and any litigation shall be venued in Ingham County, Michigan.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed in triplicate, with an Effective Date of October 1, 2011.

AMERICAN COMMUNITY MUTUAL LIFE INSURANCE COMPANY (COMPANY)

BY: *Jane Smith*

TITLE: *Deputy Rehabilitator*

DATE: *9/26/2011*

AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY (FORMERLY REINSURER)

BY: *James F. Wilson*

TITLE: President

DATE: September 28, 2011

LIFESHIELD NATIONAL INSURANCE CO. (CURRENT REINSURER)

BY: *Janet*

TITLE: President

DATE: October 4, 2011

**FOURTH AMENDMENT TO  
INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT  
Between  
REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY  
And  
AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY**

**WHEREAS**, A SECOND AMENDMENT TO THE INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT, was executed and effective the 1<sup>st</sup> day of October, 2011, by and between James Gerber in his capacity as Deputy rehabilitator of American Community Mutual Insurance Company, a Michigan domestic insurer in Receivership (the "Company") and American Underwriters Life Insurance Company, an Arizona-domiciled insurer (the "Reinsurer").

**NOW THEREFORE**, in consideration of mutual promises contained herein, the parties hereby mutually agree to amend as follows:

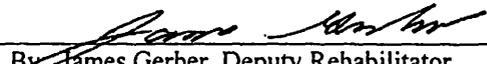
THE SECOND AMENDMENT TO THE INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT is amended by replacing "Company and Reinsurer/affiliate have duly executed this Agreement as of the date first above written" with "Company and Reinsurer/affiliate have duly executed this agreement as of the date first above written; with an effective date of June 30, 2012".

All other terms and conditions of the Second Amendment to the Indemnity Reinsurance and Administration Agreement remain as written.

**IN WITNESS WHEREOF**, the parties have caused this agreement to be executed by their respective duly authorized officers.

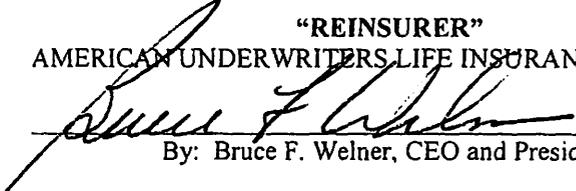
**"COMPANY"**

AMERICAN COMMUNITY MUTUAL LIFE INSURANCE CO.

  
By: James Gerber, Deputy Rehabilitator

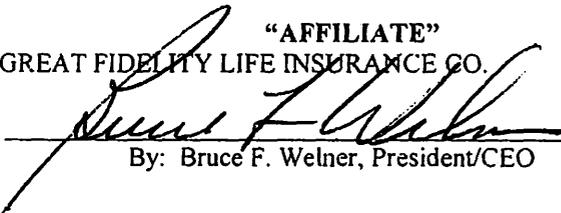
**"REINSURER"**

AMERICAN UNDERWRITERS LIFE INSURANCE CO.

  
By: Bruce F. Welner, CEO and President

**"AFFILIATE"**

GREAT FIDELITY LIFE INSURANCE CO.

  
By: Bruce F. Welner, President/CEO

**FIFTH AMENDMENT TO  
INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT**  
Between  
**REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY**  
And  
**AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY**

WHEREAS, A THIRD AMENDMENT TO THE INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT, was entered into the 1<sup>st</sup> day of October, 2011, by and between James Gerber in his capacity as Deputy rehabilitator of American Community Mutual Insurance Company, a Michigan domestic insurer in Receivership (the "Company") and American Underwriters Life Insurance Company, an Arizona-domiciled insurer (the "Reinsurer").

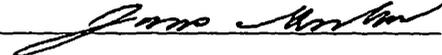
NOW THEREFORE, in consideration of mutual promises contained herein, the parties hereby mutually agree to amend as follows:

THE THIRD AMENDMENT TO THE INDEMNITY REINSURANCE AND ADMINISTRATION AGREEMENT was "executed in triplicate with an Effective Date of October 1, 2011", shall now be amended to be "executed in triplicate on October 1, 2011; with an effective date of June 30, 2012".

All other terms and conditions of the Third Amendment to the Indemnity Reinsurance and Administration Agreement remain as written.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their respective duly authorized officers.

