

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VERICITY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6311
(Primary Standard Industrial
Classification Code Number)

46-2348863
(I.R.S. Employer
Identification Number)

8700 W. Bryn Mawr Avenue, Suite 900S
Chicago, Illinois 60631
(800) 369-3990

(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

James E. Hohmann
Chief Executive Officer
Vericity, Inc.

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(800) 369-3990

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.001 per share	20,125,000	\$10.00	\$201,250,000	\$24,391.50

(1) Includes shares to be offered to eligible members, directors and officers of Members Mutual Holding Company pursuant to Members Mutual’s plan of conversion.
(2) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

PROSPECTUS

Subject to Completion, dated , 2018



This is the initial public offering of Vericity, Inc. We are offering up to 20,125,000 shares of our common stock for sale at a price of \$10.00 per share in connection with the conversion of Members Mutual Holding Company, or Members Mutual, from mutual to stock form of organization. Immediately following the conversion, we will acquire all of the newly issued shares of common stock of converted Members Mutual.

We are offering shares of our common stock in a subscription offering to eligible members of Members Mutual, who were the policyholders of Fidelity Life Association, an Illinois life insurance company and indirect subsidiary of Members Mutual, as of July 31, 2018, and to the directors and officers of Members Mutual.

The subscription offering will end at 5:00 PM, Central Time, on [●]. Our ability to complete this offering is subject to two conditions. First, a minimum of 14,875,000 shares of common stock must be sold to complete this offering. Second, Members Mutual's plan of conversion and amended and restated articles of incorporation must be approved by the affirmative vote of at least two-thirds of the votes cast at the special meeting of members to be held on [●]. Until such time as these conditions are satisfied, all funds submitted to purchase shares will be held in escrow with [escrow agent]. If the offering is terminated, purchasers will have their funds promptly returned without interest.

In addition, we have entered into an agreement with Apex Holdco L.P., an affiliate of J.C. Flowers IV L.P., a private equity fund managed by J.C. Flowers & Co. LLC, under which Apex Holdco, L.P. has agreed to act as the standby purchaser for this offering. If fewer than 14,875,000 shares are subscribed for in the subscription offering, the standby purchaser has agreed to purchase the number of shares of our common stock equal to the difference between 14,875,000 and the number of shares of common stock subscribed for in the subscription offering, and may purchase additional shares as may be necessary in order to permit the standby purchaser to acquire a majority of the shares sold, provided that no more than 20,125,000 shares may be sold in the offerings. Under the terms of our agreement with the standby purchaser, the standby purchaser will have the right to designate a majority of the nominees to serve on our board of directors. We refer to the offering of shares to the standby purchaser as the standby offering. We refer to the subscription offering and the standby offering as the offerings.

If fewer than 14,875,000 shares are subscribed for in the subscription offering, and if all of the conditions to the standby purchaser's purchase commitment have been satisfied, the standby purchaser will be obligated to purchase enough shares in the standby offering to assure the sale of the minimum number of shares necessary to complete this offering. In that event, the level of sales to eligible members and directors and officers of Members Mutual will not impact the condition that at least 14,875,000 shares must be sold to complete this offering. Accordingly, the sale of the minimum number of shares necessary to complete this offering does not indicate that sales have been made to investors who have no financial or other interest in the offerings, and the sale of the minimum number of shares should not be viewed as an indication of the merits of this offering.

The minimum number of shares that a person may subscribe to purchase is 25 shares. The maximum number of shares that a person may subscribe to purchase in the subscription offering is the lesser of 743,750 or the individual maximum purchase limitations described in this prospectus. If orders are received for more shares than shares offered, shares will be allocated in the manner and priority described in this prospectus.

Raymond James & Associates, Inc. will act as our marketing agent and will use its best efforts to assist us in selling our common stock in this offering, but Raymond James is not obligated to purchase any shares of common stock that are being offered for sale. Purchasers will not pay any commission to purchase shares of common stock in this offering.

There is currently no public market for our common stock. We intend to apply for the listing of our common stock on the NASDAQ Capital Market under the symbol "VERY."

We are an "emerging growth company" under applicable Securities and Exchange Commission rules and will be eligible for reduced public company reporting requirements. See "Summary—Implications of Being an Emerging Growth Company and a Smaller Reporting Company."

Investing in our common stock involves risks. For a discussion of the material risks that you should consider, see "[Risk Factors](#)" beginning on page 12 of this prospectus.

OFFERING SUMMARY Price: \$10.00 per share

	Minimum	Maximum
Number of shares offered	14,875,000	20,125,000
Gross offering proceeds	\$ 148,750,000	\$ 201,250,000
Estimated offering expenses	\$ 8,381,980	\$ 8,381,980
Commissions ⁽¹⁾⁽²⁾	\$ 3,318,020	\$ 2,012,500
Net proceeds	\$ 137,050,000	\$ 190,855,520
Net proceeds per share	\$ 9.21	\$ 9.48

- (1) Represents commissions to be paid to Raymond James, based on 1.0% of the proceeds from shares sold in the subscription offering, and the amount to be paid to Raymond James and Griffin Financial Group, LLC, based on 3.0% of the proceeds from the shares sold to the standby purchaser. No commission will be paid on the sale of shares sold to directors or officers. Any shares sold to the standby purchaser in the standby offering will be sold in a private placement to close concurrently with the subscription offering at a price equal to the public offering price in this offering. The shares sold to the standby purchaser in the standby offering are not being registered as part of this offering and will be restricted securities. See "The Conversion and Offering—Marketing Arrangements" for a description of the marketing agent compensation.
- (2) Assumes (x) at the offering minimum, 2,720,000 shares are sold in the subscription offering to eligible members, 2,001,600 shares are sold to directors and officers of Members Mutual and 10,153,400 shares are sold to the standby purchaser; and (y) at the maximum, that all 20,125,000 shares are sold in the subscription offering to eligible members. We are unable to predict the number of eligible members that may participate in the subscription offering or the extent of their participation.

None of the Securities and Exchange Commission, the Illinois Department of Insurance or any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

For assistance, please call the Stock Information Center at [1-8 -[●]].

Raymond James

The date of this Prospectus is [●]

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CERTAIN IMPORTANT INFORMATION

This Prospectus

You should rely only on the information contained in this prospectus. We have not, and Raymond James has not, authorized any other person to provide information that is different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We and Raymond James are offering to sell and seeking offers to buy our common stock only in jurisdictions where such offers and sales are permitted. You should assume that the information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our website, or any other website operated by us, is not part of this prospectus.

Frequently Used Terms

Unless the context otherwise requires, as used in this prospectus:

- “accidental death coverage” refers to insurance coverage for a cause of death that does not include illness, suicide in most circumstances, or natural causes;
- “affinity partner” refers to a company with whom we have a marketing relationship to provide agency or insurance product services to that company’s customers, members or sales prospects under its brand or Efinancial’s brand;
- “all-cause” coverage refers to coverage under a life insurance policy that pays the beneficiary of the policy in the event of the death of the insured regardless of the cause of death (except those specifically excluded in the policy). All-cause provides more comprehensive coverage than accidental death coverage, which only covers accidental death;
- “the Company,” “we,” “us” and “our” refer to Members Mutual and its consolidated subsidiaries prior to the conversion as described in this prospectus, and to Vericity and its consolidated subsidiaries after the conversion;
- “conversion” refers to a series of transactions by which Members Mutual will convert from mutual to stock form and become a subsidiary of Vericity under the terms of the plan of conversion adopted by the board of directors of Members Mutual;
- “Efinancial” refers to Efinancial, LLC, an insurance agency and indirect subsidiary of Members Mutual;
- “eligible member” refers to a person who was a member of Members Mutual on July 31, 2018, the date the plan of conversion was adopted by the board of directors of Members Mutual;
- “Fidelity Life” refers to Fidelity Life Association, an Illinois life insurance company and indirect subsidiary of Members Mutual;
- “member” refers to a person who is the holder of an in-force policy of insurance, or the holder of a master policy under a group insurance policy, issued by Fidelity Life;
- “Members Mutual” refers to Members Mutual Holding Company and its consolidated subsidiaries;
- “mutual form” refers to an insurance company or its holding company organized as a mutual company, which is a form of organization in which the policyholders or members have certain membership rights in the mutual company, such as the right to vote with respect to the election of directors and approval of certain fundamental transactions, including the conversion from mutual to stock form; however, unlike shares held by stockholders, membership rights are not transferable and do not exist separately from the related insurance policy;
- “offerings” refers to the subscription offering and the standby offering;
- “standby offering” refers to the purchase by the standby purchaser of shares of our common stock pursuant to the terms of the standby purchase agreement, as described in this prospectus;
- “standby purchase agreement” refers to the standby stock purchase agreement dated October 5, 2018, by and among Members Mutual, Vericity, Fidelity Life and Apex Holdco L.P., under which Apex Holdco L.P. has agreed to act as the standby purchaser for this offering;
- “standby purchaser” refers to Apex Holdco L.P., an affiliate of J.C. Flowers IV L.P., a private equity fund managed by J.C. Flowers & Co. LLC;
- “stock form” is a form of organization in which the only rights that policyholders have are contractual rights under their insurance policies and in which voting rights reside with stockholders under state corporate law;

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- “subscription offering” refers to this offering of up to 20,125,000 shares of our common stock under the plan of conversion to eligible members and directors and officers of Members Mutual;
- “subscription rights” refers to the rights to purchase stock in this offering granted to eligible members and directors and officers of Members Mutual under the plan of conversion;
- “term life insurance” refers to a type of life insurance that is pure life insurance that ordinarily does not build up cash value over time. Term life insurance coverage generally lasts for a specified time, generally 5, 10, 15, or 20 years or more, with level premiums over the period; and
- “Vericity” refers to Vericity, Inc., a Delaware corporation formed to be the holding company for Members Mutual upon its conversion from mutual to stock form.

Market And Industry Data

Market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, publicly available information, reports by market research firms or other published independent sources, none of which has been commissioned by us. Independent industry publications, government publications and other published independent sources generally indicate that the information included therein was obtained from sources believed to be reliable. Some data are based upon good faith estimates derived from our management’s review of the independent sources referenced herein and from experience with partners, licensees and other contacts in the markets in which the Company operates.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Before making a decision to purchase our common stock, you should read the entire prospectus carefully, including the “Risk Factors” and “Forward-Looking Statements” sections and our consolidated financial statements and the notes to those financial statements.

Overview

We provide life insurance protection targeted to the middle American market. We believe there is a substantial unmet need for life insurance, particularly among domestic households with annual incomes of between \$50,000 and \$125,000, a market we refer to as our target Middle Market. We strive to deliver to this market affordable, easy to understand term and whole life insurance products through a consumer-friendly and efficient sales process. Through innovation in product design and distribution that provides access to the Middle Market, including call center and web-enabled sales and underwriting processes, quick issuance of policies and an emphasis on products not medically underwritten at the time of sale, we believe we are well positioned to make life insurance more affordable and accessible to the Middle Market.

We conduct our business through our two operating subsidiaries, Fidelity Life Association, an Illinois-domiciled life insurance company chartered in 1896, and Efinancial, LLC, a call center-based insurance agency. Fidelity Life distributes life insurance products through Efinancial and other unaffiliated agents and is licensed in the District of Columbia and every state except New York and Wyoming. A.M. Best has assigned an “A-” (Excellent) rating to Fidelity Life, which is the fourth highest out of fifteen ratings. Fidelity Life is located in Chicago, Illinois.

Efinancial markets life products for Fidelity Life and, as of September 30, 2018, had agency relationships with 21 unaffiliated insurance companies. Efinancial’s primary operations are conducted through employee agents from two call center locations in Bellevue, Washington and Chicago, Illinois, which we refer to as our retail channel, and through independent agents and other marketing organizations, which we refer to as our wholesale channel. In addition to offering Fidelity Life products, Efinancial also sells insurance products of unaffiliated carriers. Efinancial’s principal office is located in Bellevue, Washington.

We believe our ability to unconditionally issue policies either during or within 24 to 48 hours of the initial call differentiates us from our competitors. Leveraging our patented **RAPID**Decision® sales and underwriting processes, we can sell a life insurance policy to a consumer before medical underwriting is complete. We are able to complete an initial underwriting process for most of our life insurance applicants either during or shortly after the initial call, and if not, within 24 to 48 hours after that initial call. For the year ended December 31, 2017, 88% of our policy applications processed through our **RAPID**Decision® underwriting process received an underwriting disposition on or shortly after the initial sales call. Approximately one-third of the remaining applications received final underwriting decisions within the next 24 to 48 hours.

Our **RAPID**Decision®Life product provides coverage at the point of issue that is a blend of all-cause term life insurance for part of the coverage and accidental death insurance for the remainder of the total face amount. If a policyholder completes medical underwriting after the initial sale of the **RAPID**Decision®Life product, the policy benefits may be improved based on the underwriting results to increase the proportion of all-cause term life insurance coverage, typically with no increase in premium. In some instances, based upon the results of predictive analytic models, the consumer can qualify for the full amount of all-cause coverage without medical testing.

For the nine months ended September 30, 2018 and years ended December 31, 2017 and 2016, we had total consolidated revenue of \$[●], \$115.9 million and \$113.0 million, net life premium revenue of \$[●], \$82.9 million and \$78.1 million, and a net loss of \$[●], \$8.2 million and \$15.3 million, respectively. As of December 31, 2017, we had total assets of \$666.4 million and equity of \$196.2 million.

Our Approach

Our business model is predicated upon gaining cost effective access to the Middle Market, engaging consumers in our sales process for life insurance with products that have higher placement rates than traditional fully underwritten term life insurance in a call center environment, and issuing those products quickly. We require access to a large quantity of quality

sales leads to keep our retail call center agents productive. Currently, we acquire most of our sales leads from third party lead vendors. We supplement that lead flow with leads we generate ourselves. More significantly, we are rapidly increasing our affinity business with non-life insurance partners that provide their customers or prospects as leads, and we market and sell life insurance products to those leads.

We tend to sell policies with lower face amounts, resulting in more affordable options for our customers. Although not the lowest priced, our products are competitive and they represent an attractive consumer value considering the coverage they provide and the relative simplicity of our sales and underwriting processes. Our business model allows us to capture end-to-end data beginning with the acquisition of sales leads through the final disposition of life insurance policies. With this data, we plan to develop and apply predictive analytics to realize efficiencies at various points in the sales process.

Our Competitive Strengths

We believe that we are strategically positioned to take advantage of the following competitive strengths:

- **Middle Market access.** The sales contacts made through Efinancial's call centers are focused on the Middle Market. This stands in contrast to the life insurance industry at large, which tends to market to a more affluent clientele.
- **Multi-channel distribution.** We reach Middle Market consumers through multiple distribution channels. Through our retail channel, we engage consumers through Efinancial's call centers using sales leads that we acquire or generate ourselves, and we leverage our product and sales processes with affinity partners to extend our reach to Middle Market consumers seeking affordable, accessible life insurance. Through our wholesale channel, we offer other carriers' products through unaffiliated distributors. In addition, Fidelity Life also offers its products through select unaffiliated distributors.
- **Patented products and processes.** Our **RAPID**Decision® Life product features a system-and-method patented process that affords higher and faster placement rates than traditional fully underwritten term life insurance in a call center environment. Through our process, policy placement usually occurs during the initial interaction, which leads to customer satisfaction and improved economics in our call centers. Our efficient process contrasts with much of the industry, where the underwriting process extends well beyond the initial interaction. In addition, our flagship **RAPID**Decision® Life product uses predictive analytics at certain ages and face amounts to place all-cause coverage products during the initial interaction without a medical examination for qualified customers. The product is priced to be profitable even at lower policy amounts, which allows us to align our offerings with Middle Market consumers' ability to afford life insurance.
- **End-to-end lead and policy data.** As a life insurance company and a direct distributor, we are positioned to gather end-to-end lead and policy data to develop predictive analytical models that can be applied to identify the characteristics of prospects who are more likely to exhibit favorable placement, persistency and mortality experience. We plan to apply this insight to optimize our marketing, sales and underwriting processes and product development.

Our Growth Strategies

We intend to use our competitive strengths to grow our business through the following strategies:

- **Capitalize on the unmet need for life insurance in our target market.** We believe we are well positioned to meet demand where there is currently a substantial unmet need for life insurance in the Middle Market. Using our quick-issue products together with our distribution platform, we plan to increase sales to Middle Market consumers by providing a convenient experience to purchase life insurance at an affordable price.
- **Use predictive analytics to generate more productive sales leads.** By converting data we generate through our distribution platform into actionable insight using statistical analysis, we will seek to be more efficient in our acquisition and use of leads, improving our call center placement ratios and overall profitability.
- **Enhance and extend affinity partnerships.** We plan to continue and selectively deepen our existing affinity partnerships and develop new and complementary affinity relationships and partnerships. We expect this will expand and diversify our sources of quality leads.

- **Expand call center operations and improve efficiency.** To drive sustainable premium and Efinancial commission growth, we plan to expand our Efinancial call center operations by hiring additional agents. In addition, we evaluate our product offerings and product providers in order to examine whether we are addressing the needs and preferences of the Middle Market.
- **Explore alternative means of distribution.** We are currently exploring distribution alternatives beyond our call center and independent distributors, including digital and on-line sales.

Our Challenges and Risks

Our company and our business are subject to numerous risks as more fully described in the section of this prospectus entitled “Risk Factors.” As part of your evaluation of our business, you should consider the challenges and risks we face in implementing our business strategies:

- **We have incurred net losses over the last eight years.** A significant percentage of Fidelity Life’s in-force policies have been written since 2007, and as a result we do not have an established legacy book of business and associated revenue streams like many larger life insurance companies. The lack of cash flows typically associated with a legacy business puts Fidelity Life at a disadvantage in comparison with other life insurance carriers that have a more established book of business and associated revenue streams. In addition, we have incurred a net loss in each of the eight prior fiscal years, resulting in an aggregate of approximately \$98 million in net losses over that period, including a loss of \$[●] million for the nine months ended September 30, 2018, and losses of \$8.2 million and \$15.3 million for the years ended December 31, 2017 and December 31, 2016, respectively. Our losses are due principally to operating expenses and corporate overhead exceeding revenues of our agency and insurance segments, and our inability to defer a majority of commission expense on policies produced by our affiliated agency, Efinancial.
- **We expect to continue to incur net losses as we develop our distribution platform.** We plan to continue to increase sales through our affiliated distributor, Efinancial, in order to increase our scale to cover our operating expenses and corporate overhead. However, generally accepted accounting principles in the United States (GAAP) require that we immediately expense that portion of our policy acquisition costs for policies placed through our affiliated agency, Efinancial, that cannot be directly tied to the placement of a policy. As a result of this immediate expense recognition for sales through Efinancial, we incur a net loss in the first year on each policy sold through Efinancial. If we are successful in increasing our premium writings through our distribution platform over each of the next several years, we expect that the impact of the immediate expense recognition will continue to contribute to our incurring consolidated net losses and reduction of our consolidated equity in each such year.
- **Our call center-based distribution model may not be sustainable.** The products and processes that we use to reach the Middle Market rely heavily on retail call center-based sales. There are relatively few such call centers being operated by independent distributors. The call centers that we are familiar with tend to have low placement ratios on medically underwritten products because of the time delay involved in issuing policies and the lack of face to face sales support typically provided by traditional agents. We have developed innovative products and processes designed to streamline the sale of life insurance and improve call center placement ratios, and have made significant investments in cultivating leads and improving our sales process. We cannot assure you that our business model, which is focused on selling quick-issue policies to the Middle Market through our retail call center distribution platform, will prove to be viable or sustainable. If we are not successful in utilizing our products and processes to penetrate our target Middle Market, or if we are unable to hire, develop and retain well qualified individuals to staff our retail call centers, we will not generate sufficient revenues to offset our expenses, which will result in a material and adverse effect on our business, financial condition and results of operations.
- **Our target market continues to face a difficult economic environment.** While economic conditions have stabilized and improved in a number of areas, economic challenges still remain. Many middle American families, including those that comprise our target Middle Market, have experienced financial hardships and stagnating income levels. We believe that these economic pressures have reduced demand for our life insurance products due to challenging consumer economics, including increased demands on disposable income to pay for increasing costs of living, including health insurance, savings goals and general living expenses. Economic challenges may continue to adversely affect our business in the future.

Business Segments

We manage our business through three segments:

- **Agency.** Our agency segment operates through Efinancial. Efinancial sells insurance products through its call center distribution platform and through its independent agents and other marketing organizations.
- **Insurance.** Our insurance segment operates through Fidelity Life. Fidelity Life engages in the principal business lines of core life, non-core life, closed block, and annuities and assumed life. In its core life and non-core life business lines, Fidelity Life offers primarily term life insurance products, and to a lesser extent accidental death and final expense products. We currently do not offer annuity contracts, separate account variable products or universal life products.
- **Corporate.** Our corporate segment consists primarily of a small amount of capital required to be maintained for regulatory purposes, and also includes certain expenses considered to be corporate and not allocated to our agency or insurance segments.

Implications of Being an Emerging Growth Company and a Smaller Reporting Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart our Business Startups Act of 2012, commonly known as the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements and reduction of other obligations that are otherwise generally applicable to public companies. These provisions include:

- a requirement to include in this prospectus only two years of audited financial statements, two years of selected financial information, and two years of related Management Discussion & Analysis;
- exemption from the auditor attestation requirement on the effectiveness of our internal control over financial reporting;
- reduced disclosure about our executive compensation arrangements; and
- no stockholder non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions until the earlier of five years or such time as we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenues, have more than \$700 million in market value of our capital stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. We have elected to take advantage of the benefits of this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

As a company with less than \$250 million of public float, we qualify as a “smaller reporting company” as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. As a smaller reporting company we are able to take advantage of reduced disclosure requirements, such as simplified executive compensation disclosures and reduced financial statement disclosure requirements in our SEC filings. We plan to take advantage of some or all of the reduced compliance obligations applicable to emerging growth companies and smaller reporting companies.

Our History

We formed Vericity so that it could acquire all of the capital stock of converted Members Mutual as part of the conversion. Prior to the conversion, Vericity has not engaged and will not engage in any operations and does not have any assets or liabilities. After the conversion, Vericity’s primary assets will be the outstanding capital stock of converted Members Mutual and the net proceeds of the offerings described in this prospectus. Vericity Holdings, Inc. is a wholly-owned subsidiary of Members Mutual and the intermediate holding company for Efinancial and Fidelity Life.

