

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.

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

**EX PARTE PETITION FOR APPROVAL OF THE REHABILITATOR'S PLAN TO
ENTER INTO AN ASSUMPTION REINSURANCE AGREEMENT WITH
CENTRAL UNITED LIFE INSURANCE COMPANY
RELATIVE TO AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY'S
CRITICAL ILLNESS INSURANCE POLICIES**

R. Kevin Clinton,¹ Commissioner of the Michigan Office of Financial and Insurance
Regulation, as Rehabilitator of American Community Mutual Insurance Company (the
"Rehabilitator"), by and through his attorneys, Bill Schuette, Attorney General, and Christopher

¹ Governor Snyder duly appointed R. Kevin Clinton to succeed Ken Ross as the Commissioner of OFIR effective April 18, 2011. Consequently, Commissioner Clinton became the Rehabilitator of American Community on that date.

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 enter into an assumption reinsurance agreement with Central United Life Insurance Company ("Central United") relative to American Community's critical illness insurance policies. 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 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."²

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 to effectuate rehabilitation and maintain, to the greatest extent possible, a continuity of health care services."³

4. The Rehabilitation Order additionally provides that "[p]ursuant to MCL 500.8114(4), if the Rehabilitator determines that reorganization, consolidation, conversion, reinsurance,

² Rehabilitation Order, p 4, ¶ 3.

³ Rehabilitation Order, p 6, ¶ 10.

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.”⁴

5. On April 26, 2010, the Court entered an Ex Parte Order approving the Rehabilitator’s compensation of Cain Brothers as the exclusive financial advisor to the Rehabilitator.

6. In its role as exclusive financial advisor, Cain Brothers has marketed and solicited offers to purchase various “blocks” or segments of American Community’s insurance business. That process resulted in the negotiation of an Assumption Reinsurance Agreement (“Agreement”) between American Community and Central United relative to American Community’s critical illness insurance policies. The Agreement will allow Central United to first reinsure and ultimately assume all of American Community’s existing critical illness insurance policies. A copy of the executed Agreement is attached as Exhibit A.⁵

7. Central United is part of the Manhattan Insurance Group (“MIG”), a group of four operating life and health insurance companies that provide innovative life and health insurance products and services throughout the United States.⁶ Central United primarily markets individual cancer insurance coverage, but also offers accident, hospital indemnity, limited benefit medical, critical illness, prescription, and life insurance products.⁷ The company introduced its critical illness product in 2007, and markets its policies using approximately 2,000 independent agents.⁸ Central United also has experience acquiring blocks of individual health and life insurance business from other insurance companies, which it has done for over 60 blocks of

⁴ Rehabilitation Order, p 6, ¶ 11.

⁵ Due to privacy, confidentiality, and/or proprietary concerns, the Rehabilitator has redacted information regarding policy numbers from the copy of Schedule 1.2 [Policies] of the Agreement filed with the Court.

⁶ See <http://www.manhattanlife.com/about-us.aspx> (accessed January 27, 2012).

⁷ See A.M. Best Report, p 2, attached as Exhibit B.

⁸ *Id.*

business in the last 25 years.⁹ Central United's solid financial condition is evidenced by its A.M. Best financial strength rating of B+ (Good) and outlook of "Stable."¹⁰ A.M. Best's rating of Central United and MIG "reflects the group's demonstrated ability in managing acquired blocks of business, its diversified business profile, and its dedication to expense management."¹¹

8. Based on Central United's experience in the industry, financial strength, and other considerations, the Rehabilitator has determined that entering into the Agreement with Central United is 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.

9. Consistent with the Rehabilitation Order, the Rehabilitator has determined that the Agreement will also maintain to the greatest extent possible a continuity of services for American Community's critical illness policyholders.

10. Specifically, the Agreement will transfer all underwriting risk associated with claims against American Community's critical illness policies to Central United.¹² At the same time, American Community's critical illness policyholders can expect to experience a smooth transition to a reputable replacement insurer.

14. Cain Brothers actively marketed and solicited offers to purchase American Community's critical illness insurance business. However, Central United was the only company that made a firm offer to acquire this business. Due to this lack of demand, American

⁹ *Id.*

¹⁰ *See* A.M. Best Report, p 1, attached as Exhibit B.

¹¹ *Id.*

¹² The Agreement is contingent upon Central United applying for and securing from OFIR a certificate of authority (i.e., license) to transact business as a Michigan life and health insurance company. Central United will pursue this license following the Court's approval of the Agreement.

Community will pay Central United \$50,000 at the closing of this transaction in exchange for its assumption of the critical illness policies. The Rehabilitator nevertheless believes that the Agreement is necessary and appropriate to effectuate the rehabilitation of American Community and to ensure a continuity of health care services for its policyholders. Even after this payment, substantial reserve funds will remain for the payment of policyholder and Creditor claims.

15. Time is of the essence in securing this Court's approval of the Agreement, which assumes prompt commencement in order to preserve the policies in force and begin the transitioning process. Consequently, the Rehabilitator requests this Court to waive any hearing on this Petition and instead approve the Rehabilitator's plan to enter into the Agreement 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."¹³

16. 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 OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate," and the subsection "American Community." Service in this manner is reasonably calculated to give

¹³ MCL 500.8114(4)(emphasis added).

interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, the Commissioner, as Rehabilitator of American Community, respectfully requests this Court to approve the Rehabilitator's plan to enter into the attached Agreement with Central United relative to American Community's existing critical illness insurance policies. 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 OFIR's website.

Respectfully submitted

Bill Schuette
Attorney General

A handwritten signature in black ink, appearing to read "Christopher Kerr", written over a horizontal line.

Christopher L. Kerr (P57131)
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Dated: January 30, 2012

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ASSUMPTION REINSURANCE AGREEMENT

Between

**AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY,
A MICHIGAN MUTUAL INSURANCE COMPANY,
IN REHABILITATION**

and

CENTRAL UNITED LIFE INSURANCE COMPANY,

Dated December 7, 2011

ASSUMPTION REINSURANCE AGREEMENT

THIS ASSUMPTION REINSURANCE AGREEMENT (“Agreement”), dated as of the 7 day of December, 2011, is entered into by and between **American Community Mutual Insurance Company**, a Michigan mutual insurance company in rehabilitation (“American Community”), and **Central United Life Insurance Company**, an Arkansas insurance company (the “Reinsurer”). American Community and the Reinsurer may be referred to each as a “Party” and collectively as the “Parties”.

WHEREAS, the Commissioner of Office of Financial and Insurance Regulation of the State of Michigan has been appointed as rehabilitator for American Community, pursuant to applicable laws and regulations of the State of Michigan (the “Rehabilitator”), in the case entitled *Commissioner of the Office of Financial and Insurance Regulation v American Community Mutual Insurance Company*, Ingham County Circuit Court Case No. 10-397-CR, assigned to the Honorable William E. Collette, and

WHEREAS, James Gerber has been appointed as the special deputy rehabilitator for American Community, who possesses all the powers and responsibilities of the Rehabilitator subject to the supervision and direction of the Rehabilitator and the Rehabilitation Court, and

WHEREAS, American Community is the issuer of certain insurance Policies (as hereinafter defined), and

WHEREAS, American Community, through the Rehabilitator, desires to sell, transfer and cede all of its contractual obligations and risks under the Policies to the Reinsurer, and the Reinsurer desires to purchase, acquire, assume and reinsure such contractual obligations and risks, conditioned upon the receipt of all required regulatory approvals, approval of the issuance of a Michigan Certificate of Authority to Reinsurer, and approval by the Rehabilitation Court,

NOW, THEREFORE, in consideration of the mutual promises set forth herein and in reliance upon the representations, warranties, conditions and covenants herein, and intending to be legally bound hereby, American Community and the Reinsurer agree as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used in this Agreement, but not defined in this Article I, shall have the meaning given them in the other articles of this Agreement. The following capitalized words and terms shall have the following meanings when used in this Agreement:

1.1. Assumption Certificates. The certificates to be issued by the Reinsurer to the Policyholders of the Policies in the form set forth on Schedule 1.1 attached hereto and made a part hereof, as approved by the Michigan Department of Insurance.

1.2. Assumption Certificate Approval. The approval of the form of the Assumption Certificate by the Michigan Office of Financial and Insurance Regulation.

1.3. Assumption Effective Date. The first day of the month following the month in which the Assumption Certificate Approval, the Rehabilitation Court Approval or the Michigan Certificate of Authority Approval is obtained, whichever is later, upon which the Reinsurer shall assume, on an assumption reinsurance basis, the Policies, as more fully set forth in Article II. Reinsurer shall be responsible for paying all claims first submitted on or after the Assumption Effective Date, regardless of the date of service. Claims submitted to American Community prior to the Assumption Effective Date are the responsibility of American Community; however, Reinsurer shall administer such claims with reimbursement of the claim payments by American Community.