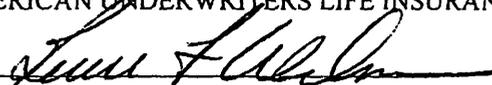
AMERICAN COMMUNITY MUTUAL LIFE INSURANCE COMPANY (COMPANY)

BY: 

TITLE: James Gerber, Deputy Rehabilitator

DATE: 6/14/2012

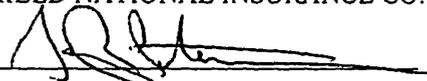
AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY (FORMERLY REINSURER)

BY: 

TITLE: Bruce F. Welner, CEO and President

DATE: 6/11/2012

LIFESHIELD NATIONAL INSURANCE CO. (CURRENT REINSURER)

BY: 

TITLE: Gary R. Peterson, President

DATE: 6/12/12

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**ASSUMPTION AGREEMENT**  
Between  
**REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY**  
and  
**LIFESHIELD NATIONAL INSURANCE COMPANY**

**THIS ASSUMPTION AGREEMENT** is entered into this 1st day of October, 2011 by and between James Gerber in his capacity as Deputy Rehabilitator of American Community Mutual Insurance Company, a Michigan domestic insurer in Receivership (the "Company"), and LifeShield National Insurance Company, an Oklahoma domestic insurer (the "Reinsurer").

**WHEREAS**, on April 8, 2010, Ingham County Circuit Court Judge William E. Collette issued a Rehabilitation Order in Case No. 10-397-CR (the "Rehabilitation Court"), placing the Company into Rehabilitation and naming the Commissioner of the Office of Financial and Insurance Regulation as the Company's Rehabilitator; and

**WHEREAS**, the Commissioner of OFIR appointed James Gerber as Deputy Rehabilitator; and

**WHEREAS**, the parties hereto desire that the Reinsurer, assume certain Reinsured Policies in states in which the Reinsurer holds a certificate of authority or is authorized for same;

**NOW, THEREFORE**, as of the date first above written, this Agreement of Assumption is entered into and agreed as follows:

**SECTION ONE**  
**ASSUMPTION**

**Section 1.1    Transfer and Cession.** The Company shall transfer and cede, and the Reinsurer shall accept and assume by novation the Reinsured Policies described more specifically in the attached Exhibit "A" which is attached hereto and incorporated by reference which consists of all life insurance business written by Company except for a block of business written in the State of Ohio. Company also transfers ten annuity policies written in the state of Michigan, and five life insurance policies converted from group policies to individual policies more specifically described in the Addendum hereto referenced as "Exhibit B".

**Section 1.2    Novation.**        Upon transfer by novation,

- (i) the Reinsured Policies shall become the property of Reinsurer and Reinsurer shall be the successor to the Company under the Reinsured Policies as if the said Reinsured Policies were direct obligations originally issued by Reinsurer and the Reinsurer shall be responsible for the performance of all duties and obligations due thereunder in accordance with the terms of said Reinsured Policies.
- (ii) The Reinsurer shall be substituted in the place and stead of the Company, and each policyholder under such Reinsured Policies shall disregard the Company as a party thereto and treat the Reinsurer as if it had been originally obligated thereunder.
- (iii) The Company shall be released of all liability and obligations with regard to the Reinsured Policies.
- (iv) The Policyholders under the Reinsured Policies shall have the right to file claims arising under such Reinsured Policies directly with the Reinsurer and shall have a direct right of action for benefits under the Reinsured Policies against the Reinsurer.

- (v) Reinsurer hereby consents to be subject to any such direct action taken by any such policyholder.
- (vi) The Reinsurer shall be responsible for all matters relating to the administration of the Reinsured Policies after the novation date, including, but not limited to policy changes, reinstatement standards, premium rate changes, dividends, policy renewals, agent commissions and administrative methods and procedures.
- (vii) Any indemnity reinsurance of the Reinsured Policies, and related liabilities thereunder pursuant hereto by the Reinsurer shall cease and instead be replaced by such assumption by novation.
- (viii) The Reinsurer shall make payment due based on the terms of the Reinsured Policies.

**Section 1.3 Assumption Certificate.** Reinsurer shall issue an Assumption Certificate to each policyholder substantially in the form as set forth in Exhibit "C" hereto as such may be required by the regulatory authorities of the states having jurisdiction over the Reinsured Policies in order to effect the assumption and novation. The Assumption Certificate shall comply with applicable law. The Assumption Certificate is subject to the terms and conditions of the Reinsured Policies, this Agreement and any defenses that are now or may hereinafter become available to the Company or the Reinsurer. The Reinsurer shall promptly use all reasonable efforts to obtain approval of the Certificate by all appropriate regulatory authorities and to effect the assumption by delivering said Certificate of Assumption to said policyholders.

**Section 1.4 Reinsurance Policies.** Reinsurer shall also become substituted to the position of Company and become a party to five (5) reinsurance treaties Company is a party to as described in and attached as Exhibit "D" hereto covering individual life insurance policies.

## **SECTION TWO** **REINSURER'S LIABILITY**

**Section 2.1 Liability of Reinsurer.** The Reinsurer shall step into the shoes of Company and continue to pay any and all benefits pursuant to the terms and conditions of the Reinsured Policies as if Reinsurer were the original underwriter on the said Policies.