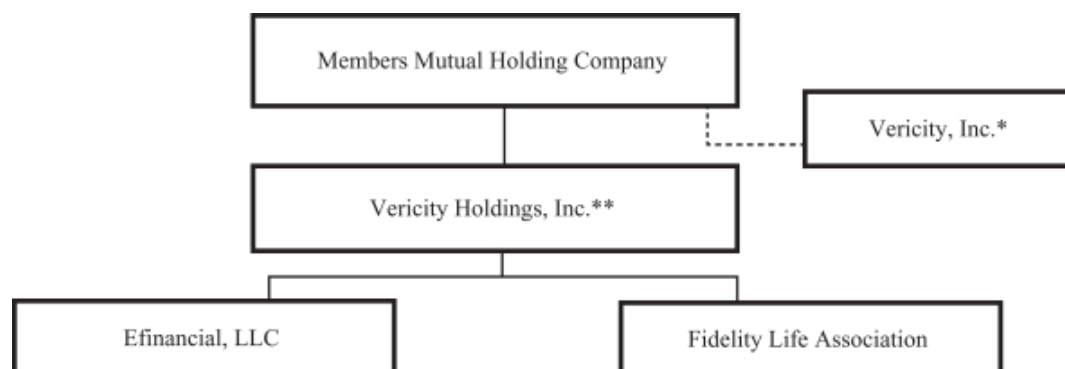
In 2007, Fidelity Life completed a reorganization in which it converted from a mutual to a stock insurance company within a newly created mutual holding company structure. As part of the reorganization, Members Mutual was formed as an Illinois mutual insurance holding company and Fidelity Life continued its existence as an Illinois stock life insurance company. All of the shares of Fidelity Life were issued to Vericity Holdings, an intermediate holding company that, in turn, was initially a wholly-owned subsidiary of Members Mutual. In the reorganization, policyholders' membership interests in Fidelity Life automatically became membership interests in Members Mutual, but policyholders' contractual rights remained with Fidelity Life. Since the effective date of the reorganization, each person who has become a Fidelity Life policyholder has automatically become a member of Members Mutual and retains that membership interest as long as the Fidelity Life policy owned by the member remains in force.

In 2009, Vericity Holdings acquired Efinancial from its owners. As part of the consideration for the acquisition of Efinancial, the owners were issued shares of common stock of Vericity Holdings. These shares have since been redeemed and Vericity Holdings is wholly-owned by Members Mutual.

Our principal executive offices are located at 8700 West Bryn Mawr Avenue, Suite 900S, Chicago, Illinois, 60631, and our toll-free phone number is (800) 369-3990. Our website address is www.vericity.com. Information contained on our website is not incorporated by reference into this prospectus, and such information should not be considered to be part of this prospectus.

Our Structure Prior to the Conversion

Since Fidelity Life converted from mutual to stock form in 2007, we have operated under a mutual holding company structure. Our current corporate structure is shown in the following chart:



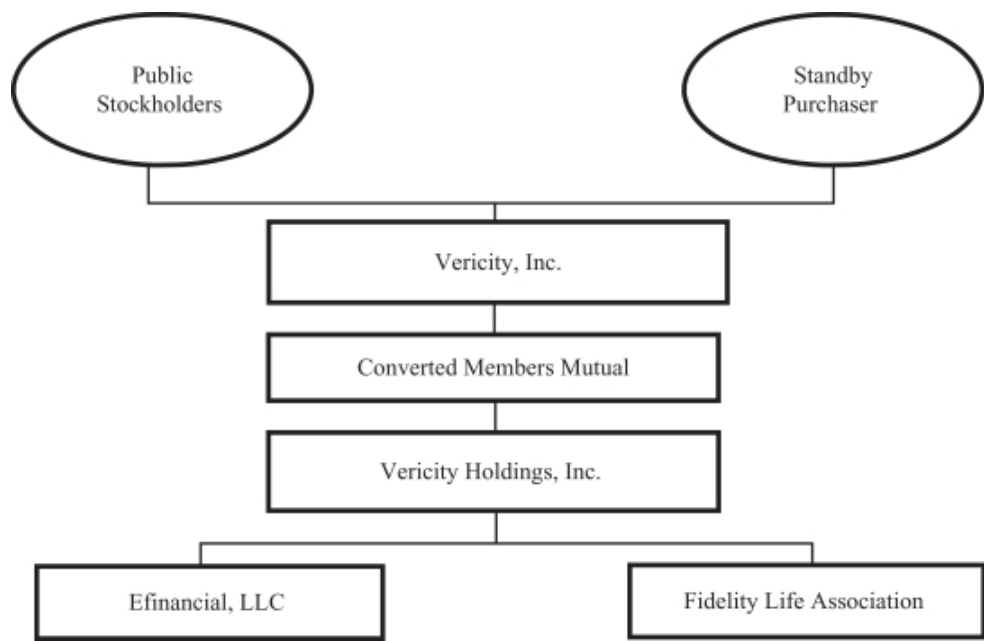
* As required by Illinois law, prior to the conversion, Vericity, Inc. is owned by Members Mutual. Prior to the conversion, Vericity, Inc. has not engaged in any operations and does not have any assets or liabilities.

** As required by Illinois law, prior to the conversion, the stock of Vericity Holdings is held in trust for the benefit of the policyholders of Fidelity Life.

Our Structure Following the Conversion

Immediately upon the conversion of Members Mutual, all of the authorized capital stock of converted Members Mutual will be issued to Vericity, and the common stock of Vericity held by converted Members Mutual will be cancelled, such that, upon completion of this series of actions, the issued and outstanding shares of our common stock will consist solely of the shares of common stock sold in the offerings.

Following the completion of these actions, assuming that (i) fewer than 14,875,000 shares are sold in the subscription offering, or (ii) that fewer than 20,125,000 shares are sold in the subscription offering and that the standby purchaser elects to purchase shares in the standby offering, the corporate structure of Vericity, Inc. will be as shown in the following chart:



The Conversion of Members Mutual from Mutual to Stock Form

Members Mutual is an Illinois-domiciled mutual insurance holding company. As a mutual company, it has no stockholders but it does have members. A member of Members Mutual is either the holder of an in-force individual insurance policy issued by Fidelity Life or the holder of a group master policy issued by Fidelity Life.

Like stockholders, the members have certain rights with respect to Members Mutual such as voting rights with respect to the election of directors and approval of certain fundamental transactions, including the conversion of Members Mutual from mutual to stock form. However, unlike shares held by stockholders, the membership interests in Members Mutual are not transferable and do not exist separately from the related insurance policies issued by Fidelity Life. Therefore, these membership interests are extinguished when a member’s policy with Fidelity Life is terminated by surrender, death, lapse or cancellation. Those membership interests will also be extinguished upon conversion of Members Mutual from mutual to stock form in accordance with Illinois law and the plan of conversion.

The board of directors of Members Mutual adopted a plan of conversion on July 31, 2018, as amended and restated on September 16, 2018, under which Members Mutual will convert from a mutual insurance holding company to a stock company. Following the conversion, Members Mutual will become a wholly-owned subsidiary of Vericity. A special meeting of the eligible members of Members Mutual (those members who were the policyholders of Fidelity Life as of the close of business on July 31, 2018) will be held on [●], to approve the plan of conversion. To become effective, the plan must be approved by the affirmative vote of at least two-thirds of the votes cast at the special meeting.

As part of the conversion, we are offering for sale between 14,875,000 shares and 20,125,000 shares of our common stock at a purchase price of \$10.00 per share on a first priority basis to eligible members, and second to the directors and officers of Members Mutual. All purchasers of our common stock in this offering will pay the same cash price per share. If fewer than 14,875,000 shares are subscribed for in the subscription offering, Apex Holdco L.P., an affiliate of J.C. Flowers IV L.P., a private equity fund managed by J.C. Flowers & Co. LLC, has agreed to act as the standby purchaser for this offering and to purchase the number of shares of our common stock equal to the difference between 14,875,000 and the number of shares of common stock subscribed for in the subscription offering, and may purchase additional shares as may be necessary in order to permit the standby purchaser to acquire a majority of the shares sold, provided that no more than

20,125,000 shares may be sold in the offerings. Under the terms of our agreement with the standby purchaser, the standby purchaser will have the right to designate a majority of the nominees to serve on our board of directors. All membership interests in Members Mutual will be extinguished upon completion of the subscription offering and the plan of conversion, regardless of whether an eligible member exercises subscription rights received under the plan of conversion.

The Subscription Offering

We are offering shares of our common stock in a subscription offering. The subscription offering will end at 5:00 PM, Central Time, on [●]. In the subscription offering, 20,125,000 shares of common stock are being offered on a first priority basis to the members of Members Mutual who were policyholders of Fidelity Life as of the close of business on July 31, 2018, who we refer to as eligible members, and second to the directors and officers of Members Mutual.

The number of shares of common stock issued will not exceed 20,125,000 shares. Shares purchased by the directors and officers of Members Mutual will be purchased for investment and not for resale and will be counted toward satisfaction of the minimum number of shares needed to be sold to complete this offering. We refer to this offering of the common stock to the eligible members and the directors and officers of Members Mutual as the “subscription offering.”

Standby Purchase Agreement

On October 5, 2018, Members Mutual, Vericity and Fidelity Life entered into the standby purchase agreement with the standby purchaser, pursuant to which the standby purchaser agreed, subject to certain conditions, to acquire from us at the subscription price of \$10.00 per share the number of shares equal to the difference of the offering minimum of 14,875,000 shares and the number of shares of common stock subscribed for in the subscription offering. In addition, the standby purchaser has the right to purchase additional shares up to the offering maximum, which additional shares may permit the standby purchaser to acquire up to a majority of the stock sold in the offerings. Under the terms of our agreement with the standby purchaser, the standby purchaser will have the right to designate a majority of the nominees to serve on our board of directors. Shares purchased by the standby purchaser in the standby offering will be purchased for investment and not for resale and will be counted toward satisfaction of the minimum number of shares needed to be sold to complete the subscription offering. For a description of the terms and conditions of the standby purchase agreement, see “The Conversion and Offering—Description of the Standby Purchase Agreement.”

We refer to the offering of shares to the standby purchaser as the standby offering. We refer to the subscription offering and the standby offering as the offerings.

Conditions to Completion of the Conversion and this Offering

Our ability to complete this offering is subject to two conditions. First, a minimum of 14,875,000 shares of common stock must be sold to complete this offering. Second, Members Mutual’s plan of conversion and amended and restated articles of incorporation must be approved by the affirmative vote of at least two-thirds of the votes cast at the special meeting of members to be held on [●]. No funds will be released from the escrow account until both of these conditions have been satisfied.

If fewer than 14,875,000 shares are subscribed for in the subscription offering, and if all of the conditions to the standby purchaser’s purchase commitment have been satisfied, the standby purchaser will be obligated to purchase enough shares in the standby offering to assure the sale of the minimum number of shares necessary to complete this offering. In that event, the level of sales to eligible members and directors and officers of Members Mutual will not impact the condition that at least 14,875,000 shares must be sold to complete this offering. Accordingly, the sale of the minimum number of shares necessary to complete this offering does not indicate that sales have been made to investors who have no financial or other interest in the offerings, and the sale of the minimum number of shares should not be viewed as an indication of the merits of this offering.

Termination of this Offering

Subject to the provisions of the plan of conversion and the standby purchase agreement, we have the right to cancel this offering at any time. In addition, the completion of this offering is subject to market conditions and other factors beyond our control. If this offering is not completed, all funds received will be promptly returned to purchasers without interest.

Stock Pricing and Number of Shares to be Issued

The plan of conversion requires that the range of the value of the total number of shares to be issued in this offering must be based on a valuation of our estimated consolidated pro forma market value. Under the plan of conversion, the valuation must be in the form of a range consisting of a midpoint valuation, a valuation fifteen percent (15%) above the midpoint valuation and a valuation fifteen percent (15%) below the midpoint valuation. We retained Boenning & Scattergood, Inc. to determine the valuation range for this offering. Boenning & Scattergood, Inc. has determined that, as of April 11, 2018, the estimated consolidated pro forma market value of Members Mutual is \$175,000,000 at the midpoint, and the range of value of the total number of shares of common stock to be issued in the offering is between a minimum value of \$148,750,000 and a maximum value of \$201,250,000. We plan to issue between 14,875,000 and 20,125,000 shares of our common stock in this offering. This range was determined by dividing the \$10.00 price per share into the range of Boenning & Scattergood, Inc.'s valuation.

We determined to offer the common stock in the subscription offering at the price of \$10.00 per share to ensure a sufficient number of shares are available for purchase by eligible members. In addition, Raymond James advised us that the \$10.00 per share offering price is commonly used in mutual-to-stock conversions of other insurance companies and savings banks and savings associations that use the subscription rights conversion model. These were the only factors considered by our board of directors in determining to offer shares of common stock at \$10.00 per share.

How Do I Buy Stock in this Offering?

If you wish to purchase shares of common stock in the subscription offering, you must sign and complete the stock order form that accompanies this prospectus and send it to us with your payment such that your order is received before the offering deadline. You may submit your order to us by overnight delivery to the address indicated for this purpose on the top of the stock order form or by mail using the stock order reply envelope provided. Payment by check or money order must accompany the stock order form. No cash or third party checks will be accepted. All checks or money orders must be made payable to "[escrow agent], on behalf of Vericity, Inc."

The completed stock order form and payment in full for the shares ordered must be received (not postmarked) no later than 5:00 PM, Central Time, on [●]. Once submitted, your order is irrevocable without our consent unless we terminate this offering. Our consent to any modification or withdrawal request may or may not be given in our sole discretion. We may reject a stock order form if it is incomplete, improperly completed, or not timely received.

Offering Deadline

All subscription rights will expire at 5:00 PM, Central Time, on [●]. Subscription rights not exercised prior to this deadline will be void, whether or not we have been able to locate each person entitled to receive subscription rights.

Limits on Your Purchase of Common Stock

The plan of conversion and Illinois law establish the following minimum and maximum purchase limitations for participants (including such participant's associates or a group acting in concert) in the subscription offering:

- No person may subscribe for fewer than 25 shares in this offering.
- Each eligible member has been allocated subscription rights to purchase the number of shares that is printed on the stock order form mailed to each such eligible member. No eligible member may subscribe to purchase more shares than the number of subscription rights allocated to such member. The number of subscription rights allocated to each eligible member was determined in accordance with actuarial analyses described in the plan of conversion.
- Subject to the prior rights of eligible members to subscribe for up to 20,125,000 shares in this offering, no director or officer of Members Mutual may purchase more than such person's individual management purchase limit. Members Mutual has determined each individual management purchase limit based on positions held and compensation. In no event may the directors and officers of Members Mutual, in their capacities as such, together with their affiliates and associates, purchase more than 4,016,250 shares of the stock sold in the offerings.
- In addition to the limitations set forth above, no person (other than the standby purchaser) may acquire, directly or indirectly, in this offering or any public offering, more than 5% of the capital stock of Vericity for a period of five years from the effective date of the conversion without the approval of the Illinois Director of Insurance.

The subscription of any person who subscribes for more shares than the person's maximum purchase limitation as set forth on the stock order form will be disregarded in its entirety or reduced to the person's maximum purchase limitation, at the discretion of Vericity.

We have the right in our absolute discretion and without liability to any participant in the subscription offering or to any other person to determine which proposed persons and which subscriptions and orders in this offering meet the criteria provided in the plan of conversion for eligibility to purchase shares of common stock and the number of shares eligible for purchase by any person. Our determination of these matters will be final and binding on all parties and all persons.

Oversubscription

If eligible members subscribe for more than 20,125,000 shares, the shares of common stock will be allocated so as to permit each subscribing eligible member, to the extent possible, to purchase up to the lesser of the number of shares subscribed for or 100 shares. Any remaining shares will be allocated among the eligible members whose subscriptions remain unsatisfied in the proportion in which the number of shares as to which each such eligible member's subscription remains unsatisfied bears to the aggregate number of shares as to which all such eligible members' subscriptions remain unsatisfied.

Actuarial Opinion

We retained Milliman, Inc., an independent actuarial consulting firm, to advise us in connection with actuarial matters involved in the allocation of subscription rights and the establishment of the individual maximum purchase limitations. The opinion of Steven Schreiber, an independent consulting actuary associated with Milliman, dated July 31, 2018, relating to the proposed allocation of subscription rights among eligible members in consideration for the extinguishment of their membership interests in Members Mutual, states (in reliance upon the matters described in such opinion) that the principles and methodology for allocating consideration among the eligible members and for allocating shares in the event of an over subscription, each as set forth in the plan of conversion, are fair and equitable from an actuarial point of view. The opinion of Steven Schreiber is an exhibit to the registration statement of which this prospectus is a part, and is available for inspection in the manner set forth in the section titled "Additional Information." A copy of the actuarial opinion is also on file and available for inspection at our principal executive offices.

Management Purchases of Stock

The directors and officers of Members Mutual, in their capacities as such, together with their affiliates and associates, may not purchase in the aggregate more than 4,016,250 shares, which represents 27% of the shares at the minimum of the offering range. If the eligible members subscribe for less than the maximum number of shares, the directors and officers of Members Mutual, together with their affiliates and associates, have indicated their intention to purchase approximately 2,001,600 shares of common stock in the subscription offering. The directors and officers of Members Mutual and their affiliates and associates are not obligated to purchase this number of shares, and in the aggregate they may purchase a greater or smaller number of shares. See "The Conversion and Offering—Proposed Management Purchases."

If there are insufficient shares remaining after the subscriptions of eligible members to satisfy in full all of the subscriptions of directors and officers of Members Mutual, the available shares of common stock will be allocated among the subscribing management participants in the proportion in which the number of shares as to which each such management participant's subscription bears to the aggregate number of shares subscribed for by all management participants.

Undersubscription

If fewer than 14,875,000 shares are subscribed for in the subscription offering, the standby purchaser has agreed to purchase enough shares in the standby offering to assure the sale of the minimum number of shares necessary to complete this offering, and may purchase additional shares as may be necessary in order to permit the standby purchaser to acquire a majority of the shares sold, provided that no more than 20,125,000 shares may be sold in the offerings. In that event, the level of sales to eligible members and directors and officers of Members Mutual will not impact the condition that at least 14,875,000 shares must be sold to complete this offering. Accordingly, the sale of the minimum number of shares necessary to complete this offering does not indicate that sales have been made to investors who have no financial or other interest in the offerings, and the sale of the minimum number of shares should not be viewed as an indication of the merits of this offering.

Benefits to Management

Members of our management and our directors are participants in an equity incentive plan established under the terms of the amended and restated limited partnership agreement of the standby purchaser. The plan was established to promote the long-term growth and profitability of the standby purchaser and all of our stockholders by providing employees, directors and service providers who are or will be involved in our growth with an opportunity to acquire an ownership interest in the standby purchaser, thereby encouraging such persons to contribute to and participate in our success. Under the plan, the general partner of the standby purchaser may grant awards of Class B units to employees, directors and other service providers of the standby purchaser and/or Vericity. Class B units are non-voting profits interests in the standby purchaser that entitle the holders thereof to participate in the appreciation in the value of the standby purchaser above an applicable threshold and to thereby share in our future growth. The grant of equity-based awards to our management and directors was intended to encourage the creation of long-term value for our stockholders by helping to align the interests of the participants under the plan with those of our stockholders and to promote employee retention and ownership. See “Executive Compensation—Apex Holdco Equity Incentive Plan.”

Shares Outstanding Immediately After the Offerings

A minimum of 14,875,000 shares and a maximum of 20,125,000 shares of our common stock will be issued and outstanding after the offerings.

Use of Proceeds

As required under Illinois law, the plan of conversion requires that the total price of the stock to be issued in the conversion must be equal to the estimated pro forma market value of converted Members Mutual as determined by an independent appraiser, which is \$148.8 million at the minimum of the offering range. Accordingly, we must sell shares at an aggregate price at least equal to \$148.8 million in the offerings. We estimate the net proceeds from the offerings will be between \$137.0 million at the minimum of the offering range and \$190.9 million at the maximum of the offering range. See the “Offering Summary” on the front cover of the prospectus for the assumptions used to arrive at these amounts. The amount of net proceeds from the sale of common stock in the offerings will depend on the total number of shares actually sold in the subscription offering and the standby offering.

Initially, we plan to retain substantially all of the net proceeds from the offerings at Vericity. Within six months of the closing of this offering, we expect to complete a capital needs assessment to project the amount of capital reasonably needed to be maintained at Vericity to support adequate capital levels at Fidelity Life and Efinancial. Depending on the results of the assessment, we may allocate a portion of the net proceeds from the offerings to support our insurance and agency businesses, and more particularly to (i) reduce our use of reinsurance to finance growth, while continuing to emphasize risk management; (ii) make investments to strengthen our infrastructure, including our IT platforms; and (iii) selectively deploy new capital to acquire and bolster talent in key areas of competency linked to competitive advantage. We expect that any unallocated net proceeds from the offerings will be used for general corporate purposes, including paying holding company expenses, and potentially paying a special cash dividend to our stockholders or repurchasing shares of our common stock.

On a short-term basis, the proceeds retained at Vericity will be initially invested primarily in U.S. government securities, other federal agency securities, and other securities consistent with our investment policy until utilized.

Dividend Policy

Following completion of this offering, our board of directors will have the authority to declare dividends on our shares of common stock. We currently do not have any plans to pay ordinary cash dividends to our stockholders. Any decision to pay a dividend will depend on many factors, including our financial condition and results of operations, liquidity requirements, market opportunities, capital requirements of our subsidiaries, legal requirements, intercompany dividends from our subsidiaries and other factors as the board of directors deems relevant. For additional information regarding restrictions on our ability to pay dividends, see “Dividend Policy.” For information regarding the potential payment of a special cash dividend following a capital needs assessment to be conducted within six months of the closing of this offering, see “Dividend Policy—Capital Needs Assessment; Potential Special Dividend.”

Market for Common Stock

We intend to apply for the listing of our common stock on the NASDAQ Capital Market under the symbol “VERY.”

How You May Obtain Additional Information Regarding this Offering

If you have any questions regarding the stock offering, please call the Stock Information Center at 1—[●], Monday through Friday between 10:00 a.m. and 4:00 p.m., Central Time to speak with a representative of Raymond James.

RISK FACTORS

An investment in our common stock involves a number of risks. Before making a decision to purchase our common stock, you should carefully consider the following information about these risks, together with the other information contained in this prospectus. Many factors, including the risks described below, could result in a significant or material adverse effect on our business, financial condition and results of operations. If this were to happen, the price of our common stock could decline significantly and you could lose all or part of your investment.

Risks Relating to Our Business

We have incurred a net loss in each of the eight prior fiscal years.

Although founded over one hundred years ago, we recommenced independent operations in 2007 following the termination of a long-term management relationship with a former affiliate, and a significant percentage of Fidelity Life's in-force policies have been written only in the years since then. The lack of cash flows typically associated with a legacy business puts Fidelity Life at a disadvantage in comparison with other life insurance carriers that have a more established book of business and associated revenue streams. In addition, we have incurred a net loss in each of the eight prior fiscal years, resulting in an aggregate of approximately \$98 million in net losses over that period, including losses of \$[●] million, \$8.2 million and \$15.3 million for the nine months ended September 30, 2018, and for the years 2017 and 2016, respectively. Our losses are due principally to operating expenses and corporate overhead exceeding revenues of our agency and insurance segments, and our inability to defer commission expense on policies produced by our affiliated agency, Efinancial.

If we are successful in growing our business through our distribution strategy, we expect to continue to generate consolidated net losses until we have developed a sustainable book of business and our growth rate has leveled.