1.4. Books and Records. All original files and records, in whatever form, in the possession or under the control of American Community directly related to the Policies, including, but not limited to policy files, claims files, underwriting files, policy form files (including all files relating to the filing and approval of policy forms, applications and riders with insurance regulatory authorities), rate filings and actuarial data developed or utilized by American Community or on its behalf in support of premium rates charged under the Policies (including any inception to date data developed or utilized by American Community or its behalf in support of premium rates charged under the Policies), inception to date premium and claim history, premium tax records and reports for the Policies covering any period prior to the Assumption Effective Date.

1.5. Closing. The Closing of the transaction contemplated in this Agreement by American Community's payment of the Closing Amount to Reinsurer.

1.6. Closing Date. The date that is the Assumption Effective Date.

1.7. Closing Amount. The Closing Amount is \$50,000.

1.8. Novation. The substitution of the Reinsurer for American Community under a Policy with the result that the Reinsurer becomes directly liable to

the Policyholder as of the Assumption Effective Date and American Community's liability to the Policyholder under such Policy is extinguished.

1.9 Michigan Certificate of Authority Approval. The issuance of a certificate of authority by the Office of Financial and Insurance Regulation granting Reinsurer a Michigan life, health and life insurance license necessary to transact and reinsure life, accident, and health insurance on an authorized basis in Michigan.

1.10 Policies. The critical illness policies issued by American Community listed on the attached **Schedule 1.2** in force and effect as of the Assumption Effective Date or reinstated on or after the Assumption Effective Date.

1.11 Policyholder. Any individual or entity that is the owner of a Policy or that has the right to terminate or lapse the Policy or direct any other policy changes in such Policy.

1.12 Rehabilitation Court. The 30th Judicial Circuit Court of Ingham County in Michigan in Case No.10-397-CR.

1.13 Rehabilitation Court Approval. Any approvals or authorizations of the Rehabilitation Court that may be required in connection with this Agreement.

ARTICLE II

ASSUMPTION REINSURANCE

2.1 Assumption Reinsurance. Effective as of the Assumption Effective Date, American Community hereby sells, cedes, transfers to, assigns and reinsures with the Reinsurer and the Reinsurer hereby purchases, undertakes, reinsures and assumes, by means of assumption reinsurance, all of the contractual rights, obligations, liabilities and risks of American Community under or with respect to the Policies. As of the Assumption Effective Date, all of American Community's contractual rights, obligations, liabilities and risks with respect to the Policies will transfer to the Reinsurer, with the result that the Reinsurer, as transferee, in all respects and conditions, shall succeed American Community as the insurer under the terms and provisions of each of the Policies as though the Reinsurer had originally issued such Policies and Reinsurer shall assume, as administrator, full and complete responsibility for servicing and administering the Policies in accordance with the terms and conditions of this Agreement and the Policies.

2.2 Conditions of Reinsurance; Regulatory Approvals. Consummation of the assumption reinsurance contemplated by this Agreement is subject to and contingent upon receipt by the Parties of the Assumption Certificate Approval, Rehabilitation Court Approval and Michigan Certificate of Authority Approval. Each

Party shall use its best efforts to assist the other Party in obtaining the Assumption Certificate Approval, the Rehabilitation Court Approval and the Michigan Certificate of Authority Approval. Notwithstanding anything in this Agreement to the contrary, the Reinsurer is not assuming or reinsuring and shall have no liability, obligation or responsibility with respect to any Mutual Policyholder Obligations. Mutual Policyholder Obligations shall be defined as any liabilities or obligations arising from any policyholder or insured's right by virtue of American Community's operation and existence as a mutual insurance company and/or provisions in the policies with respect thereto, including voting rights, rights to dividends or other distributions from American Community and any other rights attributable to the ownership of or any equity or surplus of American Community.

2.3 Effect of Reinsurance. The reinsurance effected by this Agreement shall have the effect of creating a Novation under all of the Policies in accordance with each of the terms and conditions thereof and subject to all rights, privileges, defenses, offsets, cross-actions and counterclaims to which American Community would have been entitled had it continued to act as the insurer thereunder. No such rights, privileges, defenses, offsets, cross-actions or counterclaims are waived by the execution of this Agreement or the consummation of the transactions contemplated herein, and the Reinsurer will, on the Assumption Effective Date, be fully subrogated to all such rights, privileges, defenses, offsets, cross-actions and counterclaims. On the Assumption Effective Date, the Reinsurer shall be the successor of American Community with respect to the Policy, and such Policy will be the direct obligation of the Reinsurer and American Community will have no further rights or liability thereunder. The Policyholder and any persons insured under the Policy shall thereafter disregard American Community as a Party to the Policy and treat the Reinsurer as if it had been originally obligated under the Policy. On and after the Assumption Effective Date, the Policyholder and the insured or beneficiary under any Policy will have the right to file claims for benefits under the Policy directly with the Reinsurer and will have a direct right of action against the Reinsurer therefore. Reinsurer shall be responsible for paying all claims first submitted on or after the Assumption Effective Date, regardless of the date of service. Claims submitted to American Community prior to Assumption Effective Date are the responsibility of American Community; however, Reinsurer shall administer such claims with reimbursement of the claim payments by American Community.

2.4 Delivery of List of Policies. All Policies shall be identified by policy form number and/or plan code at Schedule 1.2 attached to this Agreement and made a part hereof.

2.5 Premium Taxes. American Community shall be liable for all premium taxes on premiums received in connection with the Policies prior to the Assumption Effective Date. The Reinsurer shall be liable for all premium taxes on premiums received under the Policies on and after the Assumption Effective Date.

2.6 Commissions. Reinsurer shall not be liable for any commissions on premiums received in connection with the Policies on or after the Assumption Effective Date.

ARTICLE III

ADDITIONAL UNDERTAKINGS OF REINSURER

3.1 Policy Administration. On and after the Assumption Effective Date, the Reinsurer shall assume all responsibility for and agrees to undertake and perform all servicing and administration of the Policies, including without limitation the payment of all allowable claims for benefits under the Policies; billing and collection of premiums under the Policies; preparation of policy changes and endorsements and such other administrative services as the Reinsurer, in its sole discretion, deems necessary, appropriate, or lawful in connection with the Policies, as though such Policies were originally issued as direct insurance obligations of the Reinsurer.

3.2 Premium Payments; Negotiation of Checks. All premium payments for insurance coverage under the Policies on or after the Assumption Effective Date shall be the sole property of Reinsurer. Therefore: (i) American Community hereby authorizes Reinsurer to endorse for payment all checks, drafts, and money orders payable to American Community with respect to such premiums, and (ii) American Community assigns all of its rights and privileges, to the extent permitted by law, to draft or debit the accounts of any Policyholders for such premiums pursuant to existing pre-authorized bank draft or electronic fund transfer arrangements between American Community and such Policyholders.

3.3 Assumption Certificates. As promptly as possible after the receipt of the Assumption Certificate Approval, Rehabilitation Court Approval and Michigan Certificate of Authority Approval, the Reinsurer shall issue to each of the Policyholders an Assumption Certificate. The Assumption Certificates shall be effective on the Assumption Effective Date and shall be mailed to each Policyholder's last known address of record.

3.4 Forwarding Checks and Correspondence. On and after the Assumption Effective Date, American Community shall forward to Reinsurer all notices, claims and correspondence received by American Community pertaining to the Policies, including applications for reinstatements of lapsed policies. All checks, drafts or money orders held or received by American Community for premiums owed to Reinsurer under Section 3.2 shall be properly endorsed to Reinsurer and forwarded promptly to Reinsurer,

3.5 Obligations With Respect to Agents. Reinsurer shall have no obligations or liabilities to any American Community agents and Reinsurer is not assuming such agents' agreements.

ARTICLE IV

CLOSING AND CONSIDERATION

4.1 Consideration. In consideration of Reinsurer's assumption of the Policies, American Community shall pay to Reinsurer the Closing Amount on the Closing Date with payment by good funds.

4.2 Closing Procedures. The Closing will be conducted by facsimile (or electronic mail) transmission and overnight mail. All documents necessary for Closing will be executed and delivered via facsimile or electronic mail on the Closing Date and sent via overnight mail on the Closing Date.

4.3 Transfer of Books and Records. Subject to Section 7.2, at the Closing, American Community shall coordinate with American Underwriters to transfer the Books and Records to the Reinsurer, including Books and Records in electronic form, if any.