## **SECTION THREE** **REHABILITATION COURT APPROVAL**

**Section 3.1 Court Approval.** The Company shall promptly use all reasonable efforts to make application to the Rehabilitation Court for approval of this Agreement. The parties hereto agree to cooperate each with the other in order to obtain such Court approval as are required for the assumption of the Reinsured Policies by Reinsurer.

**Section 3.2 Assumption Certificates.** Upon receipt of approval by the Rehabilitation Court having jurisdiction over the rehabilitation of Company, Reinsurer shall mail an Assumption Certificate to each holder of the Reinsured policies promptly, but in no event later than thirty (30) days after receipt of approval by the applicable Insurance regulatory authority. The Parties to this Agreement shall agree upon the appropriate date to effect the assumption of the Reinsured Policies and shall make such assumption and Assumption Certificates comply with said date.

**Section 3.3 Communications with Policyholders.** The text of any written communication to be mailed to Policyholders of the Reinsured Policies in conjunction with the assumption certificates

shall be approved by the Rehabilitator prior to mailing. If the Rehabilitator does not disapprove any such proposed written communication with thirty (30) days of the receipt of same, the written communication may be utilized and sent by the Reinsurer to the policyholders.

**SECTION FOUR**  
**EXHIBITS**

**Section 4.1 Exhibits to Agreement.** The Exhibits attached to this Agreement are incorporated herein and made a part of this Agreement by reference and further set forth with specificity the Reinsured Policies covered by this Agreement.

**SECTION FIVE**  
**MISCELLANEOUS**

**Section 5.1 Cooperation between Parties.** The Parties hereto agree to execute any and all appropriate documents and to take all other reasonable actions to effectuate or facilitate the aforesaid Assumption.

**Section 5.2 Governing Law.** This Agreement shall be governed by, construed, and enforced in accordance with the internal, local laws of the State of Michigan (without regard to conflicts of law rules).

**Section 5.3 Entire Agreement.** This Agreement contains the entire agreement between the Parties relative to the subject matter hereof and supersedes and replaces all prior communications and agreements (oral or written) between Company and Reinsurer. No variation, modification, or change of this Agreement shall be binding upon either Party hereto unless set forth in a document duly executed by both Parties.

**Section 5.4 Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

**Section 5.5 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall have the force and effect of an original, on the Effective Date.

**IN WITNESS WHEREOF,** Company and Reinsurer have duly executed this Agreement as of the date first above written.

**"COMPANY"**

AMERICAN COMMUNITY MUTUAL INSURANCE CO.

  
By: James Gerber, Deputy Rehabilitator

**"REINSURER"**

LIFESHIELD NATIONAL INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Gary R. Peterson", is written over a horizontal line.

By: Gary R. Peterson, President

## **“EXHIBIT A”**

### **American Community Mutual Polices**

**[Policy information omitted from court filing due to privacy, confidentiality, and/or proprietary concerns]**

**“EXHIBIT B”**

**American Community Annuity Policies**

**[Policy information omitted from court filing due to privacy, confidentiality, and/or proprietary concerns]**

**American Community Life Insurance Policies**

**[Policy information omitted from court filing due to privacy, confidentiality, and/or proprietary concerns]**

EXHIBIT C

Owner Name:  
Old Contract No:  
New Contract No:

**ASSUMPTION CERTIFICATE**

This is to certify and confirm that, pursuant to the terms of an Assumption Agreement (the "Agreement") dated October 1, 2011, LIFESHIELD NATIONAL INSURANCE CO., ("LNIC") an Oklahoma stock life and health insurance company, has assumed all contractual liabilities under the terms of the policy of insurance (the "Policy"), that was issued to you by American Community Mutual Insurance Company, a Michigan mutual insurance company in rehabilitation ("ACM").

By virtue of this Agreement, the liability and obligations of ACM under the Policy issued by ACM are now directly those of LIFESHIELD NATIONAL INSURANCE CO. All benefits under the Policy remain the same.

All premiums now or hereafter due on this Policy are payable to LIFESHIELD NATIONAL INSURANCE CO., at its administrative office or to its duly authorized agents.

This change is effective as of October 1, 2011 (the "Effective Date").

You will receive all future communications and benefit payments due under the Policy from LifeShield National Insurance Co., and should direct all future notices and claims on the Contract, if any, and all others communications concerning the administration and servicing of the Contract to the following address:

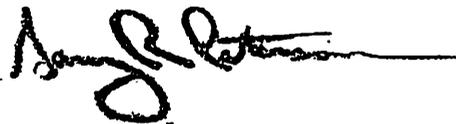
LifeShield National Insurance Co.,  
P.O. Box 1428  
Duncan, OK 7354-1428  
1-800-366-8354

The Toll Free number is 1-800-366-8354

This Assumption Certificate forms a part of, and should be attached to, the Policy.