Revenue growth is required to increase our scale to cover our operating expenses and corporate overhead. Consistent with our distribution strategy, we have been increasing the number of Fidelity Life policies sold through our affiliated distributor, Efinancial. However, generally accepted accounting principles (GAAP) require that we immediately expense that portion of our policy acquisition costs for policies placed through our affiliated agency, Efinancial, that cannot be directly tied to the placement of a policy. As a result of this immediate expense recognition for sales through Efinancial, we incur a net loss in the first year on each policy sold through Efinancial. We plan to continue to increase sales through Efinancial as we seek to further develop our distribution platform and grow our book of business. If we are successful in increasing our premium writings through Efinancial over each of the next several years, we expect that the impact of the immediate expense recognition will continue to contribute to our incurring consolidated net losses and reduction of our consolidated equity in each such year. If we are not able to offset that expense load with additional income streams, we will continue to incur consolidated net losses, which will have a material and adverse effect on our business, financial condition, results of operations, and prospects. There can be no assurance that we will be able to generate a sustainable book of business using our distribution platform that will produce sufficient revenues to offset our expenses.

We use products and processes in order to overcome the barriers that have historically hindered access to the Middle Market, and there can be no assurance our products and processes will fully address these barriers.

Historically, our target market has been underserved by life insurance companies that have tended to focus on more affluent customers. The products and processes that we use to reach the Middle Market rely heavily on retail call center-based sales. The call centers that we are familiar with tend to have low placement ratios on medically underwritten products because of the time delay involved in issuing policies and the lack of face to face sales support typically provided by traditional agents. We have developed innovative products and processes designed to streamline the sale of life insurance and improve call center placement ratios. We cannot assure you that our business model, which is focused on selling quick-issue policies to the Middle Market through our retail call center distribution platform, will prove to be viable or sustainable. If we are not successful in utilizing our products and processes to penetrate our target Middle Market, we will not generate sufficient revenues to offset our expenses, which will result in a material and adverse effect on our business, financial condition, results of operations, and prospects.

Although we are currently exploring direct distribution of insurance policies over the internet, there can be no assurance that we will be successful in placing policies through this distribution platform. Several of our competitors are currently developing, and in some cases have developed, the capability for distribution of insurance products through digital and online platforms. If we are unable to successfully implement our online distribution platform or implement other distribution methods that are preferred by consumers, we may be unable to successfully reach a portion of our target Middle

Market. In addition, there can be no assurance that the performance of the products that we sell through direct online distribution will meet our expectations. Either of these circumstances could cause a material and adverse effect on our business, financial condition, results of operations, and prospects.

Our results of operations have been adversely affected by the current low interest rate environment, and will continue to be adversely affected if interest rates remain low or if interest rates should rapidly increase.

Interest rates have remained at near historically low levels for an extended period. Although the Federal Reserve moved to marginally increase short-term interest rates in 2018, 2017, and 2016 and may continue to increase rates in the future, medium and long-term interest rates have remained at low levels. During a prolonged period of low interest rates, our investment earnings may decrease because the interest earnings on our recently purchased fixed income investments will likely have declined in parallel with market interest rates. In addition, callable fixed income securities in our investment portfolios will be more likely to be prepaid or redeemed as borrowers seek to borrow at lower interest rates. Consequently, we may be required to reinvest the proceeds in securities bearing lower interest rates. In addition, during periods of continuing low interest rates, our financial performance may suffer as a result of a decrease in the spread between interest rates credited to our annuity contractholders and returns on our investment portfolios. A period of prolonged low interest rates may also cause us to change our assumptions of the interest rates that we can earn on our investments and the long-term interest rate that we assume in our calculation of insurance assets and liabilities under GAAP. This revision would result in increased reserves, accelerated amortization of deferred acquisition costs and other unfavorable consequences. In addition, certain statutory capital and reserve requirements are based on formulas or models that consider interest rates, and an extended period of low interest rates may increase the statutory capital we are required to hold and the amount of assets we must maintain to support statutory reserves.

Conversely, an increase in market interest rates could also have a material adverse effect on the value of our investment portfolio by, for example, decreasing the estimated fair values of the fixed income securities within our investment portfolio. In addition, in periods of rapidly increasing interest rates, withdrawals or surrenders under our annuity contracts may increase as policyholders choose to seek higher investment returns. Obtaining cash to satisfy these obligations may require us to liquidate fixed income investments at a time when market prices for those assets are depressed because of increases in interest rates. This may result in realized investment losses. Also, certain statutory reserve requirements are based on formulas or models that consider forward interest rates and an increase in forward interest rates may increase the statutory reserves we are required to hold thereby reducing statutory capital.

Difficult economic conditions have adversely affected the demand for our insurance products in our target Middle Market.

In addition to the adverse impacts of the current low interest rate environment, our business prospects, results of operations and financial condition are affected by general economic conditions. While economic conditions have stabilized and improved in a number of areas, economic challenges still remain. Many middle American families, including those that comprise our target Middle Market, have experienced financial hardships as a result of the slow pace of the economic recovery and stagnant income levels. We believe that these economic pressures have reduced demand for our life insurance products due to challenging consumer economics, including increased demands on disposable income to pay for increasing costs of living, including health insurance, savings goals and general living expenses.

Actual results could materially differ from the third party predictive analytical models that we currently use and those that we plan to develop in the future to assist our decision-making processes.

Our business strategy relies on our ability to develop and effectively utilize predictive analytics to optimize our production of a stable book of life insurance business. Flaws in, or faulty assumptions used by, our predictive models could lead to increased policy claims. If, based upon predictive analytics or other factors, we misprice our products or our estimates of the risks we are exposed to prove to be materially inaccurate, there could be a material and adverse effect on our business, financial condition, results of operations, and prospects.

Our operations are dependent on access to key technology tools; if we lose access to these tools, our ability to conduct business could be significantly impaired.

We make extensive use of internally developed software applications in the conduct of our businesses. In our agency segment, our patented ALISS® software system contains a number of custom applications that are necessary to our ability to operate, including marketing, consumer relationship management, and modules for sales, case management and customer

service. In our insurance segment, we have developed our Rapid Application system and our Fidelity Life Association Sales Handler (FLASH) system to allow our producers to efficiently complete a web-enabled sales application for many of our insurance products. For the year ended December 31, 2017, nearly all of our new insurance policies were processed through our Rapid Application or FLASH systems.

In the event of a disaster such as a natural catastrophe, an epidemic, an industrial accident, a blackout, a computer virus, a terrorist attack, a cyber-attack, or war that causes ALISS® or our Rapid Application or FLASH systems to not function, unanticipated problems with our disaster recovery systems would have an adverse impact on our ability to conduct business and on our results of operations and financial position, particularly if those problems affect our internet access, computer-based data processing, transmission, storage and retrieval systems or destroy valuable data. Despite our implementation of security measures, disaster recovery plans, system back-up plans and offsite arrangements to reduce the risk of a loss of access to these critical systems, there is no assurance that these security measures and back-up plans will work when needed or would protect the company in all circumstances that could arise. An interruption in our business because of our inability to access our key technology tools could result in the loss of revenue and damage to our reputation and could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Valuation of our investments, and the determination of whether a decline in the fair value of our invested assets is other-than-temporary, is based on methodologies and estimates that may prove to be incorrect, which could adversely affect our results of operations and financial condition.

Our fixed maturity securities are classified as either “available-for-sale” securities or “trading” securities, both of which are carried at fair value on the balance sheet. Fair value represents the price that would be received from the sale of an asset in an orderly transaction between market participants on the measurement date. Determining the fair value of certain invested assets, particularly those that do not trade on a regular basis, requires an assessment of available data and the use of assumptions and estimates in making these determinations. This analysis requires us to characterize certain of our investment assets among different categories referred to as either Level 1, Level 2 or Level 3 assets. See “Management’s Discussion and Analysis—Valuation of Fixed Maturity Securities and Equity Securities.” At December 31, 2017, we had 2% of our investment assets characterized as Level 1 assets, 91% of our investment assets characterized as Level 2 assets, and 7% of our investment assets characterized as Level 3 assets. See “Note 12—Assets and Liabilities Measured at Fair Value” to our audited consolidated financial statements included in this prospectus.

In addition, GAAP requires that when the fair value of certain of our invested assets declines and such decline is deemed to be other-than-temporary, we recognize a loss in either accumulated other comprehensive income or on our consolidated statement of operations based on certain criteria in the period that this determination is made. Once it is determined that the fair value of an investment asset is below its carrying value, we must determine whether the decline in fair value is other-than-temporary, which is based on subjective factors and involves a variety of assumptions and estimates. For information on our valuation methodology, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Investments.” There are certain risks and uncertainties associated with determining whether declines in market value are other-than-temporary. These include significant changes in general economic conditions and business markets, trends in certain industry segments, interest rate fluctuations, rating agency actions, changes in significant accounting estimates and assumptions and legislative actions. In the case of mortgage- and other asset-backed securities, there is added uncertainty as to the performance of the underlying collateral assets. To the extent that we are incorrect in our determination of fair value of our investment securities or our determination that a decline in their value is other-than-temporary, we may recognize losses that never actually materialize or may fail to recognize losses within the appropriate reporting period that will be recognized in future periods.

If we are unable to protect sensitive consumer information, our reputation could be damaged and we could be subject to fines or litigation.

Our products and services involve the use, collection and storage of confidential information of consumers and the transmission of this information. In our agency segment, this information is used in the underwriting process by our carriers. For example, we collect names, addresses, personal identity and financial information, and information regarding the medical history of consumers in connection with their applications for life insurance. In our insurance segment, we maintain detailed information on our policyholders, including sensitive, non-public personal information.

While we take commercially reasonable measures to keep our systems and data secure, it is difficult or impossible to defend against all risks being posed by changing technologies as well as criminals intent on committing cybercrime. Increasing sophistication of cyber criminals and terrorists make keeping up with new threats difficult and could result in a

breach. As a result, we may be unable to anticipate the type or manner of attempts to breach our security or to implement adequate preventative measures against these attempts. We may be required to expend significant capital and other resources to protect our technology infrastructure from attack or to alleviate problems caused by security breaches.

Changes in legislation relating to information security, industry best practices or the specific requirements of our insurance carriers or other business partners may impose new requirements relating to data security and may present significant implementation costs and challenges. Changing our processes could be time consuming and expensive, and failure to timely implement required changes could result in our inability to sell certain insurance products in a particular jurisdiction or to represent certain insurance carriers, any of which could damage our business and adversely affect our results of operations and financial condition.

Any breach or perceived breach of our security could damage our reputation and our relationship with our policyholders, clients, marketing partners and insurance carriers. Reputational damage of this kind could significantly harm our agency segment. For example, consumers and insurance carriers may be less likely to use our agency services following a breach because of a perceived weakness in our information security measures. Additionally, we could be subject to significant liability as well as regulatory action, which would have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We may be unable to adequately protect our intellectual property rights or avoid infringing the intellectual property rights of third parties and the intellectual property rights we have may not be a meaningful barrier to competition.

Currently, we rely on a combination of several issued U.S. patents and a patent application, copyrights, trademarks and trademark applications, confidentiality or non-disclosure agreements, licenses, work-for-hire agreements and invention assignment agreements to protect our intellectual property rights. We can give no assurance, however, that the protective actions we have taken with respect to our intellectual property rights are adequate to prevent others from developing software platforms or using brands that are substantially similar to our own and upon which we rely to differentiate our products and to provide, through the use of our Rapid Application and FLASH technology platforms, a differentiated web-enabled sales and underwriting process. Competitors may adopt brand names similar to our trademarks and tradenames, and owners of similar registered trademarks may bring trade name or trademark infringement claims against us. Further, policing our intellectual property rights is difficult and expensive and may not always be effective. Others may assert claims that our trademarks or copyrights in our proprietary software or materials are invalid or that our proprietary software infringes upon their intellectual property rights. If disputes of this type were to occur, we may not be able to resolve them to our satisfaction. Our inability to protect or maintain exclusive use of our intellectual property could adversely affect our business operations.

Unauthorized parties may copy aspects of our software or obtain and use information we hold as trade secrets and regard as proprietary. While unauthorized parties' use of our proprietary information may under certain circumstances be actionable, independent development of material we hold as trade secrets does not necessarily give rise to a cause of action for trade secret misappropriation. In addition, in the course of seeking patent protection, we were required to publicly disclose information related to our software sufficient to enable others with "ordinary skill" in the relevant technology area to use our various inventions. Third parties may be able to legally circumvent our proprietary rights by using our former disclosures to assist in independently developing software that is substantially similar to our own but which differs from the claims of our issued patents. Use of our patents in this way does, however, present risk to third parties of a finding of willful patent infringement and correspondingly enhanced damages. Moreover, independent development of our patented technology is actionable as direct patent infringement and is generally a strict liability offense.

Currently, we have seven issued U.S. patents and one pending U.S. patent application related to certain aspects of our **RAPID**Decision® Life sales process, our LifeTime Benefit Term product, our ALISS® system and other elements of our business. In the past, we have preliminarily pursued foreign protection and continue to evaluate whether such protection is valuable. Generally, patents issued in the United States remain in force for twenty years from the earliest effective filing date, but in some instances can be extended due to patent office delays for as many as several additional years. Our patents and patent application are expected to expire within the period between July, 2024 and July, 2029. In addition, valid patents may not issue from our pending application, and our issued patents, along with any claims in our pending application that are allowed, may be challenged, invalidated or circumvented, or may not be sufficiently broad to foreclose potential competitors from developing similar new technologies. Furthermore, costly and time consuming litigation could be necessary to enforce and determine the scope of our patents.

In its 2014 decision in *Alice Corp. v. CLS Bank Int'l.*, the Supreme Court of the United States reemphasized the general idea that abstract ideas are not patentable as business methods, but that business methods may be patentable processes if they

otherwise satisfy the requirements of the U.S. Patent Act. In particular, the Supreme Court's two-pronged Alice test first asks whether patents are directed to abstract ideas; if not, patents cover eligible subject matter. If a patent is directed to an abstract idea, prong two of the test asks whether the patents cover "something more" such that they are patent eligible. As a result of Alice, if patents are novel, nonobvious and fully and particularly described, there are arguments to be made that even business method patents can cover patent eligible subject matter. We have endeavored to prosecute patent claims to satisfy the requirements of the U.S. Patent Act in view of Alice, and much of our patent portfolio has been prosecuted post-Alice. Nonetheless, the continued emphasis on the unpatentability of abstract ideas could result in at least some of our existing patents—including our **RAPID**Decision® Life (Hybrid Life) patent family—being rendered invalid and unenforceable or could result in the denial of our pending patent application.

In the ordinary course of our business we can face coverage disputes and lawsuits that are expensive, time consuming and may include claims for extra-contractual damages, which, if resolved adversely, could harm our business, financial condition, or results of operations.

From time to time, we are involved in coverage and other types of lawsuits in the ordinary course of our business. Defending these claims is costly and can impose a significant burden on our management and employees. We utilize reinsurance to limit our exposure on any one life under the insurance policies we issue. However, our reinsurance arrangements generally do not cover extra-contractual damages that we may incur in connection with coverage disputes. Accordingly, were we to be found liable for extra-contractual damages, we would be responsible for the full amount of extra contractual damages. If we are found to be liable for significant extra-contractual damages in future cases, there could be a material and adverse effect on our business, financial condition, results of operations, and prospects.

Legal and regulatory investigations and actions are increasingly common in the life insurance business and may result in financial losses and harm our reputation.

We face a risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. Fidelity Life and Efinancial may become subject to class actions and regulatory actions or may become subject to individual lawsuits relating, among other things, to sales or underwriting practices, payment of contingent or other sales commissions, claims payments and procedures, product design, disclosure, administration, additional premium charges for premiums paid on a periodic basis, interest crediting practices, denial or delay of benefits and breaches of fiduciary or other duties to customers. Plaintiffs in class action and other lawsuits against Fidelity Life or Efinancial may seek very large or indeterminate amounts, including punitive and treble damages, which may remain unknown for substantial periods of time.

From time to time, Fidelity Life is subject to regulatory review and is currently under an examination by various state treasurers relating to our escheat practices for unclaimed life insurance death benefits. While we believe our practices comply with applicable law, these practices have come under increased scrutiny by state regulatory bodies. State insurance regulators, treasurers and comptrollers are requesting life insurance companies to report on their escheat practices and procedures for tracking and identifying claims that became payable by death or other insured events but were not paid because no claim was presented to the company for payment. As a result of these investigations, regulators are routinely looking to adopt regulations that would require insurance companies to perform regular checks against the Social Security Death Master File, which we currently conduct, or review equivalent sources, as well as require insurance companies to collect more information needed to track policyholders, account holders and beneficiaries. It is possible that these requests by the state regulators may result in payment to beneficiaries, escheatment of funds deemed abandoned under state laws and changes to our escheat practices and procedures.

From time to time, the Illinois Department of Insurance has inquired regarding the levels of our statutory capital. Since 2007 when we resumed writing business as a stand-alone company, Fidelity Life's statutory capital has declined from \$275.2 to \$127.6 million at December 31, 2017. This decline is due principally to surplus strain from writing new business, which requires us to set aside a portion of surplus for each policy written to fund our reserves for claims, and from our operating costs exceeding our revenues. While Fidelity Life's current level of statutory capital exceeds the level at which the Illinois Department of Insurance would be authorized to take any action against it, if Fidelity Life were to suffer a significant decline in the level of its statutory capital, the Illinois Department of Insurance could take various remedial actions, any of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. See "– Risks Relating to our Insurance Segment—A significant decline in Fidelity Life's risk-based capital could limit its ability to write new business."

Fidelity Life is also subject to various regulatory inquiries, such as information requests, subpoenas, market conduct exams and books and record examinations, from state and federal regulators and other authorities, which may result in fines,

recommendations for corrective action or other regulatory actions. Current or future investigations, proceedings or regulatory actions could have an adverse effect on our business, results of operations and financial condition. Moreover, even if we ultimately prevail in the investigation, proceeding or regulatory action, we could suffer significant reputational harm, which could have an adverse effect on our business. Most recently in early 2016, Fidelity Life was subject to a market conduct examination in California. The California examination is closed and no material issues were identified. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal actions or precedents and industry-wide regulations or practices that could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We rely on the experience of the members of our executive management team and certain key employees and contractors. The loss of any of these individuals could have an adverse impact on our business and our ability to implement our business strategy.

The success of our business is dependent, to a large extent, on our ability to attract and retain key employees including the following members of our executive management team: James Hohmann, President and Chief Executive Officer; James Harkensee, President and Chief Operating Officer of Fidelity Life; Chris Kim, Chief Financial Officer and Treasurer; John Buchanan, Executive Vice President, General Counsel and Secretary; Laura Zimmerman, Executive Vice President and Chief Marketing Officer; and Chris Campbell, President and Chief Operating Officer of Efinancial. Our executive management team has extensive experience in the insurance and direct marketing industries. Were we to lose any of these employees, it may be challenging for us to attract a replacement employee with comparable skills and experience in our market niches. We have employment agreements with our executive officers, which are described under “Executive Compensation—Employment Agreements.” We do not currently maintain key man life insurance policies with respect to any member of our executive management team.

In addition, we rely on certain key employees and contractors who have knowledge of our systems and process. The loss of any one or more of these persons could result in a disruption to our business which could have an adverse effect on our financial performance.

We may be required to establish an additional valuation allowance against deferred income tax assets if our business does not generate sufficient taxable income or if our tax planning strategies are modified, which could have a material adverse effect on our results of operations and financial condition.

Deferred income tax represents the tax effect of the differences between the financial accounting and tax basis of assets and liabilities. Deferred tax assets represent the tax benefit of future deductible temporary differences, operating loss carryforwards and tax credit carryforwards. We periodically evaluate and test our ability to realize our deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. In assessing the more likely than not criteria, we consider future taxable income as well as prudent tax planning strategies. Future facts, circumstances, tax law changes and financial accounting or GAAP developments may result in an increase in the valuation allowance. An increase in the valuation allowance could have a material adverse effect on the Company’s results of operations and financial condition.

As of December 31, 2017, we had recorded deferred tax assets of \$15.5 million and a valuation allowance of \$10.6 million, resulting in a net deferred tax asset of \$4.9 million. To the extent we are required to establish an additional valuation allowance against deferred income tax assets, the amount of such valuation allowance would be charged against our net income for the period in which that valuation allowance is established, which could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We operate in a heavily state regulated industry, and the prospect exists for further federal involvement in the regulation of insurance companies.

Our business is regulated by government agencies in the states in which we do business, and we must comply with a number of state and federal laws and regulations. Most insurance regulations are intended to protect the interests of current and potential policyholders and customers rather than those of stockholders and other investors in insurance services companies.

State laws and regulations that apply to us include those governing the financial condition of insurers, including standards of solvency, risk-based capital requirements, types, quality and concentration of investments, establishment and maintenance of reserves, required methods of accounting, reinsurance and requirements of capital adequacy, and those

governing the business conduct of insurers, including transactions with affiliates, sales and marketing practices, claim procedures and practices, and policy form content. In addition, state insurance laws require licensing of insurers and their agents. State insurance regulators have the power to grant, suspend and revoke licenses to transact business and to impose substantial fines and other penalties.

We may be unable to comply fully with the wide variety of applicable laws and regulations that are frequently undergoing revision. In addition, we follow practices based on our interpretations of laws and regulations that we believe are generally followed by the insurance industry. These practices may be different from interpretations of insurance regulatory agencies. Moreover, in order to enforce applicable laws and regulations or to protect policyholders, insurance regulatory agencies have relatively broad discretion to impose a variety of sanctions, including examinations, corrective orders, suspension, revocation or denial of licenses and the takeover of insurance companies. As a result, if we fail to comply with these laws and regulations, state insurance departments can exercise a range of remedies from the imposition of fines to being placed in rehabilitation or liquidation. State insurance departments also conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to financial condition, holding company issues and other matters. These regulatory requirements may adversely affect or inhibit our ability to achieve some or all of our business objectives. Changes in the level of regulation of the insurance industry or changes in laws or regulations or interpretations of laws and regulations by regulatory authorities could adversely affect our ability to operate our business.

We are subject to various accounting and financial requirements established by the National Association of Insurance Commissioners (“NAIC”) as adopted by the states in which we operate. In addition, state regulators and the NAIC continually re-examine existing laws and regulations, with an emphasis on insurance company solvency issues and fair treatment of policyholders. Insurance laws and regulations could change or additional restrictions could be imposed that are more burdensome. Because these laws and regulations are for the protection of policyholders, any changes may not be in your best interest as a stockholder.

Currently, the U.S. federal government does not directly regulate the insurance business. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) established a Federal Insurance Office (“FIO”) within the Department of the Treasury. The FIO initially is charged with monitoring all aspects of the insurance industry (other than health insurance, certain long-term care insurance and crop insurance), gathering data, and conducting a study on methods to modernize and improve the insurance regulatory system in the United States. On December 12, 2013, the FIO issued a report entitled “How to Modernize and Improve the System of Insurance Regulation in the United States” (the “Report”), which stated that, given the “uneven” progress the states have made with several near-term state reforms, should the states fail to accomplish the necessary modernization reforms in the near term, “Congress should strongly consider direct federal involvement.” The FIO continues to support the current state-based regulatory regime, but will consider federal regulation should the states fail to take steps to greater uniformity (e.g., federal licensing of insurers). Each year the FIO also releases an annual report on the insurance industry (“Annual Report”), with its latest Annual Report released in September of 2017. The Annual Report provided a set of recommendations along with providing an overview of the financial performance and condition of the U.S. insurance industry and outlining a number of insurance industry and regulatory developments from the past year. We cannot predict what impact, if any, this guidance or any new legislation would have on our business, financial condition and results of operations.