4.4 Reinsurer Records. The Reinsurer shall maintain true and accurate books and records of all reinsurance hereunder, including all such records as may be required by law.

ARTICLE V

AMERICAN COMMUNITY'S REPRESENTATIONS AND WARRANTIES

American Community hereby represents and warrants to the Reinsurer as follows:

5.1 American Community's Existence and Authority. American Community is a mutual insurance company organized and existing under the laws of Michigan. American Community is in rehabilitation. Pursuant to the April 8, 2010 Stipulated Order by the Rehabilitation Court, the Rehabilitator is serving with full power and authority in place of American Community's officers and directors. This Agreement has been duly and validly executed and delivered to the Reinsurer and constitutes the valid and legally binding obligation of American Community, enforceable in accordance with its terms except (i) as the same may be limited by applicable rehabilitation law or similar laws of general application relating to or affecting creditors' rights, including, without limitation, the effect of statutory or other laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity.

5.2 Policy Forms. Each policy, amendment, rider and form used in connection with the Policies has been properly approved or deemed approved by appropriate insurance regulatory authorities, and any of these items issued to Policyholders have been validly issued on approved forms in compliance, in all material respects, with applicable state insurance laws and regulations, and American Community

has provided or made available to the Reinsurer true, correct and complete specimen copies of all forms representing the Policies.

5.3 Accuracy of Books and Records. To American Community's knowledge, all of the Books and Records are current, complete and accurate in all material respects.

5.4 Premium Taxes. Subject to Section 2.6, American Community has paid, or will cause to be paid, all premium taxes due with respect to the Policies for the period prior to the Assumption Effective Date.

5.5 Compliance with Law. American Community has, to its knowledge, conducted its business, including, without limitation, the underwriting, sale, issuance and administration of the Policies, in material compliance with all applicable laws (including, without limitation, insurance laws and federal and state laws), statutes, ordinances, rules, governmental regulations, writs, injunctions, judgments, decrees or orders of any governmental instrumentality or court. In addition, American Community has not, to its knowledge, engaged in any race-based underwriting.

5.6 Litigation Against American Community. There are no actions, suits, investigations or proceedings pending or (to the knowledge of American Community) threatened against American Community at law or in equity, in, before, or by any person (a) that involve any of the Policies and (b) that individually or in the aggregate may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or the transactions contemplated hereby.

ARTICLE VI

REINSURER REPRESENTATIONS AND WARRANTIES

The Reinsurer represents and warrants to American Community as follows:

6.1 Reinsurer's Corporate Existence and Authority. Reinsurer is a stock life insurance company duly organized, validly existing and in good standing under the laws of the State of Arkansas, and upon the Michigan Certificate of Authority Approval, will be duly qualified and possess all licenses, permits, approvals, authorizations and consents necessary to transact and reinsure life, accident, and health insurance on an authorized basis in Michigan, including the insurance to be provided under the Policies. The execution, delivery and performance of this Agreement by the Reinsurer have been duly authorized by all necessary corporate action on the part of the Reinsurer. This Agreement has been duly and validly executed and delivered and constitutes the valid and legally binding obligation of the Reinsurer, enforceable in accordance with its terms except (i) as the same may be limited by applicable bankruptcy, insolvency, rehabilitation, moratorium or similar laws of general application relating to or

affecting creditors' rights, including, without limitation, the effect of statutory or other laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity. The execution, delivery and performance by the Reinsurer of this Agreement do not and will not:

6.1.1 Conflict with or result in any breach or violation of or any default under (or give rise to any right of termination, cancellation or acceleration) the bylaws or certificate of incorporation of the Reinsurer or any note, bond, mortgage, indenture, lease, license, permit, agreement or other instrument or obligation to which the Reinsurer is a Party or by which the Reinsurer is or may be bound.

6.2 No Litigation. There are no lawsuits, actions, proceedings, charges, claims or governmental investigations or proceedings pending or threatened against or involving Reinsurer, or any of its directors, employees, properties or assets, other than normal claims litigation.

6.3 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with any court, governmental agency, regulatory body or arbitration tribunal which, individually or in the aggregate, have or could have a material adverse effect on the ability of Reinsurer to assume and administer the Policies. There exists no state of facts, which may (with the passage of time, the giving of notice or otherwise) have a material adverse effect on the ability of Reinsurer to administer the Policies.

6.4 Compliance With Rehabilitation Court Orders. On and after the date of this Agreement, Reinsurer will comply with all orders of the Rehabilitation Court whether issued and in effect on the date of this Agreement or hereafter.

ARTICLE VII

COVENANTS OF THE PARTIES

American Community and the Reinsurer hereby covenant and agree as follows:

7.1 Notice of Actions. On and after the Assumption Effective Date, the Parties shall provide each other with notice of the receipt, within fourteen (14) days of such receipt, of (a) any inquiry, complaint, notice or other communication, whether oral or written, from any insurance regulatory authority that is related to the Policies or to this Agreement, including, without limitation, an alleged violation of any law, rule, regulation, bulletin or order, or a threat of any other action or proceeding against American Community or the Reinsurer; and (b) any notice, including service of process, summons or other litigation document, indicating the commencement or threatened commencement of any litigation or arbitration proceeding against American Community or the Reinsurer related to any loss arising under the Policies or any matter contemplated under this Agreement.

7.2 Continued Access to Books and Records Transferred to the Reinsurer. On and after the Closing Date, the Reinsurer shall provide American Community and American Underwriters access to all information in the possession or control of the Reinsurer which American Community reasonably requests in connection with the Policies, including but not limited to the Books and Records. The Reinsurer shall make all such information available for inspection and copying by American Community and its representatives at any reasonable time during the Reinsurer's normal business hours upon reasonable prior written notice by American Community.

7.3 Conduct Pending Assumption Effective Date. From the date of this Agreement to the Assumption Effective Date, (a) American Community shall use commercially reasonable efforts to conduct its affairs in such a manner so that, except as otherwise contemplated or permitted by this Agreement, the representations and warranties of American Community contained in Article V hereof shall continue to be true and correct in all material respects on and as of the Assumption Effective Date as if made on and as of the Assumption Effective Date; (b) the Reinsurer shall use commercially reasonable efforts to conduct its affairs in such a manner so that, except as otherwise contemplated or permitted by this Agreement, the representations and warranties of the Reinsurer contained in Article VI hereof shall continue to be true and correct in all material respects on and as of the Closing Date as if made on and as of the Assumption Effective Date; (c) American Community shall notify the Reinsurer promptly of any event, condition or circumstance occurring from the date hereof through the Assumption Effective Date that would constitute a material violation or breach of this Agreement by American Community; and (d) the Reinsurer shall notify American Community promptly of any event, condition or circumstance occurring from the date hereof through the Assumption Effective Date that would constitute a material violation or breach of this Agreement by the Reinsurer.

7.4 Further Assurances. Subject to the terms and conditions of this Agreement, American Community and the Reinsurer will use commercially reasonable efforts to take, or cause to be taken, all actions or to do, or cause to be done, all things or execute any documents reasonably necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

ARTICLE VIII

CONDITIONS TO CLOSING

8.1 Conditions to the Reinsurer's Obligations at Closing. The obligation of the Reinsurer to complete the Closing shall be subject to the fulfillment of the following conditions, any one or more of which may be waived by the Reinsurer to the extent permitted by law:

8.1.1 Receipt of All Required Closing Approvals. All required Closing approvals shall have been obtained, including but not limited to the

Michigan Certificate of Authority Approval, the Assumption Certificate Approval and the Rehabilitation Court Approval.

8.1.2 Truth of Representations and Warranties of American Community. The representations and warranties of American Community contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

8.1.3 Performance of Covenants and Obligations of American Community. American Community, in all material respects, must perform and comply with all material agreements, covenants, obligations and conditions required by this Agreement to be so performed or complied with by American Community at or before the Closing.

8.2 Conditions to American Community's Obligations at Closing. The obligation of American Community to complete the Closing shall be subject to the fulfillment of the following conditions, any one or more of which may be waived by American Community to the extent permitted by law:

8.2.1 Receipt of All Required Closing Approvals. All required Closing approvals shall have been obtained, including but not limited to the Michigan Certificate of Authority Approval, the Assumption Certificate Approval and the Rehabilitation Court Approval.

8.2.2 Truth of Representations and Warranties of Reinsurer. The representations and warranties of the Reinsurer contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

8.2.3 Performance of Covenants and Obligations of Reinsurer. The Reinsurer shall have performed and complied in all material respects with all material agreements, covenants, obligations and conditions required by this Agreement to be so performed or complied with by the Reinsurer at or before the Closing.