IN WITNESS WHEREOF, LifeShield National Insurance Co. has caused this Assumption Certificate to be executed by its President.

**LIFESHIELD NATIONAL INSURANCE CO.**



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Gary R. Peterson, President

## "Exhibit D"

Company	Description	Duration	Termination Notice Requirements	Notes	Treaties	
General Re Life Corp	Individual Life Excess Reinsurance	Unlimited	90 Days	Universal Fidelity administers this contract on our behalf.	4A, 4F	(2)
Hannover Life Reassurance as administrator for Security Life of Denver Ins. Co., as administrator for Scottish Re.	Individual Life Excess Reinsurance	Unlimited	90 Days	Universal Fidelity administers this contract on our behalf. Original contract under Scottish Re name.	1A, 1F	(2)
Swiss Re	Individual Life Excess Reinsurance	Unlimited	90 Days	Universal Fidelity administers this contract on our behalf. For treaties 5A-5F - Original contract under Life Reassurance Corp.	5A, 5F	(2)
Optimum Re	Individual Life Excess Reinsurance	Unlimited	90 Days	Universal Fidelity administers this contract on our behalf.	3A, 3B, 3F	(3)
RGA Reinsurance	Individual Life Excess Reinsurance	Unlimited	90 Days	Universal Fidelity administers this contract on our behalf.	2A	(1)

**AMENDMENT No. 1 TO THE  
ASSUMPTION AGREEMENT**

Between  
REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY  
and  
LIFESHIELD NATIONAL INSURANCE COMPANY

**WHEREAS**, James Gerber in his capacity as Deputy Rehabilitator of the American Community Mutual Insurance Company ("Company"), and LifeShield National Insurance Company ("Reinsurer"), entered into an Assumption Agreement on October 1, 2011, hereinafter referred to as the "Agreement".

**NOW, THEREFORE**, in consideration of mutual promises contained herein, the parties hereby mutually agree to amend the Agreement as follows:

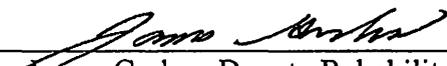
The final paragraph of the contract is amended by replacing "Company and Reinsurer have duly executed this agreement as of the date first above written" with "Company and Reinsurer have duly executed this agreement as of the date first above written; with an effective date of June 30, 2012".

All other terms and conditions of the Assumption Agreement remain as written.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their respective duly authorized officers.

**"COMPANY"**

AMERICAN COMMUNITY MUTUAL INSURANCE CO.

  
By: James Gerber, Deputy Rehabilitator

**"REINSURER"**

LIFESHIELD NATIONAL INSURANCE COMPANY

  
By: Gary R. Peterson, President

**AMENDMENT No. 2 TO THE  
ASSUMPTION AGREEMENT**

Between  
REHABILITATOR FOR AMERICAN COMMUNITY  
MUTUAL INSURANCE COMPANY  
and  
LIFESHIELD NATIONAL INSURANCE COMPANY

**WHEREAS**, James Gerber in his capacity as Deputy Rehabilitator of the American Community Mutual Insurance Company ("Company"), and LifeShield National Insurance Company ("Reinsurer"), entered into an Assumption Agreement on October 1, 2011, hereinafter referred to as the "Agreement".

**WHEREAS**, since the execution of the original Agreement, the Reinsurer has been issued a Certificate of Authority in the state of Ohio, and therefore wishes to include the Ohio policies in the Assumption Agreement.

**NOW, THEREFORE**, in consideration of mutual promises contained herein, the parties hereby mutually agree to amend the Agreement as follows:

Section 1.1 of the contract is amended and will now read as follows: "The Company shall transfer and cede, and the Reinsurer shall accept and assume by novation the Reinsured Policies described more specifically in the attached Amended Exhibit "A" which is attached hereto and incorporated by reference which consists of all life insurance business written by Company. Company also transfers ten annuity policies written in the State of Michigan, and five life insurance policies converted from group policies to individual policies more specifically described in the Addendum hereto referenced as "Exhibit B"."

Existing Exhibit A is amended and replaced with the Amended Exhibit A attached which includes Ohio policies that were not included in the original Exhibit.

All other terms and conditions of the Assumption Agreement remain as written.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed this 30 day of November, 2012, by their respective duly authorized officers.

**"COMPANY"**

AMERICAN COMMUNITY MUTUAL INSURANCE CO.

  
By: ~~James~~ Gerber, Deputy Rehabilitator

**"REINSURER"**

LIFESHIELD NATIONAL INSURANCE COMPANY

  
By: Gary R. Peterson, President

**“AMENDED EXHIBIT A”**

**American Community Mutual Polices**

**[Policy information omitted from court filing due to privacy, confidentiality, and/or proprietary concerns]**