In addition, federal legislation and administrative policies in several areas can significantly and adversely affect the insurance industry. These areas include financial services regulation, securities regulation, pension regulation, privacy, tort reform legislation and taxation. Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially impact our business and increase our direct and indirect compliance and other expenses of doing business, thus having a material and adverse effect on our business, financial condition, results of operations, and prospects.

The life insurance industry in which we operate is highly competitive, which may limit our ability to maintain and increase our market share of our target market.

Competition in the life insurance industry is based on many factors. These factors include the perceived financial strength of the insurer, premiums charged, policy terms and conditions, services provided, reputation, financial ratings assigned by independent rating agencies and the experience of the insurer in the line of insurance to be written.

In our insurance segment, certain of the insurance companies we compete against have substantially greater financial, technical and operating resources than we have. Many of the lines of insurance we write are subject to significant price competition. In addition, there are many competitors that participate in the non-medically underwritten segment of the life

insurance industry. As new competitors enter the non-medically underwritten market using predictive analytics, they may price aggressively to capture market share. If our competitors price their products aggressively, our ability to grow or renew our business may be adversely affected. We pay producers on a commission basis to produce business. Some of our competitors may offer higher commissions or offer insurance products at lower premium rates. Increased competition could adversely affect our ability to attract and retain business and thereby adversely affect our business, financial condition or results of operations.

In our agency segment, we compete for access to talented sales representatives and for quality sales prospects, or leads. Much of the competition for talent involves agent recruitment. Efinancial's competitors include SelectQuote, AIG Direct, and Health I.Q. among others. Certain of our competitors in the direct distribution call center industry have been in business longer than Efinancial and are more established and have greater resources to hire insurance agents and develop new technologies. Also, agents choose to work through agencies based on a number of factors including marketing service and support, technology tools, the insurance company that the agency represents, sales commission structure, and the number and quality of sales leads. If our competitors provide the agents with better technology, pay higher commissions or provide access to insurance companies and products that are perceived to be better than those we can provide, our ability to attract and retain agents may be reduced, which could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Recently enacted U.S. tax legislation may adversely affect our business, results of operations, financial condition and cash flow.

On December 22, 2017, the President signed into law Public Law No. 115-97, a comprehensive tax reform bill commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") that significantly reforms the Internal Revenue Code of 1986, as amended (the "Code"). The Tax Act, among other things, contains significant changes to corporate taxation, including a permanent reduction of the corporate income tax rate, a partial limitation on the deductibility of business interest expense, limitation of the deduction for certain net operating losses to 80% of current year taxable income, elimination of net operating loss carrybacks, an indefinite net operating loss carryforward, immediate deductions for certain new investments instead of deductions for depreciation expense over time, and the modification or repeal of many business deductions and credits. The Tax Act is complex and far-reaching. There may be material adverse effects resulting from the Tax Act that we have not identified and that could have an adverse effect on our business, results of operations, financial condition and cash flow.

We expect that our ability to use beneficial U.S. tax attributes will be subject to limitations.

Section 382 of the Code operates as an anti-abuse rule, the general purpose of which is to prevent trafficking in tax losses, but which can apply without regard to whether a "loss trafficking" transaction occurs or is intended. Similar rules apply to capital loss carryforwards. These rules are triggered when an "ownership change"—generally defined as when the ownership of a company, or its parent, changes by more than 50% (measured by value) on a cumulative basis in any three-year period—occurs and the company is a "loss" corporation. A company is a loss corporation if, at the date of the ownership change, the company has a tax loss carryforward which may be used in a tax year after the ownership change. When triggered, the amount of the taxable income for any post-change year which may be offset by a pre-change loss is subject to an annual limitation. An annual limitation not used in one year, may be carried over to a subsequent year. Generally, the annual limitation is derived by multiplying the fair market value of the stock of the taxpayer immediately before the date of the ownership change by the applicable federal long-term tax-exempt rate. In addition, to the extent that a company has a net unrealized built-in loss or deduction at the time of an ownership change, Section 382 of the Code limits the utilization of any such loss or deduction which is realized and recognized during the 5-year period following the ownership change. Following the completion of this offering, we expect that these limitations would apply, which could substantially limit our ability to utilize our net operating loss carryforwards.

The Tax Act's limitation of the deduction for net operating losses to 80% of current year taxable income and its elimination of the deduction for net operating loss carrybacks could further limit our ability to use net operating losses to offset future U.S. federal income. Additionally, the Tax Act's reduction of the corporate tax rate required a one-time remeasurement of deferred taxes to reflect their value at a lower tax rate of 21%, as a result of which the Company reduced its net deferred tax asset by \$9.6 million and decreased the valuation allowance by \$6.6 million resulting in a write-down of the net deferred tax asset through a charge to income tax expense in 2017 of \$3 million.

Risks Relating to our Agency Segment

Our agency segment is focused primarily on a single distribution method – direct sales through call centers. Many Middle Market consumers prefer alternative ways of purchasing insurance, which could have a material adverse effect on our ability to effectively penetrate our target Middle Market.

The vast majority of Efinancial's sales are made through its call center distribution channel. Our agency segment does not currently actively engage in significant sales activity through other means of distribution, such as over the internet or in person. Market research indicates that many Middle Market consumers prefer to purchase insurance in person rather than over the phone. As a result, our reliance on telephonic sales could adversely affect our results of operations. Additionally, our ability to successfully convert telephonic sales leads to actual sales could be negatively impacted to the extent that competitors enter the Middle Market using other sales methods that are preferred by consumers.

Our agency segment is dependent on having a large quantity of quality insurance sales leads to support our sales of insurance policies and, if we are unable to obtain these insurance sales leads in a cost-effective manner, our business will be adversely affected.

Our retail call center operations require access to a large quantity of quality insurance sales leads to keep our retail call center agents productive. We are dependent upon a limited number of lead suppliers from whom we obtain leads to support our sales of insurance policies. For the year ended December 31, 2017, 63% of our applications came from leads that were sourced from our top four lead suppliers. The loss of one or more of these lead suppliers could significantly limit our ability to access our target market for selling our policies.

Our business is dependent on our ability to successfully convert sales leads to actual sales of insurance policies. If our conversion rate does not meet expectations, our business may be adversely affected.

Obtaining quality insurance sales leads is very important to our business, but our ability to convert our leads to in-force policies is also a key to our success. Many factors impact our conversion rate, including the quality of our leads and agents. If lead quality diminishes, our conversion rates will be adversely affected. Competition in the marketplace also impacts conversion rates. If competition for Middle Market consumers increases, our conversion rates may decline, even absent a degradation in lead quality. Conversion rates are also positively impacted by tenured, well-trained sales agents. If agent turnover increases, leading to a decline in average tenure, conversion rates may be adversely impacted. Finally, if we are unable to recruit, train and retain talented agents, our ability to successfully convert sales leads may be adversely impacted. Any adverse impact on our conversion rate could cause a material and adverse effect on our business, financial condition, results of operations, and prospects.

If we are unable to hire, develop and retain well-qualified individuals to staff our retail call centers, the growth of our agency segment will be adversely affected.

Our business depends on our ability to hire, develop and retain qualified employees. Our ability to grow and expand our agency business depends on our being able to hire, develop and retain sufficient numbers of employees to staff our retail call center operations. Our success in recruiting individuals to become licensed insurance agents to staff our retail call centers can depend on factors outside of our control. These factors include the general economy and the strength of the local employment markets, including the availability of alternative forms of employment. The call center work environment is challenging and demanding. Agent turnover is a significant issue we face in our call centers, particularly among less tenured agents and agents in training. Our turnover rates can fluctuate for several reasons, including the quality of the agents we are able to recruit and train, which is impacted by the factors discussed above. In periods when we are unable to recruit agents who perform well in our call centers, we tend to experience higher turnover rates. The productivity of our retail call center agents is influenced by their average tenure at our retail call centers. Without qualified individuals to serve in our consumer facing roles, our agency segment may produce less commission revenue, which could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Efinancial relies on third party insurance companies in addition to Fidelity Life to provide insurance products for sale to our customers. The termination of our relationship with a third party carrier could adversely affect our business.

Our agency segment also generates revenue from the sale of insurance products issued by unaffiliated insurance companies, or carriers. For the year ended December 31, 2017 Efinancial derived approximately 75% of its commission revenue from Fidelity Life and approximately 25% from all other sources. We typically enter into contractual agency relationships with carriers that are non-exclusive and terminable on short notice by either party for any reason. Carriers may

be unwilling to allow us to sell their existing or new insurance products for a variety of reasons, including for regulatory reasons, as a result of a reluctance to distribute their products through call centers or because they do not want to be associated with our brand. In addition, it is possible that Efinancial's relationships with the carriers it serves could be adversely affected by Efinancial's affiliation with Fidelity Life, which competes with many of these carriers. The termination of our relationship with a carrier could reduce the variety of insurance products we offer, which could harm our business. We would also lose a source of commissions for future sales or incur additional costs to implement arrangements with other carriers to replace the commission revenue from the terminated carrier. Our business could also be harmed if in the future we fail to develop new carrier relationships and are unable to offer consumers a wide variety of insurance products. Any decline in commission revenue would adversely impact our business and the loss of any of our carriers that account for a significant portion of our commission revenues could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We are subject to extensive regulation regarding telephone and email solicitation, which could limit or restrict our activities and impose financial requirements or limitations on the conduct of our business.

Federal and state laws and regulations in the jurisdictions in which we conduct business govern personal privacy, telephone and email solicitations and data privacy. From time to time we are subject to actions brought under these statutes. Future rules and laws may require us to modify our operations or service offerings, and these regulations may limit our activities or significantly increase the cost of regulatory compliance, which could adversely affect our results of operations.

There are numerous state statutes and regulations governing phone and email solicitation activities that apply or may apply to us. For example, some states place restrictions on the methods and timing of telephone solicitation calls and require that certain mandatory disclosures be made during the course of a call. We specifically train our retail call center sales agents to handle calls in an approved manner, and such compliance training is costly and time consuming.

Any failure on our part to comply with the legal requirements applicable to companies engaged in phone or email solicitation activities could result in our being subject to regulatory action or litigation. The possibility for significant regulatory fines, penalties, damages or restrictions imposed by regulatory agencies or by private plaintiffs in litigation could have a material and adverse effect on our business, financial condition, results of operations, and prospects. See "Business—Regulation."

If we are not able to continue to generate data and click-through revenue from our eCoverage web properties, our marketing costs will increase, which will adversely affect the results of our agency segment.

Efinancial's marketing expenses are a significant part of our total cost of doing business. To reduce our customer acquisition costs, we contract with third party marketers who contact consumers, some of whom will click through to one of eCoverage's landing pages. We are able to generate data and/or click-through revenue when those leads click through to our landing pages to access information about life insurance options. For the year ended December 31, 2017, we generated \$3.7 million from data and click-through revenue. We rely on data and click-through revenue to reduce our overall marketing expenses.

Risks Relating to our Insurance Segment

The actual experience of our insurance products can differ from the assumptions used to develop and price our insurance products, which can cause us to experience losses from these products.

To develop our insurance products we make assumptions regarding policy persistency, mortality and other benefit experience, the level of investment income that will be earned from investing the product cash flows, and our expenses to underwrite, sell and service the policies. Additionally, we make assumptions about the characteristics of our insureds, including age, sex, underwriting class and coverage amounts purchased. These assumptions, along with our anticipated profit levels, are used to develop the premiums that we will charge customers for our products. In many cases, these premium rates are level and cannot be raised during the initial term of the policy. Our operating results may be materially adversely impacted by variances between our pricing assumptions and our actual experience.

Our key product pricing assumptions are based on a combination of industry studies and other third party data as well as our own experience. We regularly monitor our experience and can adjust premium rates on new business sales should the actual results indicate trends or results that we believe need to be reflected. Many of the insurance products that we offer, such as our **RAPID**Decision® Life and other quick-issue products, are based on or contain innovative product features that we believe provide market advantages. For certain of these innovations the available industry experience may not be applicable

or may require higher levels of judgment to develop our premium rates. For example, the **RAPID**Decision® underwriting process can be completed in a single session and without a medical exam (including approval of all-cause coverage for the full policy amount for our **RAPID**Decision® policies for qualified customers). These features can make the underwriting process less reliable and subject to greater variance than products underwritten through processes with more established industry experience. If the actual product experience for any of these areas varies adversely from the assumptions used to price our products, it could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Our non-medically underwritten insurance products focused on the Middle Market are subject to a higher risk of lapse than more traditional life insurance products, which could have an adverse effect on our insurance segment.

A significant portion of the life insurance policies that we issue are non-medically underwritten, including our **RAPID**Decision® product line. In our experience, policies of this type have a higher lapse rate than more traditional life insurance products. We believe this higher lapse rate can be attributed to, among other factors, the following:

- the lack of an investment component in term life insurance products compared with whole life policies;
- higher premium rates than medically underwritten coverage alternatives;
- the greater sensitivity of Middle Market consumers to the cost of life insurance in a challenging economic environment compared with more affluent consumers; and
- the purchase of a non-medically underwritten product is more likely to be an impulsive purchase than the purchase of a fully medically underwritten product.

While the risk of higher lapse rates is contemplated in our product pricing, if actual policy lapse rates exceed the lapse rates assumed in pricing our products, we will experience an accelerated write-off of our deferred acquisition costs and lower premium revenues, which could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Because our acquisition costs for writing a policy exceed the premiums we receive in the first policy year, the early lapse or termination of a policy may cause us to suffer a loss on that policy.

The amount of commission, underwriting and issue costs payable upon the sale of a life insurance policy exceed the amount of premiums receivable during the first policy year or longer. As a result, our sale of a new policy generally results in our incurring a loss on that policy until we have received enough premium payments to offset our policy acquisition expenses. Because of high front-loaded commissions and other expenses, it can take several years for new policies to become profitable. If a policy terminates or lapses before we are able to recover our costs for producing that policy, we will incur a loss on that policy. For example, we have in the past experienced higher lapse rates than expected on certain products, which caused us to incur losses on the policies that lapsed. If we experience higher than expected lapse rates, there could be a material and adverse effect on our business, financial condition, results of operations, and prospects.

We perform annual testing for premium deficiencies on our blocks of business, the results of which could require us to write down deferred acquisition cost balances or increase reserves.

For traditional life business, a premium deficiency can exist if the discounted present value of future premiums plus the current reserve, reduced by unamortized acquisition expenses, is not sufficient to cover the present value of anticipated future claims and related settlement and maintenance costs. When a premium deficiency is indicated we will write down any deferred acquisition cost balance to the point where the premium deficiency is eliminated. If the deferred acquisition cost is fully written down but the premium deficiency is not eliminated, we will record additional reserves on that block of policies. If we experience significant premium deficiencies, there could be a material and adverse effect on our business, financial condition, results of operations, and prospects.

Our investment performance may suffer as a result of adverse capital market developments, which may adversely affect our financial results and ability to conduct business.

We allocate a portion of the insurance premiums we receive from policyholders to fund reserves, which are invested until these amounts are needed to pay insured claims. We invest excess corporate cash in various short term and other investments to earn incremental income. As of December 31, 2017, we held investments with an estimated fair value of \$393.1 million and had net investment income of \$15.1 million for the twelve months then ended.

Our investments are subject to a variety of risks that are outside of our control, including risks relating to general economic conditions, market volatility, the extended low interest environment that currently exists, interest rate fluctuations, liquidity risk and credit risk. For example, an unexpected increase in the number or level of benefits incurred with claims may force us to liquidate securities in order to pay such claims. If the duration of our investments does not match our need for liquidity, we may be forced to liquidate investments prior to maturity at a significant loss to cover such payments. Investment losses could significantly decrease our asset base and capital position, thereby adversely affecting our ability to conduct business.

In the current economic environment, we are experiencing interest rates that have remained at near historically low levels across all fixed income investment markets. The effective yield rate of our fixed income investments has declined as currently available interest rates on investments purchased are lower than the rates on our maturing investments. Low current interest rates have resulted in unrealized holding gains recorded as “Other Comprehensive Income.” However, if interest rates were to rise, it is possible that the market value of the securities and other investments we hold may decline, negatively affecting our earnings and capital level through realized and unrealized investment losses. In that event we could experience increased surrender of direct and assumed annuities, which we would have to fund through the sales of securities, possibly at a loss. If market interest rates remain at low levels our investment returns will continue to decline and our investment earnings will be reduced. This could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Some of our investments are relatively illiquid and are in asset classes that have been experiencing significant market valuation fluctuations.

We hold certain assets that lack liquidity, such as privately placed fixed income securities, commercial mortgage loans, policy loans and limited partnership interests. These asset classes represented 17.7% of the carrying value of our total cash and invested assets as of December 31, 2017. If we require significant amounts of cash on short notice in excess of normal cash requirements, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both.

The reported fair values of our relatively illiquid types of investments do not necessarily reflect the current market price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance that we would be able to sell them for the prices at which we have recorded them and we might be forced to sell them at significantly lower prices.

If we are unable to enter into reinsurance transactions on a cost-effective basis, our insurance segment will be less profitable and subject to greater risk and we may be unable to expand our business because of capital limitations.

We rely on the availability of reinsurance to manage the risks of our insurance products and to manage the level of capital required to write new business. Reinsurance is the practice of transferring part of an insurance company’s liability under an insurance policy and the premium associated with that insurance policy to another insurance company. We enter into reinsurance contracts to limit and manage the amount of risk we retain relating to the insurance policies we issue. This reduction in risk is intended to reduce volatility in year to year operating results. For example, we limit our retention of exposure on any one life under any insurance policy or policies we issue to a maximum of \$300,000. Our ability to write policies in excess of this amount is therefore typically dependent on the availability of reinsurance for the excess amount of the issued policy at commercially reasonable rates. We also use reinsurance to manage the level of capital required to write new business.

The availability and cost of reinsurance are subject to current market conditions and our experience and may vary significantly over time. Any decrease in the amount of reinsurance available will increase the amount of loss that we retain and could decrease our regulatory capital position. We currently rely on our reinsurance arrangements with Hannover and Swiss Re to continue to write our new business. Should either or both of those reinsurers cease to reinsure our business, or should we be unable to obtain replacement reinsurance or otherwise be unable to obtain reinsurance coverage in desired amounts, our inability to obtain such reinsurance could increase the amount of risk that we retain, expose our financial results to more year to year variability and limit the amount of new business that we can write. If the cost of reinsurance coverage increases, we may charge higher premiums, and that could reduce future sales. Alternatively, we may decide to absorb all or a part of the increased reinsurance costs, which could have a material and adverse effect on our business, financial condition, results of operations, and prospects. See also “—A significant decline in Fidelity Life’s risk-based capital could limit its ability to write new business.”

Should any of our reinsurers fail to meet their contractual commitments to us, our financial condition and results of operations could be adversely affected.

The reinsurance contracts that we enter into to help manage our risks require us to pay premiums to the reinsurance carriers who will in turn reimburse us for a portion of covered policy claims. In many cases, a reinsurer will be called upon to reimburse us for policy claims many years after we paid insurance premiums to the insurer. We remain liable to each of our policyholders for their claims, and we rely on our reinsurers to reimburse us for that portion of a claim for which it is responsible. Accordingly, we are subject to loss and credit risk if our reinsurers are not capable of fulfilling their financial obligations to us. We purchase reinsurance coverage from a number of reinsurers. We do not have any in-force reinsurance agreements which are open to new business with companies that have an A.M. Best financial rating lower than “A-” (Excellent), which is the fourth highest of fifteen ratings.

The reinsurance contracts covering our life insurance policies are long term contracts mirroring the term of the underlying life insurance contracts. During the contract term, the financial position of our reinsurers can deteriorate and our reinsurers could become insolvent or otherwise not be able to reimburse us for ceded claims. Should the financial condition of a reinsurer to which we have ceded premiums deteriorate, it may be unable to reimburse us for losses under its contractual obligations to us. This could materially adversely affect our results of operations and financial condition. As of December 31, 2017, we had reinsurance recoverables of \$143.9 million.

A significant decline in Fidelity Life’s risk-based capital could limit its ability to write new business.

Illinois imposes the risk-based capital requirements developed by the National Association of Insurance Commissioners (“NAIC”) that require insurance companies to calculate and report information under a risk-based capital formula. These risk-based capital requirements attempt to measure statutory capital and surplus needs based on the risks in an insurance company’s mix of products and investment portfolio.

Fidelity Life’s statutory capital and surplus has declined as we continue to sell new insurance policies each year. Because the amount of commission, underwriting and issue costs payable upon the sale of a life insurance policy exceed the amount of premiums receivable during the first policy year, it can take several years for new policies to become profitable. In addition, mandated statutory policy reserve methods, including the model regulation entitled “Valuation of Life Insurance Policies” commonly known as “Regulation XXX”, require that we increase our reserves over the first several years of the policy term. Should statutory capital and surplus continue to decline relative to risk-based capital, we may have to slow the rate of new sales or enter into additional reinsurance arrangements, both steps that could reduce our ability to generate future profits.

To reduce the future impact on regulatory capital from Regulation XXX and help stabilize our regulatory capital position in light of anticipated sales increases, we entered into a reserve financing agreement with Hannover Re effective July 1, 2013, which was amended and restated as of July 1, 2016. As of December 31, 2017, the reserve credit under this arrangement was approximately \$79.9 million. If an insurance regulator were to determine that this agreement did not comply with applicable regulatory requirements, we could lose all or a portion of the reserve credit under this agreement. In that event, our regulatory capital would be significantly reduced and we may be unable to continue writing new business at our anticipated rate.

The failure of Fidelity Life to meet its applicable risk-based capital requirements or minimum capital and surplus requirements, including the effects of Regulation XXX, could also subject it to further examination or corrective action imposed by insurance regulators, including limitations on its ability to write additional business, supervision by regulators or seizure or liquidation. Any corrective action imposed could have a material adverse effect on our business, results of operations and financial condition. A decline in risk-based capital ratios could also limit the ability of Fidelity Life to make dividends or distributions to us, and could be a factor in causing A.M. Best to downgrade Fidelity Life’s financial strength rating, which could have a material and adverse effect on our business, financial condition, results of operations, and prospects. See “Business—Regulation—Risk-Based Capital (RBC) Requirements.”

A significant decline in Fidelity Life’s statutory earnings could limit its ability to write new business.

Fidelity Life’s plans call for significant growth in a capital-intensive business. Over time, this will result in statutory operating losses, which on a sustained basis may need to be addressed by limiting growth or changing product mix, and could be a factor in causing A.M. Best to downgrade Fidelity Life’s financial strength rating. If we have to limit our writing of new business, it could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

A downgrade in Fidelity Life's A.M. Best rating could affect our ability to write new business or could limit the sale of our insurance products in certain distribution channels.