ARTICLE IX

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Except as otherwise expressly provided herein or therein, the representations and warranties made by the Reinsurer in this Agreement, or in any certificate delivered by the Reinsurer pursuant hereto or thereto, shall survive indefinitely.

Except as otherwise expressly provided herein or therein, the representations and warranties made by American Community in this Agreement shall not survive the Closing Date; provided, however, that the representations and warranties made by American Community in Section 5.1 shall survive indefinitely.

ARTICLE X

INDEMNIFICATION

10.1 The Policies. Subject to the conditions and provisions of this Agreement, as of the Closing Date, Reinsurer agrees to indemnify and hold American Community, the Rehabilitator, their deputies, agents, employees, attorneys, affiliates, predecessors, subsidiaries, successors and assigns harmless from and against any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, deficiencies, costs and expenses of all kinds whatsoever, including, without limitations, interest penalties and reasonable attorney's fees, damages, awards, and fines assessed against or imposed upon or incurred by American Community (collectively, "Losses"), arising from or connected in any way to the Policies.

10.2 The Agreement. Reinsurer agrees to indemnify and hold harmless American Community, the Rehabilitator, their deputies, agents, affiliates, predecessors, subsidiaries, successors and assigns from and against any and all liabilities, losses, costs, deficiencies, or damages ("Loss"), and reasonable attorney's and accountants' fees and expenses, court costs, and all other reasonable out of pocket expenses ("Expense") incurred by American Community or the Rehabilitator in connection with or arising from: (i) any breach by Reinsurer of any of their covenants in, or failure of Reinsurer to perform any of their obligations under, this Agreement, or (ii) any breach of any warranty or the inaccuracy of any representation of Reinsurer contained or referred to in this Agreement.

10.3 Notice. If process is served upon American Community with respect to any of the Policies after the Assumption Effective Date, American Community shall give prompt notice thereof to Reinsurer, and Reinsurer then (subject to the limitations set forth below), in its own name and at its sole cost and expense, shall interpose any defense in, or shall settle, compromise or otherwise dispose of, such action at Reinsurer's discretion. Any correspondence or inquiries or requests related to any of the Policies shall promptly be forwarded by American Community to Reinsurer.

ARTICLE XI

TERMINATION

11.1 Termination. This Agreement may be terminated only as follows:

11.1.1 This Agreement may be terminated at any time before the Closing, by mutual written agreement of the Parties.

11.1.2 The Reinsurer may terminate this Agreement at any time prior to Closing for material breach by American Community of this Agreement,

failure to obtain the Michigan Certificate of Authority Approval, or for failure of any condition to Closing, the satisfaction of which is solely within American Community's control; provided, however, that American Community shall have ten (10) days to cure such breach or satisfy such condition after receipt of written notice by American Community from the Reinsurer.

11.1.3 American Community may terminate this Agreement at any time prior to Closing for material breach by the Reinsurer of any of the terms or conditions of this Agreement or for failure of any condition to Closing, the satisfaction of which is solely within the Reinsurer's control; provided, however, that the Reinsurer shall have ten (10) days to cure such breach or satisfy such condition after receipt of written notice by the Reinsurer from American Community.

11.1.4 Subject to Section 11.1.5, either American Community or the Reinsurer may terminate this Agreement at any time prior to Closing for failure of the other in fulfilling its obligations with respect to any condition to Closing if the satisfaction of such condition to Closing is not (i) within either Party's control or (ii) otherwise chargeable to any act or omission to act on the part of either Party.

11.1.5 Either Party may terminate this Agreement if Closing hereunder has not occurred by 11:59 PM on January 31, 2012 (the "Terminal Date"); provided, however, that if Closing has not occurred due to the lack of receiving the Michigan Certificate of Authority Approval, the Assumption Certificate Approval or the Rehabilitation Court Approval, the Parties shall extend the Terminal Date to March 31, 2012.

11.2 Effect of Termination. If this Agreement is terminated pursuant to Sections 11.1.1, 11.1.4 or 11.1.5, this Agreement will forthwith become null and void, and there will be no liability on the part of American Community or the Reinsurer to the other hereunder. In the event of termination under Sections 11.1.2 or 11.1.3, the Parties shall be deemed to have reserved all of their respective rights and remedies hereunder and at law or in equity.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Notice. Any and all notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given when (a) received by the receiving Party if mailed via United States registered or certified mail, return receipt requested, (b) received by the receiving Party if mailed by United States overnight express mail, (c) sent by facsimile or telecopy machine, followed by confirmation mailed by United States first-class mail or overnight

express mail, or (d) delivered in person or by commercial courier to the Parties at the following addresses:

If to American Community, to:

American Community Mutual Insurance Company in Rehabilitation
39201 Seven Mile Rd.
Livonia, MI 48152-1094
Attn: Deputy Rehabilitator
Fax: (734) 853-2277

If to the Reinsurer, to: Central United Life Insurance Company
2727 Allen Parkway, Suite 500
Houston, Texas 77019
Attention: President
Fax No.: (713) 529-9425

Either Party may change the names or addresses where notice is to be given by providing notice to the other Party of such change in accordance with this **Section 12.1**.

12.2 **Entire Agreement.** This Agreement, including the Schedules thereto, constitutes the sole and entire agreement between the Parties hereto with respect to the subject matter hereof, and supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof, which are merged with and into this Agreement.

12.3 **Assignment.** This Agreement shall not be assigned by either of the Parties hereto without the prior written approval of the other Party.

12.4 **Waivers and Amendments.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof. Such waiver must be in writing. In the case of a waiver by Reinsurer, such waiver must be executed by an executive officer of Reinsurer. In the case of a waiver by American Community, such waiver must be executed by the Rehabilitator or the Rehabilitator's designee. A waiver on one occasion will not be deemed to be a waiver of the same or any other term or condition on a future occasion. This Agreement may be modified or amended only by a writing duly executed by an executive officer of the Reinsurer and by the Rehabilitator or the Rehabilitator's designee.

12.5 **No Third Party Beneficiaries.** The terms and provisions of this Agreement are intended solely for the benefit of American Community and the Reinsurer and their permitted successors and assigns, and it is not the intention of the Parties to confer upon any other person or entity rights as a third-party beneficiary to this Agreement.

12.6 Confidentiality. Each of American Community and the Reinsurer will hold, and will cause its respective officers, directors, employees, agents, consultants, attorneys and other representatives to hold, in strict confidence, unless compelled to disclose by judicial or administrative process (including, without limitation, in connection with obtaining any Required Closing Approval or Required Assumption Approval) or by other requirements of law, all confidential documents and confidential information concerning the other Party furnished to it by the other Party or such other Party's officers, directors, employees, agents, consultants, attorneys or representatives in connection with this Agreement or the transactions contemplated hereby ("Confidential Information"), except to the extent that such documents or information can be shown to have been (a) previously lawfully known by the Party receiving such documents or information, (b) in the public domain through no fault of the receiving Party, or (c) later acquired by the receiving Party from other sources not themselves bound by, and in breach of, a confidentiality agreement. Neither American Community nor the Reinsurer will disclose or otherwise provide any such Confidential Information to any other person, except to that Party's respective auditors, actuaries, attorneys, financial advisors and other consultants who need access to such Confidential Information in connection with this Agreement and the transactions contemplated herein. If this Agreement is terminated pursuant to Article XI, each of the Parties will return to the other Party all Confidential Information furnished to that Party by the other Party, and retrieve and destroy all copies of such Confidential Information distributed to any other person.

12.7 Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of Michigan, without regard to its conflicts of law doctrine. Any litigation involving this Agreement shall be venued in the Rehabilitation Court.

12.8 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which shall constitute one and the same instrument.

12.9 Headings. The headings in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement.

12.10 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law or if determined by a court of competent jurisdiction to be unenforceable, and if the rights or obligations of American Community or the Reinsurer under this Agreement will not be materially and adversely affected thereby, such provision shall be fully severable, and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance here from.

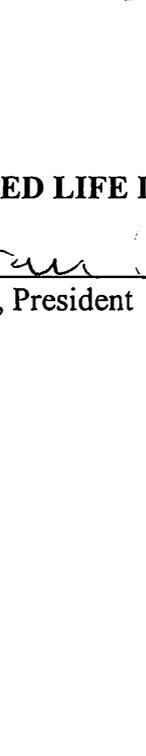
[signatures to follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement this 7 day of December, 2011.

AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY, IN REHABILITATION

By: 
Title: James Gerber in his capacity as Deputy Rehabilitator

CENTRAL UNITED LIFE INSURANCE COMPANY

By: 
Title: Dan George, President

Schedule 1.1

ASSUMPTION CERTIFICATE

(attached)

**Central United Life Insurance Company
10700 Northwest Freeway
Houston, TX 77019**

«NAME»
«ADDRESS»
«CITY_STATE_ZIP»

«POLICY NUMBER»

CERTIFICATE OF ASSUMPTION

This is to certify that Central United Life Insurance Company ("Central United"), an Arkansas life insurance company, pursuant to an Assumption Reinsurance Agreement ("Agreement") by and among American Community Mutual Insurance Company, a Michigan mutual insurance company, in Rehabilitation, hereby assumes as of 12:01A.M. CST on _____, 2012, ("Effective Date") all of the contractual obligations under the above-numbered policy originally issued by American Community Mutual Insurance Company.

The Agreement and assumption occur with the approval of the Rehabilitation Court in Case No. 10-397-CR in the 30th Judicial Circuit Court of Ingham County, Michigan.

Central United assumes the contractual obligations under the subject Policy, subject to: (i) all the terms and conditions contained in the Policy, (ii) any defenses and offsets available to Central United, (iii) the terms and conditions set forth in the Agreement and this Assumption Certificate, which will become part of the Policy, and (iv) the approval of the Rehabilitation Court in Case No. 10-397-CR in the 30th Judicial Circuit Court of Ingham County, Michigan.

From and after the date hereof, you should submit all claims under this Policy, whenever incurred, and all premiums due under this Policy, to Central United Life Insurance Company at the following address:

CENTRAL UNITED LIFE INSURANCE COMPANY
10700 Northwest Freeway
Houston, TX 77019
Phone: 713-529-0045
Toll Free: 1-800-669-9030

IN WITNESS WHEREOF, CENTRAL UNITED has caused this Certificate to be executed at its Home Office in Houston, Texas, by its President as of the first day of <<_____ 2012>>, its effective date.

Mary Lou Rainey

Mary Lou Rainey, Secretary

Dan George

Dan George, President

PLEASE ATTACH THIS CERTIFICATE TO YOUR POLICY

Schedule 1.2

POLICIES

(attached)

PLANCODE	POLICY	STATUS	SELLSTATE	ISSUEDATE	FACEAMOUNT
CS2ZZ	██████████	1	MI	2/12/1998	10000.00
CS2ZZ	██████████	1	OH	2/16/1998	50000.00
CS1ZZ	██████████	1	MI	3/25/1998	50000.00
CS2ZZ	██████████	1	OH	4/7/1998	25000.00
CS2ZZ	██████████	1	OH	4/7/1998	25000.00
CS2ZZ	██████████	1	IN	6/3/1998	10000.00
CS2ZZ	██████████	1	IN	6/3/1998	10000.00
CS2AZ	██████████	1	AZ	10/11/1998	25000.00
CS2ZZ	██████████	1	OH	11/13/1998	100000.00
CS1ZZ	██████████	1	OH	11/20/1998	20000.00
CS2ZZ	██████████	1	IN	3/2/1999	25000.00
CS2ZZ	██████████	1	IN	3/1/1999	10000.00
CS2ZZ	██████████	1	OH	9/12/1999	10000.00
CS2ZZ	██████████	1	OH	10/6/1999	10000.00
CS2ZZ	██████████	1	MI	1/27/2000	25000.00
CS2ZZ	██████████	1	MI	1/27/2000	25000.00
CS1AZ	██████████	1	AZ	6/12/2000	10000.00
CS1AZ	██████████	1	AZ	6/12/2000	10000.00
CS2MO	██████████	1	MO	8/14/2000	70000.00
CS1ZZ	██████████	1	IN	8/11/2000	50000.00
CS1AZ	██████████	1	AZ	9/18/2000	50000.00
CS2ZZ	██████████	1	MI	1/1/2001	50000.00
CS1MO	██████████	1	MO	5/9/2001	15000.00
CS1MO	██████████	1	MO	5/9/2001	15000.00
CS2ZZ	██████████	1	IN	6/4/2001	20000.00
CS2ZZ	██████████	1	IN	6/4/2001	20000.00
CS1MO	██████████	1	MO	7/16/2001	75000.00
CS1AZ	██████████	1	AZ	11/1/2001	100000.00
CS1AZ	██████████	1	AZ	11/1/2001	100000.00
CS1ZZ	██████████	1	MI	12/10/2001	50000.00

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Ultimate Parent: Harris Insurance Holdings Inc

CENTRAL UNITED LIFE INSURANCE COMPANY

425 W. Capitol Avenue, Suite 1800, Little Rock, Arkansas, United States 72201
Exec. Office: 2727 Allen Parkway Wortham Tower, Suite 500, Houston, Texas, United States 77019
Web: www.centralunited.com

Tel: 713-529-0045
AMB#: 006222
Ultimate Parent#: 050870

Fax: 713-529-9425
NAIC#: 61883
FEIN#: 42-0884060

BEST'S FINANCIAL STRENGTH RATING

Based on our opinion of the consolidated Financial Strength of the company and its major affiliated life/health companies, the company is assigned a Best's Financial Strength Rating of B+ (Good). The company's Financial Size Category is Class VII.

RATING RATIONALE

The following text is derived from the report of Manhattan Insurance Group.

Rating Rationale: The group rating applies to Central United Life Insurance Company (Central United), Manhattan Life Insurance Company (Manhattan Life), and Family Life Insurance Company (Family Life), which collectively are referred to as the Manhattan Insurance Group (MIG).

The rating assignment of MIG reflects the group's demonstrated ability in managing acquired blocks of business, its diversified business profile, and its dedication to expense management. Offsetting factors include the group's fluctuating operating results, challenges related to the achievement of organic growth in the near term, and added exposure to risk in several lines of business within the group.

The members of MIG have historically managed acquired blocks of life and accident and health insurance, including problematic blocks, in a generally profitable manner. Through the implementation of appropriate rate increases over the years, most of the blocks are operating profitably with only minimal action needed. Although the company's business is already well diversified geographically across the southeastern and southwestern U.S., it is currently expanding outside these regions through new distribution agreements. Additionally, Family Life's recent partnership in which it coinsures Medicare supplement business has further diversified the lines of business in which the group operates. Continued adherence to expense reduction initiatives related to general and administrative expenses has contributed positively to the group's profitability in recent years.

MIG, after reporting a net loss years ago related to the Family Life acquisition in 2006, has generated fluctuating levels of net operating income since that time. Profitability has been hindered somewhat by declining levels of net investment income, offset by the group's improving underwriting results more recently. As MIG shifts its focus toward growing organically through enhanced sales and marketing efforts, it will likely face challenges related to competition in its core markets and the establishment of new distribution channels. The group's concentration of business in cancer products exposes it to market and regulatory risks. Additionally, the mortgage protection business is economically sensitive and has been experiencing a number of challenges in growing over the past few years.

Best's Financial Strength Rating: B+

Outlook: Stable

FIVE YEAR RATING HISTORY

<u>Date</u>	<u>Best's FSR</u>
02/17/11	B+
03/23/10	B+
04/16/09	B+
03/04/08	B+
01/31/07	B+
05/05/06	B+

KEY FINANCIAL INDICATORS (\$000)

<u>Year</u>	<u>Assets</u>	<u>Total Capital</u>		<u>Net Premiums Written</u>	<u>Net Invest Income</u>	<u>Net Income</u>
		<u>Capital Surplus Funds</u>	<u>Condit'l Reserve Funds</u>			
2006	350,238	32,279	1,048	106,739	11,030	1,692
2007	332,548	37,018	1,105	100,852	10,195	5,190
2008	321,381	38,090	1,149	92,552	8,190	2,252
2009	332,629	44,620	945	98,207	6,046	4,203
2010	321,772	53,855	1,008	102,553	12,372	12,055
03/2010	332,435	48,680	1,050	26,973	8,525	8,366
03/2011	319,828	57,649	1,067	24,691	1,050	146

BUSINESS REVIEW

The following text is derived from the report of Manhattan Insurance Group.

The Manhattan Insurance Group (MIG) is comprised of, Central United Life Insurance Company (Central United), Manhattan Life Insurance Company (Manhattan Life) and Family Life Insurance Company (Family Life). The companies are ultimately owned by Harris Insurance Holdings, Inc. (HIHI). Historically, the group's focus has been on the acquisition of blocks of health insurance business and the direct marketing of supplemental health insurance products chiefly via worksite distribution to small-to-medium-size employer groups. Central United owns Manhattan Insurance Group, Inc., an intermediate holding company. Manhattan Insurance Group, Inc. wholly owns the Manhattan Life, which acquired Family Life Insurance Company (Family Life) in late 2006. Manhattan Life is a New York-domiciled marketer of worksite supplemental health and life products to small-to-medium-size employers, and is currently focused on growing its life business in Latin America. Family Life markets mortgage life insurance in addition to reinsuring Medicare supplement business for an unaffiliated carrier. Investors Consolidated Insurance Company (Investors Consolidated) is also wholly-owned by Central United, but is not considered to be a core member of MIG.