Fidelity Life has been assigned a financial strength rating of "A-" (Excellent) by A.M. Best, an independent rating agency that specializes in ratings for the insurance industry. The financial strength rating assigned by A.M. Best to Fidelity Life is subject to periodic review and may be upgraded or downgraded by A.M. Best as a result of changes in the views of the rating agency or positive or adverse developments in Fidelity Life's business. A.M. Best ratings are based in part upon statutory accounting reports submitted to the NAIC and all states in which we do business. If A.M. Best were to downgrade the financial strength rating assigned to Fidelity Life, it could limit our ability to write certain types of insurance or participate with certain distribution groups or consumers. As a result, we could experience a decline in premiums written that could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We are reliant on third party service providers to conduct our insurance business. If the availability and quality of the services provided by these parties becomes compromised, our operations could be adversely affected.

Fidelity Life uses third parties to provide a number of administrative services related to our insurance segment. These third party services include all administration of in-force policies (including premium billing, commission payment, and claims payment), management of our investment portfolios, payroll processing and payroll tax payments, tax return preparation and administration of reinsurance contracts. We also outsource most of the underwriting of individual insurance policies. The use of third party services provides cost advantages and allows us to access specialized resources on a variable cost basis.

The use of third party service providers requires a high level of oversight by management. Use of third parties makes us dependent on the availability and the quality of these services. We do not currently have the internal capability to perform many of the services. There is no assurance that these key service providers will stay in business or will maintain acceptable service levels, due to circumstances beyond our control or changes in the management or priorities of these third party service providers.

Risks Relating to this Offering

The sale of a minimum of 14,875,000 shares is necessary to complete the conversion and the offerings and does not indicate that sales have been made to investors who have no financial or other interest in the offering, and the sale of the minimum number of shares should not be viewed as an indication of the merits of the offering.

The standby purchaser has agreed to purchase such number of shares in the standby offering as will result in at least the minimum number of shares being sold in the offerings. Accordingly, the sale of the minimum number of shares necessary to complete this offering does not indicate that sales have been made to investors who have no financial or other interest in the offerings, and the sale of the minimum number of shares should not be viewed as an indication of the merits of this offering.

The Internal Revenue Service may disagree with our position that the subscription rights have no value, and therefore eligible members may be deemed to have taxable income equal to the fair market value of the subscription rights granted to them in excess of any tax basis in the membership rights exchanged for such subscription rights.

Generally, the U.S. federal income tax consequences of the receipt, exercise, and expiration of subscription rights are uncertain. We intend to take the position that, for U.S. federal income tax purposes, eligible members will be treated as transferring their membership interests in Members Mutual Holding Company in exchange for subscription rights to purchase Vericity common stock. Any gain realized by an eligible member as a result of the receipt of a subscription right that is determined to have ascertainable fair market value on the date of the deemed exchange must be recognized and included in the eligible member's gross income for federal income tax purposes, whether or not the subscription right is exercised.

Boenning & Scattergood, Inc., which we have engaged to provide us with a valuation of the consolidated pro forma market value of Members Mutual, has advised us that it believes the subscription rights will not have any fair market value. Boenning & Scattergood, Inc. has noted that the subscription rights will be granted at no cost to recipients, will be nontransferable, nonnegotiable and of short duration, and will provide the recipient with the right only to purchase shares of our common stock at a price that is equal to the estimated pro forma market value of the Company, which will be the same price at which any unsubscribed shares will be sold to the standby purchaser. Nevertheless, Boenning & Scattergood, Inc. cannot assure us that the Internal Revenue Service will not challenge its determination that the subscription rights will not have any fair market value or that such challenge, if made, would not be successful. If the subscription rights do have value,

we note that there also exists uncertainty regarding the determination of the number of subscription rights deemed issued to each eligible member because such calculation depends on the number of eligible members who ultimately exercise subscription rights, how many subscription rights each eligible member exercises and how much the eligible members' subscription rights may be cut back in the event of an oversubscription. You should consult your tax advisors with respect to the potential tax consequences to you of the receipt, exercise and expiration of subscription rights. For more information see "Federal Income Tax Considerations—Tax Consequences of Subscription Rights."

The broad valuation range of the subscription offering and the rights of the standby purchaser make your percentage ownership of Vericity uncertain.

The number of shares offered in the subscription offering is based on Boenning & Scattergood, Inc.'s valuation of the consolidated pro forma market value of Members Mutual. Boenning & Scattergood, Inc. has determined that, as of April 11, 2018, the estimated consolidated pro forma market value of Members Mutual is \$175 million, and the range of value of the total number of shares of Vericity common stock to be issued in the offering is between \$148.8 million and \$201.3 million.

There is a difference of approximately \$52.5 million between the minimum and maximum of the offering range. The aggregate dollar value of the shares sold in the subscription offering must be within this estimated valuation range. As a result, the percentage interest in Vericity that a purchaser of shares in this offering will have is greater if 14,875,000 shares are sold than if 20,125,000 shares are sold.

The amount of the net proceeds from the offerings is uncertain, and we will have broad discretion over the use of the net proceeds from the offerings.

The amount of proceeds from the sale of common stock in the offerings will depend on the total number of shares actually sold in the subscription offering and the standby offering, for which a higher commission percentage is applicable. As a result, the net proceeds from the sale of common stock cannot be determined until this offering is completed. However, because of the standby purchaser's commitment, we expect to receive net proceeds of at least \$137.0 million. See "Use of Proceeds."

A challenge to the Illinois Department of Insurance's approval of the plan of conversion could put the terms of the conversion in question or reduce the market price of our common stock.

The Illinois Department of Insurance issued an order approving the plan of conversion on [●]. We are not aware of another Illinois-domiciled mutual life insurance company that has undertaken a subscription rights conversion substantially similar to ours. It is possible that our plan of conversion, being the first of its kind in Illinois, may be challenged.

The existence of any litigation, including a challenge to the validity of the conversion, could reduce the market price of our common stock. A successful challenge to the plan of conversion or to the Illinois Department of Insurance's approval of the plan of conversion could result in monetary damages, modification to the plan or rescission of the Illinois Department of Insurance's approval of the plan of conversion. In addition, a successful challenge would likely result in substantial uncertainty relating to the terms and effectiveness of the plan of conversion, and an extended period of time could be required to reach a final determination. Such an outcome could reduce the market price of our common stock.

Risks Relating to Ownership of Our Common Stock

Upon completion of the offerings, we may be a "controlled company" within the meaning of Nasdaq Stock Market ("Nasdaq") rules, and as a result, would qualify for, and rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

If the standby purchaser acquires a majority of the shares of our common stock in the standby offering, the standby purchaser will control a majority of the voting power of our outstanding common stock and will hold a controlling interest in us. As a result, we would qualify as a "controlled company" within the meaning of the corporate governance rules of Nasdaq. "Controlled companies" under those rules are companies of which more than 50% of the voting power is held by an individual, a group or another company. If we become a "controlled company" upon the completion of the offerings, we will avail ourselves of the "controlled company" exception under the Nasdaq rules, in which event we will not be required not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of independent directors;

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- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent Directors, or otherwise have director nominees selected by vote of a majority of the independent directors;
- the requirement that we have a compensation committee that is composed entirely of independent directors; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

If the standby purchaser acquires a majority of our shares in the standby offering and we become a “controlled company,” you will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements.

We are an “emerging growth company” and a “smaller reporting company” and we intend to take advantage of reduced disclosure and governance requirements applicable to emerging growth companies and smaller reporting companies, which could result in our common stock being less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, which we refer to as the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. For example:

- We will not be required to comply with the auditor attestation requirement on the effectiveness of our internal control over financial reporting contained in Section 404(b) of the Sarbanes-Oxley Act;
- We will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements;
- We will not be required to hold a non-binding advisory vote on executive compensation and golden parachute arrangements not previously approved;
- We will be exempt from certain audit requirements of the Public Company Accounting Oversight Board, unless the SEC determines otherwise; and
- We will take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards, as a result of which our financial statements may not be comparable to those of companies that comply with such new or revised accounting standards.

In addition, based on the maximum number of shares that will be outstanding after the offerings, we will have a public float of less than \$250 million and therefore will qualify as a smaller reporting company under the rules of the SEC. As a smaller reporting company we are able to take advantage of reduced disclosure requirements, such as simplified executive compensation disclosures and reduced financial statement disclosure requirements in our SEC filings. Decreased disclosures in our SEC filings due to our status as an emerging growth company or smaller reporting company may make it harder for investors to analyze our company’s results of operations and financial prospects.

We cannot predict if investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We may take advantage of the reporting exemptions applicable to emerging growth companies until we are no longer an emerging growth company, which in certain circumstances could be for up to five years, and may take advantage of the reporting exemptions applicable to a smaller reporting company until we are no longer a smaller reporting company, which status would end once we have a public float greater than \$250 million. In that event, we could still be a smaller reporting company if our annual revenues were to decline below \$100 million and we have a public float of less than \$700 million. Shares of our common stock held by our directors, executive officers and other affiliates (which may include the standby purchaser) would not be counted in determining our public float. See “Prospectus Summary—Implications of Being an Emerging Growth Company and Smaller Reporting Company.”

The valuation of our common stock in this offering is not necessarily indicative of the future price of our common stock, and the price of our common stock may decline after this offering.

There can be no assurance that shares of our common stock will be able to be sold in the market at or above the \$10.00 per share initial offering price in the future. The final aggregate purchase price of our common stock sold in this offering will be based upon an independent appraisal. The appraisal is not intended, and should not be construed, as a recommendation of

any kind as to the advisability of purchasing shares of common stock. The valuation is based on estimates and projections of a number of matters, all of which are subject to change from time to time. See “The Conversion and Offering—The Appraisal” for the factors considered by Boenning & Scattergood, Inc. in determining the appraised value.

The trading price of our common stock may be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- the level of any potential share repurchases and the effect of such repurchases on our per share financial data;
- changes in interest rates;
- departure of key executives;
- introduction of new services or announcements of significant contracts, acquisitions or capital commitments by us or our competitors;
- regulatory or political developments;
- issuance of new or changed securities analysts’ reports or recommendations, or the announcement of any changes to our A.M. Best rating;
- availability of capital;
- litigation and government investigations;
- legislative and regulatory developments;
- future sales of our common stock;
- investor perceptions of us and the life insurance industry; and
- economic conditions.

These and other factors may cause the market price of our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock.

In addition, the stock market has in the past experienced substantial price and volume fluctuations that sometimes have been unrelated or disproportionate to the operating performance of companies. As a result, the trading price of shares of our common stock may be below the initial public offering price, and you may not be able to sell your shares at or above the price you pay to purchase them.

Anti-takeover provisions contained in our amended and restated certificate of incorporation, which we refer to as our charter, and our amended and restated bylaws, which we refer to as our bylaws, as they will be in effect upon completion of this offering, as well as provisions of Delaware and Illinois law, may render more difficult or discourage takeover attempts on Vericity that you may believe are in your best interests or that might result in a substantial profit to you.

The Illinois Insurance Code requires prior approval by the Illinois Department of Insurance for a change of control of an insurance holding company. Under Illinois law, the acquisition of 10% or more of the outstanding voting stock of an insurer or its holding company is presumed to be a change in control. Approval by the Illinois Department of Insurance may be withheld even if the transaction would be in the stockholders’ best interest if the Illinois Department of Insurance determines that the transaction would be detrimental to policyholders. In addition, for 5 years following the effective date of the conversion, no person or a group of persons acting in concert (other than the standby purchaser) may acquire more than 5% of the capital stock of Vericity in this offering or any other public offering without the approval of the Illinois Department of Insurance.

As a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. Specifically, we are subject to Section 203 of the General Corporation Law of the State of Delaware (the “DGCL”). Section 203 may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time after such ownership interest is acquired, unless such acquisition was approved by our board of directors. The standby purchaser’s acquisition of more than 15% of our common stock was approved by the board of directors and therefore is not subject to this restriction.

Additionally, our charter and bylaws contain provisions that could have the effect of rendering more difficult or discouraging a change in control. These provisions:

- contain advance notice procedures with which stockholders must generally comply to nominate candidates to our board or to propose matters to be acted upon at a meeting of stockholders, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us; and
- authorize our board of directors, without stockholder approval, to amend our bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquiror to amend the bylaws to facilitate an unsolicited takeover attempt.

These provisions of our charter and bylaws, alone or together with certain provisions of Illinois law and Delaware law, could serve to entrench management and may discourage a takeover attempt that you may consider to be in your best interest or in which you would receive a substantial premium over the current market price. These provisions may make it extremely difficult for any one person, entity or group of affiliated persons or entities to acquire voting control of Vericity, with the result that it may be extremely difficult to bring about a change in the board of directors or management. Some of these provisions also may perpetuate present management because of the additional time required to cause a change in the control of the board of directors.

The standby purchaser will obtain control over the election of a majority of our board of directors, may not always exercise its control in a way that benefits, and may have interests that differ from, our public stockholders, and if it acquires a majority of our shares, it will be able to approve most corporate actions by written consent.

Under the terms of the standby purchase agreement and our bylaws, upon completion of the offerings, the standby purchaser will have the right to designate a majority of the nominees to serve on our board of directors, and may acquire a majority of the shares sold in the offerings. If the standby purchaser acquires more than 50% of our outstanding common stock, the standby purchaser generally will be able to determine the outcome of corporate actions requiring stockholder approval. The standby purchaser's interests may differ from your interests, and therefore actions the standby purchaser takes, as a controlling or significant shareholder, with respect to us, may not be favorable to you. Under the terms of the standby purchase agreement, the standby purchaser has agreed to take, or not to take, certain actions for certain periods of time following the completion of this offering. See "The Conversion and Offering – Description of the Standby Purchase Agreement—Post-Closing Covenants."

Our charter and bylaws will not prohibit action by written consent of our stockholders, and therefore any action required or permitted to be taken by our stockholders may be taken by written consent. If the standby purchaser acquires a majority of our shares in the standby offering, the standby purchaser will be able to approve most corporate actions by written consent without a duly-noticed and duly-held meeting of stockholders.

In addition, as permitted by Section 122(17) of the Delaware General Corporation Law, our charter contains provisions renouncing any interest or expectancy of Vericity in, or in being offered an opportunity to participate in, any business opportunities that are presented to one or more of our directors or stockholders who are, at the time, associated with or nominated by, or serving as such as representatives of, the standby purchaser or its affiliates, other than those directors or stockholders who are employees of Vericity or its subsidiaries, unless such opportunity is presented to, acquired, created or developed by, or otherwise comes into the possession of, any such director in such director's capacity as a director of Vericity.

Our ability to pay dividends will be limited.

Upon completion of this offering, Vericity will be a holding company with no operations of its own. Vericity initially will have no significant source of funds other than the amount of net proceeds of the offerings retained by Vericity and investment earnings thereon, and intercompany dividends from Efinancial and Fidelity Life, if any. Therefore, the payment of dividends by us to stockholders would depend significantly upon the amount of net proceeds of the offerings retained by Vericity that may be available for the declaration of dividends and our receipt of dividends from Efinancial or Fidelity Life. Fidelity Life's ability to pay dividends to Vericity is subject to limitations under Illinois insurance laws and regulations and under the standby purchase agreement. See "The Conversion and Offering—Description of the Standby Purchase Agreement—Post-Closing Covenants—Standstill Period." We presently do not intend to pay ordinary cash dividends to our stockholders. See "Dividend Policy."

Within six months of the closing of this offering, we expect to complete a capital needs assessment to project the amount of capital reasonably needed to be maintained at Vericity to support adequate capital levels at Fidelity Life and

Efinancial. If our management determines that the amount of capital at Vericity is in excess of these requirements, our management may recommend to the Vericity board of directors the declaration of a special cash dividend in an amount not to exceed any such excess capital. However, there can be no assurance that our board of directors will declare any dividend. Any decision regarding the declaration or amount of any dividend will be in the sole discretion of the board of directors of Vericity and will depend on many factors, including without limitation the capital needs assessment, general economic and business conditions, Vericity's financial results and condition, legal and regulatory requirements and any other factors that the Vericity board may deem relevant.

There may not be an active, liquid trading market for our common stock.

Prior to the subscription offering, there has been no public market for our common stock. We cannot predict the extent to which an active trading market with adequate liquidity will develop. The liquidity of our common stock will be impacted by the fact that the shares purchased by the directors and officers of Members Mutual and the standby purchaser will be purchased for investment and not for resale. The shares purchased by directors and officers will be subject to lockup periods for one year and the shares purchased by the standby purchaser will be restricted securities and subject to trading limitations under applicable law and the standby purchase agreement. If an active trading market does not develop, you may have difficulty selling any of our common stock that you purchase and the value of your shares may be impaired.

As a public company, we will become subject to additional financial and other reporting and corporate governance requirements, which will require additional expense and management resources.

Upon completion of the offerings, we will become obligated to file with the Securities and Exchange Commission, or SEC, annual and quarterly information and other reports that are specified in Section 13 of the Securities Exchange Act of 1934, or Exchange Act. We will also be required to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. Unless an exemption is available to us as an emerging growth company, we will also become subject to other reporting and corporate governance requirements, including the requirements of Nasdaq and certain provisions of the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder, which will impose significant compliance obligations upon us.

These changes will require a significant commitment of additional expense and other resources, and these expenses may increase after we are no longer an emerging growth company as defined in the JOBS Act. We may not be successful in implementing these requirements and implementing them could adversely affect our business or operating results. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our operating results on a timely and accurate basis could be impaired and there could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in our financial statements is also likely to suffer if we or our independent registered public accounting firm report a material weakness in our internal control over financial reporting.

We may require additional capital in the future and such additional capital may not be available to us, or only available to us on unfavorable terms.

We plan to continue to increase the number of policies sold through Efinancial as we pursue our strategic plan to further develop our controlled distribution platform and grow our book of business. To the extent that the funds generated by our ongoing operations and capital remaining at Vericity are insufficient to fund future operating requirements, we may need to raise additional funds through financings or curtail our growth. We cannot be sure that we will be able to raise equity or debt financing on terms favorable to us and our stockholders in the amounts that we require, or at all. If we cannot obtain adequate capital, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, the terms of a capital raising transaction could require us to agree to stringent financial and operating covenants and to grant security interests on our assets to lenders or holders of our debt securities that could limit our flexibility in operating our business or our ability to pay dividends on our common stock and could make it more difficult for us to obtain capital in the future.

If we are unable to realize the anticipated benefits of being a public reporting company, we may voluntarily file for deregistration of our common stock with the SEC, which could result in limited publicly available information about the Company and adversely affect the trading market of our common stock.

We expect that compliance with SEC rules and regulations, including the periodic reporting requirements, will cause us to incur significant accounting, legal, and other costs and make some activities more time-consuming and costly. If we are

unable to realize the anticipated benefits of being a public company, including the development of an active trading market for our common stock, we may seek to deregister our common stock with the SEC. If we are able and determine to deregister our common stock under the Exchange Act in the future, it would enable us to save significant expenses relating to our public disclosure and reporting requirements under the Exchange Act. However, a deregistration of our common stock would also result in a reduction in the amount and frequency of publically available information about the Company and may further limit the liquidity of our common stock.

Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our common stock.

If, after listing, we fail to satisfy the continued listing requirements of Nasdaq, Nasdaq may take steps to delist our common stock. Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq's listing requirements.

FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking” statements that are intended to enhance the reader’s ability to assess our future financial and business performance. Forward-looking statements include, but are not limited to, statements that represent our beliefs concerning future operations, strategies, financial results or other developments, and contain words and phrases such as “may,” “expects,” “should,” “believes,” “anticipates,” “estimates,” “intends” or similar expressions. In addition, statements that refer to our future financial performance, anticipated growth and trends in our business and in our industry and other characterizations of future events or circumstances are forward-looking statements. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different.

Consequently, such forward-looking statements should be regarded solely as our current plans, estimates and beliefs with respect to, among other things, future events and financial performance. Except as required under the federal securities laws, we do not intend, and do not undertake, any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

The forward-looking statements include, among other things, the factors discussed under “Risk Factors” and those listed below:

- future economic conditions in the markets in which we compete that could be less favorable than expected and could have impacts on demand for our products and services;
- our ability to grow and develop our agency business through expansion of retail call centers, wholesale operations and other areas of opportunity;
- our ability to grow and develop our insurance business and successfully develop and market new products;
- our ability to enter new markets successfully and capitalize on growth opportunities either through acquisitions or organically;
- financial market conditions, including, but not limited to, changes in interest rates and the level and trends of stock market prices causing a reduction of investment income or realized losses and reduction in the value of our investment portfolios;
- increased competition in our businesses, including the potential impacts of aggressive price competition by other insurance companies, payment of higher commissions to agents that could affect demand for our insurance products and impact the ability to grow and retain agents in our agency segment and the entry of new competitors and the development of new products by new or existing competitors, resulting in a reduction in the demand for our products and services;
- the effect of legislative, judicial, economic, demographic and regulatory events in the jurisdictions where we do business;
- the effect of challenges to our patents and other intellectual property;
- costs, availability and collectability of reinsurance;
- the potential impact on our reported net income that could result from the adoption of future accounting standards issued by the Public Company Accounting Oversight Board or the Financial Accounting Standards Board or other standard-setting bodies;
- the inability to maintain or grow our strategic partnerships or our inability to realize the expected benefits from our relationship with the standby purchaser;
- the inability to manage future growth and integration of our operations; and
- changes in industry trends and financial strength ratings assigned by nationally recognized rating organizations.

You should review carefully the section captioned “Risk Factors” in this prospectus for a complete discussion of the material risks of an investment in our common stock.

USE OF PROCEEDS

As required under Illinois law, the plan of conversion requires that the total price of the stock to be issued in the conversion must be equal to the estimated pro forma market value of converted Members Mutual as determined by an independent appraiser, which is \$148.8 million at the minimum of the offering range. Accordingly, we must sell shares at an aggregate price at least equal to \$148.8 million in the offerings. We estimate the net proceeds from the offerings will be between \$137.0 million at the minimum of the offering range and \$190.9 million at the maximum of the offering range. See the “Offering Summary” on the front cover of the prospectus for the assumptions used to arrive at these amounts. The amount of net proceeds from the sale of common stock in the offerings will depend on the total number of shares actually sold in the subscription offering and the standby offering.

Initially, we plan to retain substantially all of the net proceeds from the offerings at Vericity. Within six months of the closing of this offering, we expect to complete a capital needs assessment to project the amount of capital reasonably needed to be maintained at Vericity to support adequate capital levels at Fidelity Life and Efinancial. Depending on the results of the assessment, we may allocate a portion of the net proceeds from the offerings to support our insurance and agency businesses, and more particularly to (i) reduce our use of reinsurance to finance growth, while continuing to emphasize risk management; (ii) make investments to strengthen our infrastructure, including our IT platforms; and (iii) selectively deploy new capital to acquire and bolster talent in key areas of competency linked to competitive advantage. We expect that any unallocated net proceeds from the offerings will be used for general corporate purposes, including paying holding company expenses, and potentially paying a special cash dividend to our stockholders or repurchasing shares of our common stock. See “Dividend Policy—Capital Needs Assessment; Potential Special Dividend.”