Central United primarily markets individual cancer insurance coverage on a direct basis. These products, representing nearly four-fifths of the company's direct premium revenue, include first occurrence and scheduled benefits. Ancillary individual health and life products include accident, hospital indemnity, limited benefit medical, critical illness, prescription, whole life, universal life, term life, and interest-sensitive whole life. Group products marketed include short-term disability, dental, and vision. In 2007, the company introduced its critical illness product and a fully-insured, stand alone prescription drug product built on a group product platform. The company's approximately 2,000 independent agents primarily market its products directly via worksite distribution to small-to-medium size employer groups with less than 100 employees. Although business is well distributed across the U.S., over three-fifths of direct premium revenue is derived from Mississippi, Texas, South Carolina, Arkansas and Louisiana.

Central United, in addition to directly marketing products, has historically acquired open and closed blocks of individual health and life insurance business. Over the last twenty-five years, the company has acquired over 60 blocks of business and companies, mainly through reinsurance agreements. In July 2008, it acquired a block of long-term care and miscellaneous health business totaling \$1.1 million in premiums from the Ohio receivership of Colonial Insurance Company. Central United purchased a very small block of miscellaneous health and life business in January 2009 from the Texas Guaranty Association.

Most recently, the company acquired, through coinsurance, a block of about 35,000 worksite cancer policies from EMC National Life insurance Company, totaling \$29 million in premium income.

Manhattan Life currently markets individual universal life, whole life, and term life products to small-to-medium size employer groups via worksite distribution and managing general agents. This strategy is better suited to the group's core competencies. However, only a nominal amount of new business has been generated in recent years. Since the conversion to a stock company in 2002, Central United has administered Manhattan Life's business under a management services agreement. The company intends to expand its worksite presence beyond the Southeast to the Northeast with a primary focus on New York and Massachusetts, with additional general agents also appointed to serve the New Jersey and Connecticut markets. Although business is well distributed across the U.S., over three-fifths of direct premium revenue is derived from New York, California, Florida, Pennsylvania and New Jersey. The company's international segment, started in 2003, consists of universal life and term life products marketed chiefly to upper-middle income individuals primarily in Latin America. A second marketing organization has helped to grow the Latin American business in recent years. All of the international business is denominated in U.S. dollars, thereby eliminating currency risk. International life business has grown to approximately \$6 million of annualized premium since its inception. The company continues to expand its international business into Taiwan.

In December 2006, Manhattan Life acquired Family Life Insurance Company, a provider of primarily individual life mortgage protection products, from Financial Industries Corporation (FIC). This acquisition added \$19.0 million to its premium revenue. Under prior management, Family Life was adversely affected by FIC's issues with its auditors and regulators. With the separation from FIC and the removal of several under-serving balance sheet items, Manhattan Life continues to benefit from this acquisition.

Family Life primarily markets individual term and universal life mortgage protection insurance coverage. These products are designed to repay or reduce the mortgage balances of policyholders in the event of their death. Additionally, the company offers a variety of riders including return of premium, additional insured/other insured, and children's insurance. Family Life markets its products to low-to-moderate income mortgagees via over 400 broker agents and direct mail to credit unions. Agents contact mortgagees of its partner financial institutions active on its lead system to offer them life insurance. The company invoices and collects premium revenue through the policyholder's mortgage payment providing a convenient solution to the financial security needs of its targeted mortgagee market. Nearly two-thirds of its direct premium revenue is derived from Texas, California, and Mississippi. The company began writing Medicare supplement business in 2009, which was initially 80% coinsured by Mutual of Omaha in both 2009 and 2010. In 2011, 90% of its Medicare supplement business will be coinsured by Mutual of Omaha. Family Life administers 100% of the business produced by this relationship.

Investors Consolidated primarily markets specialty individual accident and health products and partners with Central United for administrative services through an inter-company agreement. The company does a nominal amount of business and is not considered a core member of MIG.

PREMIUM AND RESERVE ANALYSIS

<u>Direct Premiums (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Ordinary life	4,675	4,873	5,055	6,006	6,749
Individual annuities	51	64	75	83	88
Individual A&H	68,778	61,049	56,557	54,246	56,935
Group A&H	3,221	3,079	3,012	3,735	4,382
Total	76,725	69,066	64,698	64,069	68,154
<u>Reins Assumed Prems (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Ordinary life	3,765	2,312	2,677	2,202	1,900
Individual A&H	22,659	27,053	24,853	34,174	36,059
Group A&H	1,334	1,360	1,649	1,648	1,802
Total	27,758	30,725	29,178	38,023	39,761

<u>Reins Ceded Premiums (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Ordinary life	1,753	1,389	1,130	989	837
Individual annuities	4	9	4	4	5
Individual A&H	173	186	192	248	335
Total	1,930	1,584	1,325	1,241	1,177

<u>Net Premiums & Deposits (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Ordinary life	6,711	5,833	6,631	7,248	7,847
Individual annuities	48	63	76	90	279
Group annuities	1,414	1,421	1,325	1,449	1,675
Individual A&H	91,264	87,916	81,218	88,172	92,660
Group A&H	4,555	4,439	4,660	5,383	6,184
Total	103,992	99,672	93,911	102,341	108,644
Deposits (incl. above)	1,439	1,465	1,359	1,490	1,905

<u>General Account Reserve Distribution (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Ordinary life	101,194	103,068	103,652	106,938	107,530
Supplementary contracts	2,530	2,076	1,174	1,417	1,934
Individual annuities	9,621	10,620	10,755	10,996	11,509
Deposit type contracts	3,354	3,145	4,355	4,172	4,089
Individual A&H	116,168	126,524	118,496	127,337	144,654
Group A&H	2,050	2,380	2,956	3,552	4,628
Total	234,917	247,813	241,388	254,412	274,343

Geographical breakdown of direct premium writings (\$000): Mississippi, \$10,574 (13.8%); Texas, \$9,799 (12.8%); South Carolina, \$7,772 (10.1%); Oklahoma, \$5,108 (6.7%); Arkansas, \$4,994 (6.5%); other jurisdictions, \$38,400 (50.1%).

EARNINGS

The following text is derived from the report of Manhattan Insurance Group.

As a group, the companies have reported fluctuating operating gains over the past five years, with a loss reported in 2006 driven by Family Life, which was acquired late that year. More recently, operating earnings have begun to trend upward, driven by overall improvements in investment income as well as by favorable underwriting results in Central United's acquired blocks. Net premiums increased in 2009 and 2010 due to Central United's acquisition of EMC National Life's cancer block as well as Family Life's agreement with Mutual of Omaha, whereby it retained 20% of the Medicare supplement business produced during those years. Prior to the partnership, premiums remained relatively flat in Family Life due to economic-related challenges in the mortgage life market. Partially offsetting these increases, Manhattan Life's net premium revenue has declined slightly over the past five years due to lower new direct sales and a slightly higher level of ceded reinsurance.

MIG continues to report net income due to consistent investment income offsetting underwriting losses, even as these losses have improved more recently. The net loss in 2008 resulted from realized capital losses across the group, related to investment market valuation declines offsetting a net operating gain. For the past two years, net investment income has declined slightly as the low interest environment persists. MIG's level of profitability could be challenged going forward as it works towards growing business organically, as well as maintaining its acquired closed blocks of business through appropriate rate increases. Additionally, the group will need to continue to closely monitor its expense levels as it focuses on building economies of scale.

PROFITABILITY TESTS

Year	Comm &		NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
	Ben Paid to NPW & Dep	Exp to NPW & Dep					
2006	97.4	27.6	0.5	1.3	4.8	3.65	3.18
2007	99.7	26.3	1.5	4.5	15.0	3.61	4.08
2008	99.7	26.6	0.7	2.2	6.0	3.05	2.72
2009	90.4	29.3	1.4	4.2	10.9	2.26	4.21
2010	80.5	33.1	3.7	10.1	24.5	4.72	3.73
03/2010	85.8	31.7	2.5	22.7	17.9	3.16	1.53
03/2011	85.5	33.3	0.0	0.5	0.3	0.40	2.05

PROFITABILITY ANALYSIS

<u>Net Operating Gain (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Ordinary life	3,345	1,749	1,184	764	806
Supplementary contracts	9	117	-13	53	94
Individual annuities	320	171	176	390	236
Individual A&H	7,345	2,453	670	3,888	303
Group A&H	1,033	20	235	86	214
Total	12,051	4,510	2,252	5,182	1,653

ACCIDENT & HEALTH STATISTICS

Year	Net Premiums Written	Net Premiums Earned	Loss Ratio	Exp. Ratio	Under- writing Results
2006	99,144	99,157	81.6	25.4	-6,059
2007	93,114	94,071	78.1	24.3	-2,076
2008	86,231	86,499	79.5	23.2	-2,237
2009	92,399	94,096	70.1	27.3	2,879
2010	95,783	96,312	67.0	31.3	2,580
Current Year Experience:					
Group	4,563	4,556	69.6	9.0	977
Non-can	592	592	134.0	18.2	-309
Guaranteed renew	89,603	90,133	67.5	32.7	760
Non-renew, S.R.	98	102	25.1	18.8	58
Other accident	802	803	-3.0	18.2	681
Other	125	126	-99.9	18.2	413

CAPITALIZATION

The following text is derived from the report of Manhattan Insurance Group.