On a short-term basis, the proceeds retained at Vericity will be initially invested primarily in U.S. government securities, other federal agency securities, and other securities consistent with our investment policy until utilized.

MARKET FOR THE COMMON STOCK

We intend to apply for the listing of our common stock on the NASDAQ Capital Market under the symbol “VERY.”

We have never issued any capital stock to the public. Consequently, there is no established market for our common stock. The development of a public market having the desirable characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of a sufficient number of willing buyers and sellers at any given time. Neither we nor any market maker has any control over the development of such a public market. Although we have applied to have our stock listed on the NASDAQ Capital Market, an active trading market is unlikely to develop. This is, in part, because of the size of the offering and, depending upon how many eligible members subscribe, a majority of our stock may be held by the standby purchaser and our management.

One of the requirements for initial listing of our common stock on the NASDAQ Capital Market is that there are at least three market makers for the common stock. Raymond James and Griffin Financial have indicated that they intend to act as a market maker in our common stock following this offering, but are under no obligation to do so. We cannot assure you that there will be three or more market makers for our common stock. Furthermore, we cannot assure you that you will be able to sell your shares of common stock for a price at or above \$10.00 per share, or that approval for listing on the NASDAQ Capital Market will be available as contemplated.

DIVIDEND POLICY

Following completion of this offering, our board of directors will have the authority to declare dividends on our shares of common stock. We currently do not have any plans to pay ordinary cash dividends to our stockholders. Any decision to pay a dividend will depend on many factors, including our financial condition and results of operations, liquidity requirements, market opportunities, capital requirements of our subsidiaries, legal requirements, dividends from our subsidiaries and other factors as the board of directors deems relevant.

Vericity initially will have no significant source of funds other than the amount of net proceeds of the offerings retained by Vericity, the investment earnings on any net proceeds of the offerings not contributed to Efinancial or Fidelity Life, and intercompany dividends from Efinancial and Fidelity Life, if any. Therefore, the payment of dividends by us to stockholders would depend significantly upon our receipt of dividends from Efinancial or Fidelity Life and the amount of net proceeds of the offerings retained by Vericity that may be available for the declaration of dividends.

Fidelity Life's ability to pay dividends is subject to restrictions contained in the insurance laws of Illinois, which require that ordinary dividends be reported to the Illinois Department of Insurance prior to payment of the dividend and that extraordinary dividends be submitted for prior approval. An extraordinary dividend is generally defined as a dividend that, together with all other dividends made within the past 12 months, exceeds the greater of 10% of its statutory policyholders' surplus as of the preceding year end or the statutory net income of the company for the preceding year. Statutory policyholders' surplus, as determined under statutory accounting principles, or SAP, is the amount remaining after all liabilities, including loss and loss adjustment expenses, are subtracted from all admitted assets. Admitted assets are assets of an insurer prescribed or permitted by a state insurance regulator to be recognized on the statutory balance sheet. Insurance regulators have broad powers to prevent the reduction of statutory surplus to inadequate levels, and there is no assurance that extraordinary dividend payments will be permitted. As a result of the payment of dividends in the amount of \$7.0 million during 2017, Fidelity Life's remaining ordinary dividend capacity as of September 30, 2018 is \$7.3 million. However, under the standby purchase agreement, Fidelity Life has agreed that it will not pay any dividends during the standstill period without the consent of a majority of the company designees. See "The Conversion and Offering—Description of the Standby Purchase Agreement—Post-Closing Covenants—Standstill Period."

Capital Needs Assessment; Potential Special Dividend

Within six months of the closing of this offering, we expect to complete a capital needs assessment to project the amount of capital reasonably needed to be maintained at Vericity to support adequate capital levels at Fidelity Life and Efinancial. If our management determines that the amount of capital at Vericity is in excess of these requirements, our management may recommend to the Vericity board of directors the declaration of a special cash dividend in an amount not to exceed any such excess capital. However, there can be no assurance that our board of directors will declare any dividend. Any decision regarding the declaration or amount of any dividend will be in the sole discretion of the board of directors of Vericity and will depend on many factors, including without limitation the capital needs assessment, general economic and business conditions, Vericity's financial results and condition, legal and regulatory requirements and any other factors that the Vericity board may deem relevant.

CAPITALIZATION

The following table displays information regarding our historical and pro forma capitalization at December 31, 2017, on a consolidated basis. The pro forma information gives effect to the sale of common stock at the minimum of the estimated valuation range of our consolidated pro forma market value, as determined by the independent evaluation of Boenning & Scattergood, Inc., and the maximum of the estimated valuation range. The various capital positions are displayed based upon the assumptions set forth in the “Offering Summary” on the front cover of the prospectus. The total number of shares to be issued in the conversion will range from 14,875,000 shares to 20,125,000 shares. See “Use of Proceeds” and “The Conversion and Offering—Stock Pricing and Number of Shares to be Issued.”

		Pro Forma Capitalization at December 31, 2017 (dollars in thousands)	
	Historical Consolidated Capitalization of Members Mutual at December 31, 2017	Minimum	Maximum
Stockholders' equity:			
Common Stock, par value \$0.001 per share; authorized 30,000,000 shares; shares to be outstanding—as shown	\$ —	\$ 15	\$ 20
Additional paid-in capital	—	137,035	190,835
Retained earnings	188,405	188,405	188,405
Accumulated other comprehensive income (loss), net of tax	7,798	7,798	7,798
Total stockholders' equity	\$ 196,203	\$ 333,253	\$ 387,058

SELECTED FINANCIAL AND OTHER DATA

The following table sets forth selected consolidated financial and other data for Members Mutual prior to this offering. You should read this data in conjunction with our financial statements and accompanying notes, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information included elsewhere in this prospectus. The balance sheet data as of December 31, 2017 and 2016, and the statement of operations data for the years then ended, are derived from our audited financial statements that are included elsewhere in this prospectus.

These historical results are not necessarily indicative of future results.

	Year Ended December 31,	
	2017	2016
	(dollars in thousands)	
Statement of Operations Data:		
Life premiums (Direct & Assumed)	\$ 161,855	\$ 153,023
Ceded life premiums	(78,982)	(74,885)
Net life premiums	<u>\$ 82,873</u>	<u>\$ 78,138</u>
Net investment income	\$ 15,119	\$ 15,957
Net realized investment gains	571	530
Earned commissions	11,514	11,375
Insurance leads and sales	5,523	6,714
Other income	270	285
Total revenues	<u>\$ 115,870</u>	<u>\$ 112,999</u>
Benefits and expenses		
Life, annuity and health claim benefits	\$ 56,035	\$ 59,536
Interest credited to policyholders account balances	3,776	3,914
General operating expenses	55,912	58,538
Amortization of deferred policy acquisition costs	10,926	13,018
Other Expenses	163	164
Total benefits and expenses	<u>\$ 126,812</u>	<u>\$ 135,170</u>
(Loss) before income taxes	\$ (10,942)	\$ (22,171)
Income tax (benefit)	(2,701)	(6,833)
Net (loss)	<u>\$ (8,241)</u>	<u>\$ (15,338)</u>
Segment Information:		
Revenues		
Agency	\$ 40,325	\$ 41,970
Insurance	98,923	94,976
Corporate and Other	210	174
Eliminations	<u>(23,588)</u>	<u>(24,121)</u>
Total revenues	<u>\$ 115,870</u>	<u>\$ 112,999</u>
Income (loss) before taxes		
Agency	\$ (624)	\$ (974)
Insurance	2,343	(6,480)
Corporate and Other	(4,713)	(4,593)
Eliminations	<u>(7,948)</u>	<u>(10,124)</u>
Total	<u>\$ (10,942)</u>	<u>\$ (22,171)</u>

	Year End December 31, 2017	Year End December 31, 2016
	(dollars in thousands)	
Balance Sheet Data:		
Total investments	\$ 393,060	\$ 384,900
Cash and cash equivalents	11,766	19,422
Accrued investment income	3,323	3,346
Reinsurance recoverable	143,915	146,004
Deferred policy acquisition costs	82,319	81,233
Commissions and agent balances	2,034	1,093
Intangible assets	1,880	2,043
Deferred income tax assets	4,925	3,463
Other assets	23,192	12,800
Total Assets	\$ 666,414	\$ 654,394
Future policy benefits and claims	\$ 302,782	\$ 290,500
Policyholder account balances	98,899	103,884
Other policyholder liabilities	36,011	30,530
Policyholder dividend obligations	11,097	9,652
Reinsurance liabilities and payables	7,468	4,753
Other liabilities	13,954	12,092
Total Liabilities	\$ 470,211	\$ 451,411
Equity	\$ 196,203	\$ 202,983

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed balance sheet as of December 31, 2017 gives effect to the conversion and completion of this offering, as if it had occurred as of December 31, 2017. The data is based on the assumption that 14,875,000 shares of common stock (the minimum number of shares required to be sold in this offering) are sold to eligible members of Members Mutual, the directors and officers of Members Mutual, and the standby purchaser, with estimated net proceeds from the offerings of \$137.0 million. See the “Offering Summary” on the front cover of the prospectus for the assumptions used to arrive at this amount. For information on the impact of transaction sizes above the minimum level, see “— Additional Pro Forma Data.”

The following unaudited pro forma condensed statements of operations for the year ended December 31, 2017 present our operating results as if this offering was completed as of January 1, 2017.

Completion of this offering is conditioned on the sale of a minimum of 14,875,000 shares of common stock in this offering. If fewer than 14,875,000 shares are subscribed for in the subscription offering, and if all of the conditions to the standby purchaser’s purchase commitment have been satisfied, the standby purchaser will be obligated to purchase enough shares in the standby offering to assure the sale of the minimum number of shares necessary to complete this offering. In that event, the level of sales to eligible members and directors and officers of Members Mutual will not impact the condition that at least 14,875,000 shares must be sold to complete this offering.

The unaudited pro forma information does not claim to represent what our financial position or results of operations would have been had this offering occurred on the dates indicated. This information is not intended to project our financial position or results of operations for any future date or period. The pro forma adjustments are based on available information and certain assumptions that we believe are factually supportable and reasonable under the circumstances. The unaudited pro forma financial information should be read in conjunction with our financial statements, the accompanying notes, and the other financial information included elsewhere in this prospectus.

The pro forma adjustments and pro forma amounts are provided for informational purposes only. Our financial statements will reflect the effects of this offering only from the date it is completed.

Unaudited Pro Forma Condensed Balance Sheet
As of December 31, 2017
(dollars in thousands)

	MMHC Historical Consolidated	Pro Forma Adjustments	MMHC Pro Forma Consolidated(1)
Assets			
Cash and investments	\$ 404,826	\$ 137,050(2)	\$ 541,876
Commissions & agents' balance receivable	2,034	—	2,034
Deferred policy acquisition costs	82,319	—	82,319
Accrued Investment Income	3,323	—	3,323
Reinsurance recoverables	143,915	—	143,915
Intangible assets, net	1,880	—	1,880
Deferred income tax asset, net	4,925	—	4,925
Other assets	23,192	—	23,192
Total assets	\$ 666,414	\$ 137,050	\$ 803,464
Liabilities & equity			
Liabilities			
Policy reserves and liabilities	\$ 448,789	—	\$ 448,789
Other liabilities	21,422	—	21,422
Total liabilities	470,211	—	470,211
Common stock	—	15	15
Additional paid in capital	—	137,035(3)	137,035
Retained earnings	188,405	—	188,405
Accumulated other comprehensive income	7,798	—	7,798
Total equity	196,203	137,050	333,253
Total liabilities & equity	\$ 666,414	\$ 137,050	\$ 803,464

Notes to Unaudited Pro Forma Condensed Balance Sheet

- 1) The unaudited pro forma condensed balance sheet, as prepared, gives effect to the sale of the common stock at the minimum of the estimated range of our consolidated pro forma market value, as determined by the independent valuation of Boenning & Scattergood. The unaudited pro forma condensed balance sheet is based on the assumptions set forth in the "Offering Summary" on the front cover of the prospectus.
- 2) Reflects the sale of 14,875,000 shares at \$10.00 per share, less estimated conversion and offering expenses and commissions in the amount of \$11.7 million.
- 3) Pro forma additional paid in capital represents the net proceeds from the conversion less common stock:

Sale of 14,875,000 shares at \$10.00 per share	\$148,750
Less:	
Conversion and offering expenses	8,382
Commissions	3,318
Total	\$137,050
Common stock	15
Additional paid in capital	\$137,035
Total	\$137,050

Unaudited Pro Forma Condensed Statement of Operations
December 31, 2017
(dollars in thousands, except share and per share data)

	MMHC Historical Consolidated	Pro Forma Adjustments	MMHC Pro Forma Consolidated
	(dollars in thousands)		
Revenues			
Net insurance premiums	\$ 82,873	\$ —	\$ 82,873
Net investment income	15,119	— (1)	15,119
Net realized investment gains	571	— (1)	571
Earned commissions	11,514	—	11,514
Other income	5,793	—	5,793
Total revenues	<u>115,870</u>	<u>—</u>	<u>115,870</u>
Benefits and Expenses			
Life, annuity and health claim benefits	56,035	—	56,035
Interest credited to policyholder account balances	3,776	—	3,776
General operating expenses	55,912	— (2)	55,912
Amortization of deferred policy acquisition costs	10,926	—	10,926
Amortization of intangible assets	163	—	163
Total benefits and expenses	<u>126,812</u>	<u>—</u>	<u>126,812</u>
Loss before income taxes	<u>(10,942)</u>	<u>—</u>	<u>(10,942)</u>
Income tax benefit	(2,701)	—	(2,701)
Net loss	<u>\$ (8,241)</u>	<u>\$ —</u>	<u>\$ (8,241)</u>
Loss per share data			
Basic and diluted loss per common share			\$ (0.55)
Weighted average basic and diluted shares outstanding			14,875,000

Notes to Unaudited Pro Forma Condensed Statements of Operations

- (1) We anticipate that we would earn approximately \$4.2 million of investment income, assuming the net proceeds were received and available for investment as of January 1, 2017, and that they were invested with an average annual pre-tax rate of return of 3.0%. This income is not included as it is not “factually supportable” as that term is used in the Securities and Exchange Commission’s rules and regulations and therefore no pro forma adjustment of investment income or realized investment gains are reflected.
- (2) No pro forma adjustment of general operating expenses has been made to reflect additional costs that we expect to incur operating as a public company as such amount would not be “factually supportable.”

Additional Pro Forma Data

The actual net proceeds from the sale of our common stock in the offering cannot be determined until the offering is completed. However, the offering net proceeds are currently estimated to be between \$137.0 million and \$190.9 million, based on the following assumptions:

- Expenses of the conversion and offering will be \$8.4 million; and
- Marketing agent commissions will equal \$3.3 million at the minimum of the estimated offering range and \$2.0 million at the maximum of the offering price.

We have prepared the following table which sets forth our historical net loss and retained earnings prior to the offering and pro forma net loss and shareholders’ equity following the offering. In preparing this table and in calculating the pro forma data, the following assumptions have been made:

- Pro forma earnings have been calculated assuming the stock had been sold at the beginning of the period;
- Pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the indicated number of shares of stock; and

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- Pro forma shareholders' equity amounts have been calculated as if our common stock had been sold in the offering on December 31, 2017, and, accordingly, no effect has been given to the assumed earning effect of the net proceeds from the offering.

The following pro forma information may not be representative of the financial effects of the offering at the date on which the offering actually occurs and should not be taken as indicative of future results of operations. The pro forma shareholders' equity is not intended to represent the fair market value of the common stock and may be different from amounts that would be available for distribution to shareholders in the event of liquidation.

The following table summarizes historical data and our pro forma data at December 31, 2017, based on the assumptions set forth above and in the table and should not be used as a basis for projection of the market value of the common stock following the completion of the offering.

At or for the Year Ended December 31, 2017

	14,875,000 Shares Sold at \$ 10.00 per Share (Minimum of Range)	20,125,000 Shares Sold At \$ 10.00 per Share (Maximum of Range)
(dollars in thousands except shares and per share data)		
Pro forma offering proceeds		
Gross proceeds of public offering	\$ 148,750	\$ 201,250
Less offering expenses and commissions	\$ 11,700	\$ 10,395
Net Proceeds	\$ 137,050	\$ 190,855
Pro forma shareholders' equity		
Historical Equity	\$ 196,203	\$ 196,203
Net proceeds	\$ 137,050	\$ 190,855
Pro forma shareholders' equity	\$ 333,253	\$ 387,058
Pro forma per share data		
Total shares outstanding after the offering	14,875,000	20,125,000
Pro forma book value per share	\$ 22.40	\$ 19.23
Pro forma price-to-book value per share	44.64%	52.00%
Pro forma net income		
Historical net loss	\$ (8,241)	\$ (8,241)
Pro forma loss	\$ (8,241)	\$ (8,241)
Weighted average shares outstanding	14,875,000	20,125,000
Pro forma loss per share	\$ (0.55)	\$ (0.41)
Computation of Weighted Average Shares Outstanding		
Total Shares Issued	14,875,000	20,125,000
Weighted Average Shares Outstanding	14,875,000	20,125,000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and accompanying notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis and set forth elsewhere in this prospectus constitutes forward looking information that involves risks and uncertainties. You should review "Forward Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described, or implied by, the forward-looking statements contained herein.

Overview

We provide life insurance protection targeted to the middle American market. We believe there is a substantial unmet need for life insurance, particularly among domestic households with annual incomes of between \$50,000 and \$125,000, a market we refer to as our target Middle Market. We differentiate our product and service offerings through innovative product design and sales processes, with an emphasis on rapidly issued products that are not medically underwritten at the time of sale.

We conduct our business through our two operating subsidiaries, Fidelity Life, an Illinois-domiciled life insurance company, and Efinancial, a call center-based insurance agency. Efinancial sells Fidelity Life products through its own call center distribution platform, independent agents and other marketing organizations. Efinancial, in addition to offering Fidelity Life products, sells insurance products of unaffiliated carriers. We report our operating results in three segments: agency, insurance and corporate.

Agency Segment

This segment primarily consists of the operations of Efinancial. Efinancial is a call center-based insurance agency that markets life insurance for Fidelity Life and unaffiliated insurance companies. Efinancial's primary operations are conducted through employee agents from two call center locations, which we refer to as our retail channel. In addition, Efinancial operates as a wholesale agency, assisting independent agents that desire to work for the carriers that Efinancial represents, which we refer to as our wholesale channel. Efinancial also generates data and click-through revenue through its eCoverage web presence. For the years ended December 31, 2017 and December 31, 2016, our agency segment revenue was earned 77% and 78% through the retail channel, 10% and 6% through the wholesale channel, and 13% and 16% through data, click-through and transfer revenue, respectively.

The agency segment's main source of revenue is commissions earned on the sale of insurance policies sold through our retail channel. Efinancial's employee agents utilize insurance sales leads to contact or be contacted by potential customers and then work with the customers to complete the sales process, which can occur during the initial contact or within 24 to 48 hours for non-medically underwritten policies. In our wholesale channel, we subcontract with our independent agents who sell through Efinancial's contracts with its unaffiliated insurance carriers. In consideration for using our carrier contracts and services, we receive a portion of the commission earned by the independent agent from the carrier.

Agency segment expenses consist of marketing costs to acquire potential customers, salary and bonuses paid to our employee agents, salary and other costs of employees involved in managing the underwriting process for our insurance applications, sales management, agent licensing, training and compliance costs. Other agency segment expenses include costs associated with financial and administrative employees, facilities rent, and information technology. After payroll, the most significant agency segment expense is the cost of acquiring leads. We are able to partially offset our sales leads expense through advertising revenues from individuals who click on specific advertisements while viewing one of our web pages, and through the resale of leads that are not well suited for our call center. For the years ended December 31, 2017 and December 31, 2016, these offsetting revenues were \$3.7 million and \$3.2 million, respectively, which reduced our total agency expenses by approximately 9% and 8% respectively. Our agency operations segment recognizes income (loss) to the extent that commissions and other revenue exceed (are less than) our marketing, agency and overhead costs for the period.

Insurance Segment

This segment consists of the operations of Fidelity Life. Fidelity Life underwrites primarily term life insurance through Efinancial and a diverse group of independent insurance distributors. Fidelity Life specializes in life insurance products that can be issued immediately or within a short period following a sales call, using non-medical underwriting at the time of policy issuance.

Our insurance segment revenues consist of net insurance premiums, net investment income, and net realized gains (losses) on investments. Our distributors consist of Efinancial and the independent insurance agencies that we contract with to sell our insurance products to the customers (policyholders) who buy our insurance policies. We recognize premium revenue from our policyholders. We purchase reinsurance coverage to help manage the risk on our insurance policies by paying, or ceding, a portion of the policyholder premiums to the reinsurance company. Our net insurance premiums reflect amounts collected from policyholders, plus premiums assumed under reinsurance agreements less premiums ceded to reinsurance companies. Net investment income represents primarily interest income earned on fixed maturity security investments that we purchase with cash flows from our premium revenues. We also realize gains and losses on sales of investment securities. These investments support our liability for policy reserves and provide the capital required to operate our insurance business. Capital requirements are primarily established by regulatory authorities. See “—Investments” and “Business—Risk-Based Capital (RBC) Requirements.”

Insurance segment expenses consist of benefits paid to policyholders or their beneficiaries under life insurance policies. Benefit expenses also include additions to the reserve for future policyholder benefits to recognize our estimated future obligations under the policies. Benefit expenses are shown net of amounts ceded under our reinsurance contracts. Our insurance segment also incurs policy acquisition costs that consist of commissions paid to agents, policy underwriting and issue costs and variable sales costs. A portion of these policy acquisition costs are deferred and expensed over the life of the insurance policies acquired during the period. In addition to policy acquisition costs, we incur expenses that vary based on the number of contracts that we have in-force, or variable policy administrative costs. These variable costs consist of expenses paid to third party administrators based on rates for each policy administered. As the number of in-force policies increases, these expenses will increase. Conversely, when the number of in-force policies declines, variable policy expenses decline. Our insurance operations also incur overhead costs for functional and administrative staff to support insurance operations, financial reporting and information technology. We recognize income (loss) on insurance operations to the extent that premium revenues, net investment income and realized gains (losses) exceed (are less than) benefit expenses and general operating expenses for the period.

Our insurance segment also includes the results of certain legacy business lines that were entered into in prior years, which we refer to as the closed block, and annuities and assumed life. The closed block was established in connection with our 2007 reorganization into a mutual holding company structure and represents all in-force participating insurance policies of Fidelity Life. Annuities and assumed life represents (i) our assumed life business, which consists of policies primarily written in the 1980s and early 1990s; (ii) our direct annuity contracts, which consist of approximately 81 structured settlement contracts that remain from a group of contracts entered into in the late 1980s; and (iii) our assumed annuities, which consist of contractholder deposits assumed from a former affiliate under two coinsurance treaties entered into in 1991 and 1992.

We have not accepted new policies in these legacy lines since 2006 or prior, and these lines are considered to be in “run off” with a declining number of policies in force each period. We recognize income on the closed block and annuities and assumed life to the extent that premium revenues and investment income exceed the benefit expenses and operating expenses (including paid and accrued policyholder dividends) of these lines of business. On the two annuity lines we recognize income (loss) to the extent that our net investment income earned exceeds (are less than) benefit expenses (direct annuities) and amounts credited on policy deposits (assumed annuities) and operating expenses of the two lines.

Corporate Segment

The results of this segment consist of nominal net investment income and nominal realized investment gains (losses) earned on nominal invested assets. We also include certain corporate expenses that are not allocated to our other segments, including expenses of Vericity, board expenses, allocation of executive management time spent on corporate matters, and financial reporting and auditing costs related to our consolidation and internal controls. Our corporate segment recognizes income (loss) to the extent that investment income and realized investment gains exceed (are less than) corporate expenses.

Factors Affecting Our Results

Strategic Goals and Financial Impact of Sales of Policies Produced by Efinancial

Using Efinancial, our controlled distribution platform, we have full vertical integration for the sale and issuance of life insurance policies and are able to gather end-to-end consumer data, extending from tracking data to analyzing the characteristics of leads that generate successful marketing efforts to the associated underwriting and claims experience. Since we acquired Efinancial in 2009, we have made significant investments in the development of our controlled distribution

strategy for reaching our target market. By converting data we generate through our distribution platform into actionable insight using statistical analysis, we will seek to be more efficient in our acquisition and use of leads, improve our call center placement ratios and strive to achieve overall profitability. However, the investments made in pursuit of this strategy, among other factors, have adversely affected our historical results of operations. We have incurred a net loss in each of the eight prior fiscal years, resulting in an aggregate of approximately \$98 million in net losses over that period, including losses of \$8.2 million and \$15.3 million for 2017 and 2016, respectively. Our losses are due principally to operating expenses and corporate overhead exceeding revenues of our agency and insurance segments, and our inability to defer a majority of our commission expense on policies produced by our affiliated agency, Efinancial.

Efinancial produced 62.9% and 57.9% of the policies written by Fidelity Life for the years ended December 31, 2017 and December 31, 2016, respectively. We plan to continue to increase the number of policies sold through Efinancial as we pursue our strategic plan to further develop our controlled distribution platform and grow our book of business. However, sales of insurance policies through Efinancial immediately result in significantly higher consolidated expense recognition and lower consolidated net income in comparison to Fidelity Life policies distributed through an unaffiliated entity. GAAP requires that we immediately expense that portion of our policy acquisition costs for policies placed through Efinancial that cannot be directly tied to the placement of a policy. As a result of this immediate expense recognition for sales through Efinancial, we incur a net loss in the first year on each policy sold through Efinancial. To the extent we are successful in increasing our premium writings through Efinancial over each of the next several years or more, we expect that the impact of recognizing a majority of Efinancial commissions as a current expense will, among other factors, continue to adversely affect our results of operations and contribute to our continuing to incur consolidated net losses and a reduction to our consolidated equity in each such year as we seek to implement our distribution strategy. Over the long term and assuming that our products perform consistent with our assumptions, once we have developed a sustainable book of business and our expected growth through Efinancial has leveled, we expect that revenues from policy renewals may begin to offset the immediate expense recognition resulting from writing new policies through Efinancial. See “—Critical Accounting Policies—Deferred Policy Acquisition Costs (DAC)” and “—Results of Operations—Analysis of Segment Results—Corporate Segment—Intercompany Eliminations.”

Accuracy of Our Pricing Assumptions

In order for our insurance operations to be profitable, we must achieve product experience consistent with our pricing assumptions. We price our products using a number of assumptions that are designed to support the desired level of profitability. Our operating results will be affected by variances between our pricing assumptions and our actual experience. The key pricing assumptions made are:

- ***Investment Returns.*** We earn income on the investments held to support reserves and capital requirements. The amount of net investment income that we recognize will vary depending on the amount of invested assets that we own, the types of investments we own, the interest rates earned and amount of dividends received on our investments. If the actual amount of net investment income earned is less than projected, our products may not generate the desired level of profitability.
- ***Persistency Experience.*** Many of the non-medically underwritten products that we issue have a limited amount of insurance industry information to use in developing policy lapse rates. We are developing our own historical experience as to expected lapse rates for these products and reflect our emerging experience in our pricing. If actual policy lapse rates exceed the lapse rates assumed in pricing our products, we may receive lower premium revenues and may not receive enough premium to cover all of our acquisition costs for the policy.
- ***Mortality Experience.*** We use our historical experience combined with experience projections from our reinsurance partners to develop our assumptions for the level, frequency and pattern of future claims experience. In our insurance operations segment, we principally issue non-medically underwritten products through underwriting processes that generally have limited recent company and industry experience; therefore, their performance may be less reliable and subject to greater variance than products underwritten through processes with more established industry experience.
- ***Operating Expenses.*** Our level of operating expenses affects our reported net income (loss). Our general operating expenses include expenses that vary based on the growth in our revenues and expenses that are fixed regardless of revenue growth. As discussed above, we have experienced operating losses principally because our operating expenses and corporate overhead exceed our revenues, and our inability to defer a majority of our commission expense on policies produced by our affiliated agency, Efinancial.

Efinancial Commission Financing

Beginning in the fourth quarter of 2017, Fidelity Life changed the commission structure related to Efinancial's sale of the **RAPID**Decision® Life to pay annual level commissions over the life of the product instead of heaped, or first-year-only commissions. This change reduced Fidelity Life's surplus strain associated with issuing **RAPID**Decision® Life business by spreading its statutory commission expenses over the life of the policy instead of incurring it all in the policy year of issue. In order to help provide liquidity for Efinancial through the receipt of larger first-year-only commissions, Fidelity Life and Efinancial entered into a financing arrangement with Hannover Life Reassurance Company of America (Hannover Life) under which, on a monthly basis, Hannover Life advances to Efinancial amounts approximately equal to the first-year-only commissions on Fidelity Life **RAPID**Decision® Life business sold through Efinancial. In exchange, Efinancial assigns to Hannover Life its right to all future levelized commission payments on that business due from Fidelity Life, and Fidelity Life pays to Hannover Life the level commissions over the life of the contract. Our arrangement with Hannover Life allows us to finance up to \$20 million of commission expense. Efinancial's ability to receive advances under this arrangement will terminate on the earlier of December 31, 2018 or the date when the aggregate amount advanced under the arrangement equals or exceeds \$20 million. As of September 30, 2018, we had financed \$[●] million of commission expense under this arrangement.

Critical Accounting Policies

Our critical accounting policies are described in Note 2—Basis of Presentation and Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this prospectus. The accounting policies discussed in this section are those that we consider to be the most critical to an understanding of our financial statements. The preparation of the consolidated financial statements in conformity with GAAP requires management to use judgment in making estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses and related disclosures. We regularly evaluate our estimates and judgments based on historical experience, market indicators and other relevant factors and circumstances. Actual results may differ from these estimates under different assumptions or conditions and may affect our financial position and results of operations.

Valuation of Fixed Maturity Securities and Equity Securities

Our fixed maturity securities are classified as either "available-for-sale" securities or "trading" securities which are both carried at fair value on the balance sheet. Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date. For investments that are not actively traded, the determination of fair value requires us to make a significant number of assumptions and judgments. Fair value determinations include consideration of both observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our view of market assumptions in the absence of observable market information. Security pricing is applied using a hierarchy approach.

Level 1—Unadjusted quoted prices for identical assets in active markets the Company can access.

Level 2—This level includes fixed maturity securities priced principally by independent pricing services using observable inputs other than Level 1 prices, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments on inactive markets; and model-derived valuations for which all significant inputs are observable market data. Level 2 instruments include most corporate debt securities and U.S. government and agency mortgage-backed securities that are valued by models using inputs that are derived principally from or corroborated by observable market data.

Level 3—Fair values are derived from valuation techniques in which one or more significant inputs are unobservable. Level 3 instruments include less liquid securities for which significant inputs are unobservable in the market, such as structured securities and private placement bonds that require significant management assumptions or estimation in the fair value measurement. Level 3 hierarchy requires the use of observable market data when available.

At December 31, 2017, the estimated fair value of our investments by fair value hierarchy was as follows:

Fair Value of Investments as of December 31, 2017 (dollars in thousands)			
Level 1	Level 2	Level 3	Total Fair Value
\$7,530	\$312,553	\$23,290	\$ 343,373
2%	91%	7%	100%

Fair Value of Investment as of December 31, 2016 (dollars in thousands)			
Level 1	Level 2	Level 3	Total Fair Value
\$6,412	\$309,906	\$29,044	\$345,362
2%	90%	8%	100%

Level 1 securities include principally exchange traded funds that are valued based on quoted market prices for identical assets.

All of the fair values of our fixed maturity and equity securities within Level 2 are based on prices obtained from independent pricing services. All of our prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type and region of the world, based on historical pricing experience and vendor expertise. We ultimately use the price from the pricing service highest in the vendor hierarchy based on the respective asset type and region. For fixed maturity securities that do not trade on a daily basis, the pricing services prepare estimates of fair value measurements using their pricing applications which incorporate a variety of inputs including, but not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, and U.S. Treasury curves. Specifically, for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data. Securities with validated quotes from pricing services are reflected within Level 2 of the fair value hierarchy, as they generally are based on observable pricing for similar assets or other market significant observable inputs.

Level 3 fair value classification consists primarily of investments in private placement securities where the fair value of the security is determined by a pricing service using spread matrix pricing which incorporates a discounted cash flow model where one or more of the significant inputs is unobservable in the marketplace. The remaining securities in Level 3 consist of corporate bonds whose fair values are determined by pricing models where there is a lack of transparency to one or more significant inputs, or broker/dealer quotes. The fair value of a broker-quoted asset is based solely on the receipt of an updated quote from a single market maker or a broker-dealer recognized as a market participant. The Company does not adjust broker quotes when used as the fair value measurement for an asset.

If we believe the pricing information received from third party pricing services is not reflective of market activity or other inputs observable in the market, we may challenge the price through a formal process with the pricing service. Historically, we have not challenged or updated the prices provided by third-party pricing services. However, any such updates by a pricing service to be more consistent with the presented market observations, or any adjustments made by us to prices provided by third-party pricing services, would be reflected in the balance sheet for the current period.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, a Level 3 fair value measurement may include inputs that are observable (Level 1 or Level 2) and unobservable (Level 3).

Other-Than-Temporary Impairments on Available-For-Sale Securities

Securities that are classified as available-for-sale are subject to market declines below amortized cost (a gross unrealized loss position). When a gross unrealized loss position occurs, the security is considered impaired. Quarterly or when necessary, we review each impaired security to identify whether the impairment may be other-than-temporary (“OTTI”) and require the recognition of an impairment loss in the current period earnings. Indication of OTTI includes potential credit deterioration whether due to ratings downgrades, unexpected price variances, and/or other company or industry specific concerns. A number of factors are considered in determining whether or not a decline in a specific security is other-than-temporary, including our current intention or need to sell the security or an indication that a credit loss exists. An impairment

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loss will be recorded if our intention is to sell an impaired security or it is considered to be more likely than not we will be required to sell the security. An impairment loss will be recorded to the extent that we determine that the impaired security will experience a credit loss.

Our review of our available-for-sale securities for impairment includes an analysis of impaired securities in terms of severity and/or age of the gross unrealized loss. Additionally, we consider a wide range of factors about the issuer of the security and use our best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the likelihood for near-term recovery. Inherent in our evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential that includes the evaluation of the financial condition and expected near-term and long-term prospects of the issuer, collateral position, the relevant industry conditions and trends, and whether expected cash flows will be sufficient to recover the entire amortized cost basis of the security.

The credit loss component of fixed maturity security impairment is calculated as the difference between amortized cost of the security and the present value of the expected cash flows of the security. The present value is determined using the best estimate of cash flows discounted at the effective rate implicit to the security at the date of purchase or prior impairment. The methodology and assumptions for estimating the cash flows vary depending on the type of security. For mortgage-backed and asset-backed securities, cash flow estimates, including prepayment assumptions, are based on data from widely accepted third-party sources or internal estimates. In addition to prepayment assumptions, cash flow estimates vary based on assumptions regarding the underlying collateral characteristics, expectations of delinquency and default rates, and structural support, including subordination and guarantees. If the present value of the modeled expected cash flows equals or exceeds the amortized cost of a security, no credit loss exists and the security is considered to be temporarily impaired. If the present value of the expected cash flows is less than amortized cost, the security is determined to be other-than-temporarily impaired for credit reasons and is recognized as an OTTI loss in earnings. The portion of the OTTI that is not considered a credit loss, is recognized as OTTI in accumulated comprehensive income.

The following table shows our investment impairments that are included as net realized investment gains (losses) on the consolidated statement of operations. There was no OTTI on fixed maturity securities for the year ended December 31, 2017. OTTI for the year ended December 31, 2016 consisted of impairments recognized on three securities, two with previous OTTI recorded and one security for which an OTTI was not previously recognized.

Investment Impairments (dollars in thousands)

	Year Ended December 31,	
	2017	2016
Net other-than-temporary impairment losses on fixed maturities, available-for-sale	\$—	\$ 26
Total	\$—	\$ 26

Mortgage Loans

Our mortgage loans are held on commercial real estate and are stated at the aggregate unpaid principal balances, net of any write downs and valuation allowances. We identify loans for evaluation of impairment primarily based on the collection experience of each loan. Mortgage loans are considered impaired when, based on current information and events, it is probable that we will be unable to collect principal or interest amounts according to the contractual terms of the loan agreement. Impairment is measured on a loan by loan basis based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral. Impairments are included in realized investment gains and losses in the Consolidated Statements of Operations.

Interest income from mortgage loans is recognized on an accrual basis using the effective yield method. Accrual of income is generally suspended for mortgage loans that are in default or when full and timely collection of principal and interest payments is not probable. Mortgage loans are considered past due when full principal or interest payments have not been received according to contractual terms.

Mortgage loan impairments reflect estimated losses to be incurred on mortgage loans with restructured terms. Real estate impairments reflect updated appraisals on properties held. As of December 31, 2017 and December 31 2016, there was a valuation allowance of \$0.3 million and \$0.5 million for mortgage loan impairments, respectively.

Deferred Policy Acquisition Costs (DAC)

For our insurance segment, the costs of acquiring new business are deferred to the extent that they are directly related to the successful acquisition of insurance contracts. Deferred acquisition costs include commissions paid in the first policy year that are in excess of the ultimate renewal commissions payable on the policy. For any of our policies for which we do not pay renewal commissions, the deferred acquisition costs (at the segment level) include all commissions paid in the first year. For policies for which we pay levelized commissions over the life of the policy, we expense the first-year commission and therefore do not defer any other commission expense. We also defer costs associated with policy underwriting and issuance related to the successful acquisition of insurance contracts. Non-deferred first year acquisition costs that are expensed as incurred include expenses that do not meet the definition of a deferrable cost, which includes the acquisition costs incurred on insurance applications that do not result in an in-force policy (unsuccessful efforts).

The amortization of DAC for traditional life insurance products is determined as a level proportion of premium based on actuarial methods and assumptions about mortality, morbidity, lapse rates, expenses, and future yield on related investments, established by us at the time the policy is issued. GAAP requires that assumptions for these types of products not be modified while the policy is outstanding. Amortization is adjusted each period to reflect policy lapse or termination rates compared to anticipated experience. Accordingly, acceleration of DAC amortization could occur if policies terminate earlier than originally assumed. We establish the assumptions used to determine DAC amortization based on estimates using company experience and other relevant information that is used to price the products. We monitor our actual experience and will update the actuarial factors applied to future policy issues if warranted. The selection of actuarial assumptions requires considerable judgment and has inherent uncertainty. Should actual policy lapse experience be higher than that assumed during a reporting period, we will amortize our DAC balance faster and report lower net income.

We evaluate the recoverability of our DAC asset as part of our premium deficiency testing. If a premium deficiency exists, we reduce DAC by the amount of the deficiency through a charge to current period earnings (loss). If the deficiency is more than the recognized DAC balance, we reduce the DAC balance to zero and increase the reserve for future policy benefits by the excess with a corresponding charge to current period earnings (loss). See “—Future Policy Benefit Reserves” below for more information on premium deficiency testing.

Our consolidated DAC will be lower relative to other insurance companies that utilize unaffiliated distributors. GAAP does not permit the deferral of commission revenues paid to Efinancial, our affiliated agency, in excess of those expenses actually incurred by Efinancial in the placement of the policy. Because we are focused on increasing insurance premium volume through Efinancial, our operating results will reflect higher current period expenses and lower current reported net income. Therefore, in consolidation, the first-year commission acquisition costs (“Commission DAC”) recorded in our insurance segment is reduced to reflect the elimination of that portion of Commission DAC that results from expenses of Efinancial that cannot be directly tied to the successful placement of a policy. The amount of eliminated Commission DAC is charged to current expense, and acquisition cost DAC is recorded at a reduced amount, which represents the amount of Commission DAC that is eligible for deferral. As a result of recognizing expenses for the Efinancial sales immediately, we will recognize a charge against our consolidated earnings (loss) and consolidated equity in the amount of such expenses for the period in which they are incurred. See “—Results of Operations—Analysis of Segment Results—Corporate Segment—Intercompany Eliminations.”

Future Policy Benefit Reserves

We calculate and maintain reserves for estimated future claims payments to policyholders using actuarial assumptions in accordance with industry practice and GAAP. Many factors affect these reserves, including mortality trends, policy persistency and investment returns. We establish our reserves based on estimates, assumptions and our analysis of historical experience.

The calculation of future policy reserves requires the use of significant judgment and is inherently uncertain. If our actual experience differs from the experience assumed in establishing our reserves, the impact of these differences is reflected in the results of operations in each period. If actual claims are higher than assumed claims experience, our reported income (loss) will be reduced (increased) for the periods in which this experience occurs. If actual policy lapses are higher than that assumed, our future policy benefit reserves will be reduced for the period in which this experience occurs.

The primary reserve method that is used in calculation of our future policy benefit reserves is the net level premium method. The net level premium method requires that the future policy benefit reserves be accrued as a level proportion of the premium paid by the policyholder. In applying this method, we use a number of actuarial assumptions that represent

management's best estimate at the time the contract was issued with, the addition of a margin for adverse deviation. Actuarial assumptions include estimates of morbidity, mortality, policy persistency, discount rates and expenses over the life of the contracts.

A premium deficiency can exist if the discounted present value of future gross premiums is not sufficient to cover anticipated future cash flows. To assess the adequacy of our benefit reserves, we annually perform premium deficiency testing for each of our lines of business using best estimate assumptions as of the date of the test without provision for adverse deviation. If benefit reserves minus the DAC asset are less than the present value of future cash flows on the line of business, then first the DAC asset will be reduced. If reducing the DAC asset down to zero is still not sufficient to eliminate the premium deficiency, then benefit reserves will be increased. Recognizing a premium deficiency will reduce our reported net income, or increase our reported loss, for the period.

In connection with our premium deficiency testing on our most significant business lines, we performed sensitivity analyses on our core life, non-core life, closed block, and annuities and assumed life business lines to capture the effect that certain key assumptions have on expected future cash flows, and the impact of those assumptions on the adequacy of DAC balances and GAAP benefit reserves. The sensitivity tests are performed independently, without consideration for any correlation among the key assumptions.

We performed the following sensitivity tests as of September 30, 2017:

- future lapse assumptions increased by a multiplicative factor of 1.05,
- future mortality increased by a multiplicative factor of 1.05 for all life blocks,
- future investment yield assumptions were lowered by 50 basis points.

Under all tests described above, the DAC was still recoverable on the core life, non-core life, and the closed block lines. For the annuities and assumed life line, there is no remaining DAC due to the age of the contracts. As such, these sensitivity runs tested the adequacy of the benefit reserves for these lines. For the annuities and assumed life line, a drop in investment yield of 50 basis points would result in a required reserve increase of \$0.6 million, for the 105% mortality scenario the result would be a required increase of \$0.3 million, while for the lapse scenario there would be no impact to benefit reserves.

Intangible Assets

Intangible assets include trade names, internet domain sites, software and contract-based assets composed of future renewal commissions, distribution agreements, and non-compete agreements. These intangible assets, with the exception of trade names, are amortized over their expected useful lives based on the expected pattern of benefit of the asset.

We amortize the domain site intangible assets on a straight-line basis over a useful life of ten years and software intangible assets are amortized over a useful life of four years using an accelerated amortization method. Contract-based intangible assets are amortized on a straight-line basis over a useful life of primarily five years, with the exception of some distribution contracts where the amortization period is seven years. Trade names are not amortized as they have been determined to have indefinite useful lives. Trade names are tested at least annually for impairment using expected future cash flows.

The determination of the estimated fair value and estimated useful lives of intangible assets require the exercise of considerable management judgment. If the actual useful life is less than that assumed or the pattern of benefits is shorter than that used in developing the initial estimates, we could write down the carrying value of intangible assets and reduce our reported income, or increase our reported loss.

Interim impairment testing may be performed when events or changes in circumstances indicate that the carrying amount of the intangible assets may not be recoverable. Amortizable intangible assets are tested for impairment based on undiscounted cash flows, which requires the use of estimates and judgment, and, if impaired, are written down to fair value based on discounted cash flows. For the years ended December 31, 2017 and December 31, 2016, we have not recorded an impairment of intangible assets.

Commission Revenue Recognition

We recognize commission revenue from the sale of insurance products by Efinancial. We recognize revenue at the time that the insurance policy is issued by the insurance company and accepted by the customer, which we call policy placement.

We record as Efinancial revenue the full amount of first year commission to be paid on the sale. The commission payment terms of each carrier vary according to the contract that we have with the carrier. Some carriers will advance a portion of the premium at policy placement. Other carriers pay the commission as they collect and earn the policy premiums. We record a commission receivable at policy placement, net of any advances received. We establish a provision for commission revenue that, based on experience, will ultimately not be earned due to the customer discontinuing the underlying insurance policy. Our agency segment results include revenue from third party agencies and from Fidelity Life. The revenues from Fidelity Life sales are eliminated in consolidation.