MIG's capital and surplus has increased in recent years due to net income increases reported at both Central United and Manhattan Life. Although the Central United has made a number of acquisitions, increased its equity positions in affiliated entities, incurred unrealized capital losses, and paid regular stockholder dividend payments, it has historically maintained a sufficient risk-adjusted capitalization position for its insurance and investment risks. Additionally, it maintains a modest capital and surplus position relative to its overall liabilities and current leverage ratios are somewhat high. With the 2009 purchase of the remaining interest in Manhattan Insurance Group, Inc., the company's Best's Capital Adequacy Ratio (BCAR) was negatively impacted due to a significant increase in its affiliated common stock holdings relative to capital and surplus. That ratio improved modestly last year. Until recently, Manhattan Life's capital and surplus had been declining, recent operating

gains have allowed for growth. Although the acquisition of Family Life lowered its capital and surplus level, Manhattan Life still maintains an adequate capitalization level for its insurance and investment risks. Continued dividends from Family Life should help improve the Manhattan Life's future capital position. Family Life's capital and surplus level has steadily increased over the past three years due to net income offset by dividends paid to Manhattan Life.

LEVERAGE TESTS

<u>Year</u>	<u>C&S to Liabilities</u>	<u>Surplus Relief</u>	<u>Reins Leverage</u>	<u>NPW & Dep to Capital</u>	<u>Change in NPW & Dep</u>	<u>Change in Capital</u>
2006	10.5	0.2	160.5	3.3	-4.7	-11.8
2007	12.9	0.3	142.5	2.7	-5.8	14.4
2008	13.9	0.3	135.8	2.4	-8.2	2.9
2009	15.9	0.5	121.6	2.2	6.1	16.1
2010	20.6	0.5	104.0	1.9	4.3	20.4
03/2010	17.6	0.1	XX	0.5	20.7	9.1
03/2011	22.5	0.1	XX	0.4	-8.5	7.0

Current BCAR: 215

SOURCES OF CAPITAL GROWTH (\$000)

<u>Year</u>	<u>Net Gain</u>	<u>Realized Capital Gains</u>	<u>Unrealized Capital Gains</u>	<u>Change AVR</u>	<u>Other Changes</u>	<u>Change in C&S</u>
2006	1,653	39	-2,595	84	-3,534	-4,353
2007	5,182	8	407	-57	-800	4,739
2008	2,252	...	-1,653	-44	517	1,072
2009	4,510	-307	4,805	204	-2,682	6,530
2010	12,051	5	-3,495	-63	738	9,236
03/2010	8,366	...	-5,250	XX	XX	XX
03/2011	146	...	3,395	XX	XX	XX

CAPITAL TRENDS (\$000)

<u>Year</u>	<u>Year end C&S</u>	<u>Surplus Notes</u>	<u>Stock-holder Divs</u>	<u>Policy-holder Divs</u>	<u>Asset Valuation Reserve</u>	<u>Interest Maintenance Reserve</u>
2006	32,279	15,000	1,300	372	1,048	3,795
2007	37,018	15,000	600	402	1,105	2,989
2008	38,090	15,000	400	335	1,149	2,819
2009	44,620	15,000	...	389	945	2,797
2010	53,855	15,000	1,000	387	1,008	3,425
03/2010	48,680	XX	250	105	1,050	2,666
03/2011	57,649	XX	...	97	1,067	2,735

INVESTMENTS AND LIQUIDITY

The following text is derived from the report of Manhattan Insurance Group.

MIG's invested asset levels have historically fluctuated due to the nature and timing of its members' reinsurance activity and acquisitions. Bonds comprise over three-fifths of invested assets, while short-term investments and cash represent nearly one-

fifth of invested assets. Affiliated common stock holdings at Central United increased significantly with the purchase of the minority interest in the Manhattan Insurance Group, Inc. in 2009. The company has since focused on the disbursement of its affiliated holdings. The remaining invested assets are U.S. government agency and corporate issued bonds, real estate, and policy loans. Real estate includes the group's home office building and a former home office property. The group maintains a relatively conservative investment philosophy which has reported moderate losses over the past few years relative to its peers.

LIQUIDITY TESTS

<u>Year</u>	<u>Operating Cash Flow (\$000)</u>	<u>Quick Liquidity</u>	<u>Current Liquidity</u>	<u>Non-Inv Grade Bonds to Capital</u>	<u>Delinq & Foreclsd Mtg to Capital</u>	<u>Mtg & Cred Ten Lns & RE to Cap</u>	<u>Affil Invest to Capital</u>
2006	-18,547	74.9	77.4	...	...	38.5	105.6
2007	-19,275	75.3	77.7	2.6	...	32.9	95.4
2008	-8,566	96.8	98.7	5.2	...	31.1	86.0
2009	7,198	77.1	78.8	4.4	...	33.7	127.7
2010	-11,160	77.9	80.0	3.7	...	27.6	102.2
03/2010	-2,429	XX	XX	4.1	...	30.7	XX
03/2011	-5,239	XX	XX	3.4	...	25.5	XX

INVESTMENT YIELDS

<u>Year</u>	<u>Net Yield</u>	<u>Bonds</u>	<u>Stocks</u>	<u>Mort-gages</u>	<u>Cash & Short Term</u>	<u>Real Estate Gross</u>	<u>Real Estate Net</u>	<u>Invest. Exp. Ratio</u>
2006	3.65	5.08	0.00	6.21	3.78	16.41	5.94	26.49
2007	3.61	5.07	0.00	5.75	4.68	17.46	4.17	27.99
2008	3.05	4.84	0.00	5.94	2.70	17.77	3.19	32.73
2009	2.26	4.23	1.86	8.19	0.41	18.15	2.22	38.55
2010	4.72	3.82	14.52	6.11	0.07	24.27	8.38	25.22

INVESTMENT DATA

Current Year Distribution of Bonds By Maturity

	-----Years-----				<u>20-</u>	<u>Yrs-Avg Maturity</u>
	<u>0-1</u>	<u>1-5</u>	<u>5-10</u>	<u>10-20</u>		
Government	26.5	21.4	22.6	1.3	4.3	5
Gov't Agencies & Muni	0.0	0.6	1.3	0.0	...	6
Industrial & Misc	3.8	14.4	2.7	0.9	...	4
Total	30.4	36.4	26.6	2.3	4.3	5

<u>Bonds (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
US Government	69.3	70.9	64.8	71.0	70.9
Foreign - All Other	2.8	2.0	2.6	1.9	1.7
State/Special Revenue - US	2.6	4.0	6.3	5.8	5.8
Public Utilities - US	...	...	0.4	0.3	0.2
Industrial & Misc - US	25.4	23.1	25.9	21.1	21.3
Private Issues	1.6	1.0	0.9	1.8	1.6
Public Issues	98.4	99.0	99.1	98.2	98.4

<u>Bond Quality (%)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Class 1	96.0	95.7	95.2	97.2	98.6
Class 2	2.9	3.3	3.9	2.3	1.4
Class 3	...	0.5	0.5	...	...
Class 4	1.1	...	...	...	...
Class 5	...	0.5	0.5	0.4	...
<u>Mortgages (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial	4,836	4,895	1,590	1,632	1,751
Residential	65.5	65.2	0.8	1.4	6.4
	34.5	34.8	99.2	98.6	93.6
<u>Real Estate (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Property Occupied by Co	10,279	10,449	10,633	10,905	11,085
Property Held for Inc	53.0	52.5	52.9	52.8	53.2
	47.0	47.5	47.1	47.2	46.8
<u>Stocks (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Unaffiliated Common	50,634	52,688	28,129	30,635	29,298
Affiliated Common	...	...	0.0	0.0	0.0
	100.0	100.0	100.0	100.0	100.0
<u>Other Inv Assets (000)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash	48,999	52,353	85,903	37,496	35,161
Short-Term	0.1	-4.2	-1.8	-3.2	-5.9
All Other	85.9	89.9	92.8	81.6	81.8
	14.1	14.3	9.0	21.6	24.1

HISTORY

Date Incorporated: 10/22/1962

Date Commenced: 09/03/1963

Domicile: AR

Originally incorporated as Key Life Insurance Company of Iowa, in 1965 its name became Circle Key Life Insurance Company, and in 1971 the present title was adopted. In September 1996, Central United acquired all outstanding shares of Christian Mutual Life Insurance Company, following its demutualization. All contracts related to Christian Mutual, approximately \$4.5 million of reserves and related liabilities, were transferred to Central United along with \$7.2 million of assets. In the fourth quarter of 1998, Central United contributed all of the outstanding shares of Christian Mutual to MIG as part of a recapitalization plan for the company. The acquisition of Investors Consolidated Insurance Company by Christian Mutual was completed in September 1999 and the two companies were merged in early 2000. During 2006, the company was redomesticated from Texas to Arkansas.

Mergers: Kansas Security Life Insurance Company, Kansas, 1975.

Reinsurances: Key Life Insurance Company of Wyoming, 1966; Life of America Insurance Company, Texas, 1993.

MANAGEMENT

Officers: Chief Executive Officer, David W. Harris; President and Treasurer, Daniel J. George; Chief Financial Officer, Kent W. Lamb; Senior Vice President and General Counsel, John E. McGettigan; Vice President and Secretary, Mary Lou Rainey; Vice Presidents, Lee Ann Blakey, David L. Parsons, Deborah Tatro, Alan Vala.

Directors: Daniel J. George, David W. Harris, Kent W. Lamb, John E. McGettigan, Mary Lou Rainey.

REINSURANCE

Central United reinsures 21 percent of its individual life insurance in force. Virtually all reinsurance is ceded through yearly renewable term agreements with primary reinsurers with maximum net retention on any one life at \$400,000.

REGULATORY

An examination of the financial condition was made as of December 31, 2006 by the Insurance Department of Arkansas. The 2010 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Glenn Tobleman, Lewis & Ellis.

Territory: The company is licensed in AL, AZ, AR, CA, CO, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MN, MS, MO, MT, NE, NV, NH, NM, NC, ND, OH, OK, OR, PA, SC, SD, TN, TX, UT, VA, WA, WV, WI and WY.

Reserve basis: (Current ordinary business): 1980 CSO 5%; CRVM valuation. (Current annuity business): 1937 Standard Annuity Table; 2 1/2% and 1971 Annuity Table; 5%, 6% and 7 1/2%.

FINANCIAL INFORMATION

BALANCE SHEET (\$000) - December 31, 2010

	Assets		Liabilities	
*Total bonds	145,618	+Net policy reserves		231,563
*Total common stocks	50,634	Policy claims		25,519
Mortgage loans	4,836	Deposit type contracts		3,354
Real estate	10,279	Interest maint reserve		3,425
Contract loans	6,897	Comm taxes expenses		1,766
Cash & short-term inv	42,101	Asset val reserve		1,008
Funds held or dep with reins	48,981	Other liabilities		1,283
Premis and consids due	1,857	Total Liabilities		267,917
Accrued invest income	1,624	Common stock		2,500
Other assets	8,945	Preferred stock		200
		Surplus notes		15,000
		Paid in & contrib surpl		3,237
		Unassigned surplus		32,919
Assets	321,772	Total		321,772

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. + Analysis of reserves; Life \$97,935; annuities \$9,621; supplementary contracts with life contingencies \$2,530; accidental death benefits \$114; disability active lives \$213; disability disabled lives \$1,440; miscellaneous reserves \$1,492; accident & health \$118,218.

SUMMARY OF OPERATIONS (\$000)

Premiums:		Death benefits	4,705
Ordinary life	6,686	Matured endowments	296
Individual annuities	48	Annuity benefits	63
Acc & health group	4,555	Disability benefits	32
Acc & health other	91,264	Surrender benefits	3,182
Total premiums	102,553	Acc & health benefits	75,047
Net investment income	12,372	Int on policy funds	41
Amort interest maint res	810	Supplementary contracts	367
Comm & exp reins ceded	274	Incr life reserves	-2,420
Reinsurance income	2,558	Incr a & h reserves	-11,028
Other income	789	Commissions	10,465
		Comm exp reins assumed	2,195
		Insur taxes lic & fees	3,073
		General ins expenses	18,950
Total	<u>119,355</u>	Total	<u>104,965</u>

Gain from operations before FIT & div to policyholders	14,390
Dividends to policyholders: life	387
Gains from operations after dividends to policyholders	14,003
Federal income taxes incurred	1,953
Net gain from operations after FIT and dividends	12,051

CASH FLOW ANALYSIS (\$000)

Funds Provided		Funds Applied	
Gross cash from oper	123,524	Benefits paid	90,297
Long-term bond proceeds	46,272	Comm, taxes, expenses	34,361
Other cash provided	1,032	Long-term bonds acquired	38,459
Decr cash & short-term	2,785	Other cash applied	10,496
Total	<u>173,613</u>	Total	<u>173,613</u>

INTERIM BALANCE SHEET (\$000)

<u>Assets</u>	<u>03/31/2011</u>
Total bonds	138,410
Total common stocks	54,492
Mortgage loans	4,761
Real estate	10,212
Contract loans	6,848
Cash & short-term inv	44,473
Funds held or dep with reins	49,247
Accrued invest income	1,474
Other assets	9,912
Assets	<u>319,828</u>

<u>Liabilities</u>	<u>03/31/2011</u>
Net policy reserves	229,489
Policy claims	24,068
Interest maint reserve	2,735
Comm taxes expenses	-41

Asset val reserve	1,067
Other liabilities	4,861
Total liabilities	262,179
Common stock	2,500
Preferred stock	200
Surplus notes	15,000
Paid in & contrib surpl	3,237
Unassigned surplus	36,712
Total	319,828

INTERIM SUMMARY OF OPERATIONS (\$000)

	Period Ended 3/31/2011	Period Ended 3/31/2010	Increase/ (Decrease)
Premis & ann consid	24,691	26,973	-2,283
Total premiums	24,691	26,973	-2,283
Net investment income	1,050	8,525	-7,475
Amort interest main res	884	720	164
Comm & exp reins ceded	68	62	6
Other income	820	651	169
Total	27,513	36,931	-9,419
Death benefits	1,433	1,365	68
Matured endowments	34	96	-63
Annuity benefits	14	14	0
Surrender benefits	462	1,104	-642
Disability and A&H ben	19,102	20,455	-1,353
Int on policy funds	-12	11	-23
Supplementary contracts	85	94	-9
Change in reserves	-2,073	-3,522	1,448
Commissions	2,287	2,718	-431
Comm exp reins assumed	1,197	735	462
Insur taxes lic & fees	821	845	-24
General ins expenses	3,988	4,302	-314
Total	27,337	28,218	-881
Gain from operations before FIT & div to policyholders	176	8,714	-8,538
Dividends to policyholders	97	105	-8
Gain from operations after dividends to policyholders	79	8,608	-8,529
Federal income taxes incurred	-67	242	-309
Net gain from operations after FIT and dividends	146	8,366	-8,220

NEW LIFE BUSINESS ISSUED (\$000)

<u>Year</u>	<u>Whole Life & Endow</u>	<u>Term</u>	<u>Credit</u>	<u>Group</u>	<u>Indus- trial</u>	<u>Total Insurance Issued</u>	<u>Non- Par (%)</u>	<u>Par (%)</u>
2006	138,287	9,564	...	...	...	147,851	100	...
2007	4,796	4,226	...	...	...	9,022	100	...
2008	12,276	3,921	...	...	...	16,197	100	...
2009	4,642	9,615	...	...	...	14,257	100	...
2010	6,194	16,460	...	...	...	22,654	100	...

LIFE INSURANCE IN FORCE (\$000)

<u>Year</u>	<u>Whole Life Endow & Adds</u>	<u>Term</u>	<u>Credit</u>	<u>Group</u>	<u>Industrial</u>	<u>Total Insurance In Force</u>
2006	549,747	475,183	...	5,716	...	1,030,646
2007	569,350	527,485	...	4,736	...	1,101,571
2008	625,265	521,388	...	4,112	...	1,150,765
2009	684,919	600,237	...	3,594	...	1,288,752
2010	751,490	676,299	...	3,428	...	1,431,217

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor do they address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Debt/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor do they address the suitability of any particular financial obligation for a specific purpose or purchaser.

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