Income Taxes

We file a consolidated Federal income tax return that includes both a life insurance company subgroup and a non-life subgroup. Under the Federal income tax regulations, the taxation of life insurance companies is subject to special rules not applicable to non-life companies. Accordingly, we have to consider the implications of these different tax rules in accounting for income tax expense. We record federal income tax expense in our consolidated statements of earnings based on pre-tax income as determined using GAAP accounting. The timing of the recognition of certain income and expense items for GAAP accounting can differ from the timing of recognition of the same income and expense items in our federal tax returns. The timing of recognition in the federal tax return is based on tax laws and regulations. As a result, the annual tax expense reflected in our consolidated statements of earnings is different than that reported in the tax returns. We account for income taxes under the asset and liability method, which requires the recognition of deferred taxes for temporary differences between the financial statement and tax return basis of assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in future years for which we have already recorded the tax benefit in our income statement. Deferred tax liabilities generally represent tax expense recognized in our financial statements for which payment has been deferred, or expenditures for which we have already taken a deduction in our tax return but have not yet been recognized in our financial statements. Under GAAP we are required to evaluate the recoverability of our deferred tax assets and establish a valuation allowance if necessary to reduce our deferred tax assets to an amount that is more likely than not to be realized. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. As of December 31, 2017 and December 31, 2016, we had recorded deferred tax assets of \$15.5 million and \$20.9 million and a valuation allowance of \$10.6 million and \$17.4 million, resulting in a net deferred tax asset of \$4.9 million and \$3.5 million, respectively. To the extent that we are required to establish an additional valuation allowance against deferred income tax assets, the amount of such valuation allowance would be charged against our net income for the period in which that valuation allowance is established.

We establish or adjust valuation allowances for deferred tax assets when we estimate that it is more likely than not that future taxable income will be insufficient to fully use a deduction or credit. In assessing the need for the recognition of a valuation allowance for deferred tax assets, we consider whether it is more likely than not that some portion, or all, of the deferred tax assets will not be realized and adjust the valuation allowance accordingly. We evaluate all significant available positive and negative evidence as part of our analysis. Negative evidence includes the existence of losses in recent years. Positive evidence includes the forecast of future taxable income and tax-planning strategies that would result in the realization of deferred tax assets. The underlying assumptions we use in forecasting future taxable income require significant judgment and take into account our recent performance. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which temporary differences are deductible or creditable. If actual experience differs from these estimates and assumptions, the recorded deferred tax asset may not be fully realized, resulting in an increase to income tax expense in our results of operations.

We currently have a 100% valuation allowance recorded against the deferred tax assets related to the non-life subgroup of our tax return because we determined that it is more likely than not that these assets will not be recoverable. The recording of the valuation allowance increases our federal income tax expense which in turn reduces our reported net income, or

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increases our net loss as applicable. Our recorded net deferred tax liability is shown in the following table. The balances for each period are shown based on the life/non-life portions of the consolidated federal tax returns and in total.

	December 31, 2017			December 31, 2016		
	Life	Non-Life	Total	Life	Non-Life	Total
	(dollars in thousands)					
Deferred Tax Asset						
Total deferred tax assets	\$45,140	\$ 15,653	\$ 60,793	\$70,319	\$ 23,423	\$ 93,742
Total deferred tax liabilities	40,215	5,058	45,273	66,856	6,033	72,889
Net deferred tax asset (liability) before valuation allowance	4,925	10,595	15,520	3,463	17,390	20,853
Valuation allowance	—	(10,595)	(10,595)	—	(17,390)	(17,390)
Deferred income tax asset	\$ 4,925	\$ —	\$ 4,925	\$ 3,463	\$ —	\$ 3,463

Due to the valuation allowance on the non-life subgroup, the effective income tax rate reflected on our statement of operations will vary depending on the portion of our pretax income (loss) that results from our life subgroup and the portion from our non-life subgroup. With the current full valuation allowance, the current tax benefit related to our non-life subgroup is limited. We continue to record tax expense (benefit) related to the pretax income (loss) of our life subgroup.

Principal Revenue & Expense Items

Revenues

Our primary revenue sources are life insurance premiums, commissions, net investment income, realized investment gains and losses and other income.

Net Premiums

Net premiums consist of direct life insurance premiums due and collected from our policyholders on in-force insurance policies and premiums collected on assumed life reinsurance contracts, less reinsurance premiums paid to reinsurers. Direct premiums are recorded in our insurance segment and classified as first year premiums when they relate to the first calendar year coverage period. Premiums for policies outside their first calendar year are called renewal premiums.

Earned Commission Revenue

Earned commission revenue consists of amounts received and due from insurance carriers on policies sold by Efinancial and is recorded in our agency segment. However, the commission revenue from sales of Fidelity Life policies is eliminated in our consolidated statement of operations because Efinancial and Fidelity Life are affiliated.

Net Investment Income

Investment income consists of income generated from our investment portfolio and is recorded net of related expenses incurred to manage our investments. Investment income primarily consists of interest income earned on fixed maturity investments and dividends earned on our equity holdings, net of related expenses incurred to manage our investments. Net investment income earned on assets required to support insurance reserves, annuity deposits and related regulatory capital requirements is allocated to our insurance segment. Any other net investment income is recorded in the corporate segment.

Net Realized Investment Gains (Losses)

Net realized investment gains (losses) result from sales of investment securities and OTTI for estimated credit losses of fixed income investments.

Other Income

In our agency segment, other income consists of (i) click-through revenues we generate when leads click through to our webpages to access information about life insurance options sponsored by another company, (ii) data revenues we generate

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through the sale of information regarding leads sourced through the eCoverage landing pages, and (iii) transfer revenues we generate from the sales of insurance leads. For our insurance segment, other income primarily consists of cost of insurance charges on universal life contracts.

Benefits and Expenses

This category consists of benefits to policyholders, which include policyholder dividends and policyholder dividend obligations (PDO), interest credited to policyholder and contractholder balances, general operating expenses and amortization of DAC.

Life, Annuity and Health Benefits

Benefit expenses are recorded in our insurance segment. Benefit expenses include claims paid or payable on in-force insurance policies, as well as the change in our reserves for future policy benefits during the period. Benefit expenses are reduced by amounts ceded to reinsurance companies with whom we contract to share policy risks.

Interest Credited to Policyholder and Contractholder Account Balances

The interest credited primarily relates to amounts that contractholders earn on any contractholder deposits from our assumed annuity contracts and other amounts left on deposit with us. Our universal life policies and assumed annuity contracts require Fidelity Life to periodically establish the crediting rate to be paid on policyholder and contractholder deposits. All current assumed annuity contracts are credited with interest at the minimum interest rate guaranteed in the contract. Interest credited relates solely to our insurance segment.

General Operating Expenses

Operating expenses are incurred by all of our segments. The operating expenses of our insurance segment include policy acquisition costs in excess of amounts that qualify for deferral, ceding commissions received on ceded reinsurance in excess of amounts deferred, variable policy administration costs, general overhead and administration costs, and insurance premium taxes and assessments paid to various states. Agency segment expenses consist of compensation paid to employee sales agents, costs of insurance sales leads (marketing), costs of sales management and support activities, agent licensing expenses and general overhead and administration expenses. The expenses of the corporate segment includes allocation of a portion of the compensation of senior executives related to corporate activities, board of director expenses related to corporate business, and other operating costs considered to be of a corporate nature and not directly related to either of our other business segments. Overhead and administrative expenses of the segments include employee costs (salaries, bonuses and benefits), office rent, information technology and costs of third party administrators and other contractors.

Amortization of DAC

DAC amortization represents the actuarially determined reduction in the DAC asset for the period. The amount of acquisition cost amortization recognized each period is based on actual factors established when the insurance contracts were written.

Results of Operations

The major components of operating revenues, benefits and expenses and net (loss) income are as follows (in thousands):

MMHC Consolidated Results of Operations (dollars in thousands)

	Years Ended December 31,	
	2017	2016
REVENUES		
Net insurance premiums	\$ 82,873	\$ 78,138
Net investment income	15,119	15,957
Net realized investment gains	571	530
Earned commissions	11,514	11,375
Other income	5,793	6,999
Total revenues	115,870	112,999
BENEFITS AND EXPENSES		
Life, annuity, and health claim benefits	56,035	59,536
Interest credited to policyholder account balances	3,776	3,914
General operating expenses	55,912	58,538
Amortization of deferred policy acquisition costs	10,926	13,018
Amortization of intangible assets	163	164
Total benefits and expenses	126,812	135,170
(Loss) before income taxes	(10,942)	(22,171)
Income tax benefit	(2,701)	(6,833)
NET (LOSS)	\$ (8,241)	\$ (15,338)

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Total Revenues

For the year ended December 31, 2017, total revenues were \$115.9 million compared to \$113.0 million for the year ended December 31, 2016. This increase of \$2.9 million (2.6%) results from higher net insurance premiums partially offset by decreases in net investment income and other income. Net insurance premiums increased by \$4.8 million primarily driven by higher first year and renewal premiums in the Company's core products. This increase in revenue was partially offset by a decrease in net investment income of \$0.9 million resulting from an overall decrease in the investment asset base and a lower effective yield, and a \$1.2 million decrease in lead sales revenue.

Benefits and Expenses

For the year ended December 31, 2017, total benefits and expenses were \$126.8 million compared to \$135.2 million for the year ended December 31, 2016. This decrease of \$8.4 million (6.2%) was mainly due to decreases in net life insurance benefits of \$3.5 million primarily resulting from the recognition of a premium deficiency reserve in 2016, lower operating expenses mainly due to higher deferral of policy sales related expenditures, and lower DAC amortization mainly due to improved policy persistency.

Loss Before Income Taxes

For the year ended December 31, 2017, we had a loss before taxes of \$10.9 million compared to a loss before taxes of \$22.2 million for the year ended December 31, 2016. This decreased loss of \$11.3 million (50.9%) was due to higher net insurance premiums, lower life and annuity claim benefits, a decrease in operating expenses of \$2.6 million, and a \$2.1 million decrease in DAC amortization, partially offset by a decrease in net investment income and lower insurance lead sales.

Income Taxes

For the year ended December 31, 2017, income tax benefit was \$2.7 million compared to an income tax benefit of \$6.8 million for the year ended December 31, 2016. The decrease of \$4.1 million reflects the recognition of a \$3.0 million tax

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expense for the write-down of the net deferred tax asset related to the Tax Act. The Tax Act reduced the federal tax rate for corporations to 21%. In addition, there was a \$2.6 million lower tax benefit resulting from a decrease in the life group's pre-tax operating loss for the year ended December 31, 2017 when compared to the year ended December 31, 2016. This was partially offset by a \$1.5 million lower current tax expense in 2017. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Income Taxes."

Analysis of Segment Results

Reconciliation of Segment Results to Consolidated Results

The following analysis reconciles the reported segment results to the MMHC total consolidated results. The main difference is the intercompany eliminations.

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
(LOSS) BEFORE INCOME TAXES BY SEGMENT		
Agency operations	\$ (624)	\$ (974)
Insurance operations	2,343	(6,480)
Corporate operations	(4,713)	(4,593)
Eliminations	(7,948)	(10,124)
(Loss) before income taxes	(10,942)	(22,171)
Income tax (benefit)	(2,701)	(6,833)
NET (LOSS)	\$ (8,241)	\$ (15,338)

Agency Segment

The results of our agency segment were as follows:

	Year ended December 31,	
	2017	2016
	(dollars in thousands)	
REVENUE		
Earned commissions	\$34,796	\$35,247
Other income	5,529	6,723
Total revenues	<u>40,325</u>	<u>41,970</u>
EXPENSES		
General operating expenses	40,786	42,780
Amortization of intangibles	163	164
Total expenses	<u>40,949</u>	<u>42,944</u>
(Loss) before income taxes	(624)	(974)

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Earned Commissions

For the twelve months ended December 31, 2017, earned commissions were \$34.8 million compared to \$35.2 million for the twelve months ended December 31, 2016. This decrease of \$0.4 million (1.0%) resulted from compensation changes on certain Fidelity Life products and a reduction in wholesale production. Annualized issued premium produced by the retail call center increased from \$32.5 million to \$34.3 million (5.0%) for the twelve months ended December 31, 2016 and 2017, respectively.

Other Income

For the twelve months ended December 31, 2017, other income was \$5.5 million compared to \$6.7 million for the twelve months ended December 31, 2016. This decrease of \$1.2 million (18%) was primarily due to the Company retaining more leads for use in our retail call center in 2017.

General Operating Expenses

For the twelve months ended December 31, 2017, general operating expenses were \$40.8 million compared to \$42.8 million for the twelve months ended December 31, 2016. This decrease of \$2.0 million (4.7%) was due to decreases in variable cost of sales of \$1.7 million and lower overhead expenses of \$0.3 million. The variable cost of sales decrease consisted of lower agent's compensation of \$1.0 million due to a new agent compensation agreement effective February 1, 2016, and \$0.7 million decrease in the purchase of leads due to efficiency gains in the lead buying program. The decrease in overhead costs \$0.3 million was primarily due to lower payroll related costs.

Net Income (Loss)

For the twelve months ended December 31, 2017, the agency segment incurred a net loss of \$0.6 million compared to a similar net loss of \$1.0 million for the twelve months ended December 31, 2016. This decrease in net loss of \$0.4 million was the result of lower general operating expenses brought on by increased cost control around both variable and overhead related costs partially offset by lower commission income due to compensation rate changes.

Insurance Segment

The results of our insurance segment were as follows:

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Revenue:		
Net insurance premiums	\$82,873	\$ 78,138
Net investment income	15,215	16,032
Net realized investment gains	571	530
Other income	264	276
Total revenues	<u>\$98,923</u>	<u>\$ 94,976</u>
Benefits and Expenses:		
Life and annuity benefits	\$56,035	\$ 59,536
Interest credited to policyholder account balances	3,776	3,914
General operating expenses	21,368	19,401
Amortization of deferred policy acquisition costs	15,401	18,605
Total benefits and expenses	<u>96,580</u>	<u>101,456</u>
Income (loss) before income taxes	<u>2,343</u>	<u>(6,480)</u>

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Premium Revenues

For the year ended December 31, 2017, net insurance premiums were \$82.9 million compared to \$78.1 million for the year ended December 31, 2016. This increase of \$4.8 million (6.1%) in net insurance premiums is a result of a \$5.9 million increase in net premiums from both first year and renewal premiums in our core lines, primarily due to increased production from our call center operations, partially offset by a decrease in net insurance premiums in the closed block.

Net Investment Income

For the year ended December 31, 2017, net investment income was \$15.2 million compared to \$16.0 million for the year ended December 31, 2016. This decrease of \$0.8 million (5.0%) is due to a \$1.2 million decrease in interest income from

fixed maturity securities as a result of a decrease in this invested asset base and lower book yield. This decrease is partially offset with a \$0.4 million increase in interest income from commercial mortgage loans due to increased purchases of new mortgage loans in 2017.

Realized Investment Gains

For the year ended December 31, 2017, realized investment gains were \$0.6 million compared with realized investment gains of \$0.5 million for the year December 31, 2016. This increase of \$0.1 million (20.0%) was due to increased realized gains on sales of fixed maturity securities and equity securities of \$0.8 million and \$0.3 million, respectively, increase to realized gains on equity method investments of \$0.3 million, and an additional \$0.2 million release of the mortgage loan valuation allowance in 2017. This increase in realized gains was partially offset by higher mark-to-market losses on equity securities held as trading securities of \$1.5 million.

Other Income

For the year ended December 31, 2017, other income was \$0.3 million compared with \$0.3 million for the year ended December 31, 2016.

Life, Annuity and Health Claim Benefits

For the year ended December 31, 2017, life and annuity claim benefits were \$56.0 million compared with \$59.5 million for the year ended December 31, 2016. This decrease of \$3.5 million (5.9%) is mainly attributable to the effects from recognition of a premium reserve deficiency in 2016 related to assumed life business of \$3.2 million, a release of waiver of premium reserve of \$1.5 million in the Closed Block, and a release of IBNR reserve of \$0.5 million related to both Core and Non-Core products of \$0.3 million and \$0.2 million respectively. Partially offsetting this decrease is higher incurred claims related to the growth and age of the Core and Non-Core in-force business of \$2.6 million and \$2.0 million respectively, and lower incurred claims in Closed Block and assumed life of \$1.6 million and \$1.5 million respectively.

Interest Credited to Policyholder Account Balances

For the year ended December 31, 2017, interest credited was \$3.8 million compared to \$3.9 million for the year ended December 31, 2016. This decrease of \$0.1 million is due to reduced interest credited on lower assumed fixed annuity contractholder account balances.

General Operating Expenses

For the year ended December 31, 2017, general operating expenses were \$21.4 million compared to \$19.4 million for the year ended December 31, 2016. This increase of \$2.0 million (10.3%) was mainly due to a \$1.1 million increase in salaries and benefits, primarily as a result of higher additional head count in 2017 related to continued investments in infrastructure needed for future business growth. Also contributing to the increase in general operating expenses is \$0.5 million of higher variable policy issuance costs and maintenance expense due to increased sales and a larger in-force block of business, and a \$0.4 million increase in reserve financing costs.

Amortization of Deferred Acquisition Costs

For the year ended December 31, 2017, amortization of deferred acquisition costs was \$15.4 million compared to \$18.6 million for the year ended December 31, 2016. This decrease of \$3.2 million (17.2%) results primarily from lower DAC amortization in Non-core life of \$2.6 million stemming mainly from lower lapses of the ADB product due to strategic initiatives taken to limit the distribution of this product, and lower Closed Block DAC amortization of \$1.0 mainly due to many policies approaching the end of their level term period. This decrease is partially offset by increased DAC amortization in core-life of \$0.4 million resulting primarily from higher deferred acquisition costs related to worksite business. See “Business—Insurance Segment—Core Life.”

Net (loss) income

For the year ended December 31, 2017, income was \$2.3 million compared to a net loss of \$6.5 million for the year ended December 31, 2016. The increase in net income of \$8.8 million (135.3%) resulted primarily from an increase in net insurance premium, along with reductions in life and annuity benefits and lower DAC amortization, partially offset by higher general operating expenses and lower net investment income.

Closed Block

The closed block was formed as of October 1, 2006 and contains all participating policies issued or assumed by Fidelity Life. The assets and future net cash flows of the closed block are available only for purposes of paying benefits, expenses and dividends of the closed block and are not available to the Company, except for an amount of additional funding that was established at inception. The additional funding was designed to protect the block against future adverse experience, and if the funding is not required for that purpose, it is subject to reversion to the Company in the future. Any reversion of closed block assets to the Company must be approved by the Illinois Department of Insurance. See “Note 9—Closed Block” in the accompanying Audited Consolidated Financial Statements. The closed block is included in our insurance segment. The condensed financial statements of the closed block are as follows (dollars in thousands):

	As of December 31,	
	2017	2016
Closed Block Liabilities		
Future policy benefits	\$ 74,540	\$ 93,811
Policyholder account balances	8,655	9,307
Other policyholder liabilities	5,837	4,030
Policyholder dividend obligation	11,097	9,652
Other liabilities	5,014	4,661
Total Closed Block liabilities	<u>105,143</u>	<u>121,461</u>
Assets Designated to the Closed Block		
Investments		
Fixed maturity securities—available-for-sale (amortized cost \$36,080 and \$39,673 respectively)	39,763	42,717
Policyholder loans	1,490	1,585
Total investments	41,253	44,302
Cash and cash equivalents	3,330	1,317
Premiums due and uncollected	4,655	1,280
Accrued investment income	475	527
Reinsurance recoverables	54,933	70,319
Deferred income tax assets	5,783	9,190
Total assets designated to the Closed Block	<u>110,429</u>	<u>126,935</u>
Excess of Closed Block liabilities over designated assets	<u>5,286</u>	<u>5,474</u>
Amounts included in accumulated other comprehensive income:		
Unrealized investment gains, net of income tax	2,430	2,009
Allocated to policyholder dividend obligation, net of income tax	(1,634)	(1,331)
Total amounts included in accumulated other comprehensive income	<u>796</u>	<u>678</u>
Maximal future earnings to be recognized from Closed Block assets and liabilities	<u>\$ (4,490)</u>	<u>\$ (4,796)</u>
	Years Ended December 31,	
	2017	2016
Balance at January 1,	\$ 9,652	\$7,428
Impact from earnings allocable to policyholder dividend obligation	987	1,334
Change in net unrealized Investment gains (losses) allocated to policyholder dividend obligation	458	890
Balance at end of period	<u>\$11,097</u>	<u>\$9,652</u>

	Year Ended December 31,	
	2017	2016
Revenues:		
Net life insurance premiums	\$ 4,889	\$ 6,283
Net investment income	1,734	2,157
Net realized investment gains (losses)	161	118
Total revenues	<u>6,784</u>	<u>8,558</u>
Benefits and expenses:		
Life and annuity benefits—including policyholders dividends of \$2,081 and \$2,532 in 2017 and 2016, respectively	3,692	6,754
Interest credited to policyholder account balances	223	239
General operating expenses	(2,125)	(1,355)
Total benefits and expenses	<u>1,790</u>	<u>5,638</u>
Revenues, net of expenses before provision for income tax expense	4,994	2,920
Income tax expense	5,143	993
Revenue, net of expenses and provision for income tax expense	<u>\$ (149)</u>	<u>\$ 1,927</u>

The maximum future earnings to be recognized from closed block assets and liabilities represent the estimated future closed block profits that will accrue to the Company and is calculated as the excess of closed block liabilities over closed block assets. Included in closed block assets at December 31, 2017 and December 31, 2016 are \$9.2 million and \$9.0 million, respectively, of additional closed block funding, plus accrued interest, that is eligible for reversion to the Company if not needed to fund closed block experience.

The closed block was funded based on a model developed to forecast the future cash flows of the closed block which is referred to as the “glide path.” The glide path model projected the anticipated future cash flows of the closed block as established at the initial funding. We compare the actual results of the closed block to expected results from the glide path as part of the annual assessment of the current level of policyholder dividends. The assessment of policyholder dividends includes projections of future experience of the closed block policies and the investment experience of the closed block assets. The review of closed block experience also includes consideration of whether a policy dividend obligation should be recorded to reflect favorable closed block experience that has not yet been reflected in the dividend scales. The recorded policyholder dividend obligation at December 31, 2017 and December 31, 2016 totaled \$11.1 million and \$9.7 million, respectively, and consisted of favorable policy experience on the closed block policies (\$8.6 million and \$7.7 million, respectively) and unrealized gains on the closed block fixed maturity security portfolio holdings (\$2.5 million and \$2.0 million, respectively).

Corporate Segment

The results of the corporate segment are as follows:

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Revenue:		
Net investment income	\$ 210	\$ 174
Total revenue	210	174
Expenses:		
General operating expenses	4,923	4,767
Total expenses	<u>4,923</u>	<u>4,767</u>
(Loss) before income taxes	<u>(4,713)</u>	<u>(4,593)</u>

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016***General Operating Expenses***

For the year ended December 31, 2017, general operating expenses were \$4.9 million compared to \$4.8 million for the year ended December 31, 2016. This increase in general operating expenses of \$0.1 million (2.1%) is due to an increase in allocated salary related expenses in 2017.

Net Loss

The net loss for the year ended December 31, 2017 increased \$0.1 million (2.2%) to \$4.7 million from a net loss of \$4.6 million for the same period of 2016. The increase in the net loss was mainly due to an increase in accrued incentive compensation in 2017.

Intercompany Eliminations

The impact of the eliminations for intercompany transactions primarily consists of the sales by our agency segment of life products of our insurance segment. The eliminations represent the amounts required to eliminate the intercompany transactions as recorded in our segment results, and in particular, to eliminate any intersegment profits resulting from such transactions. Our segment results follow the accounting principles and methods applicable to each segment as if the intercompany transactions were with unaffiliated organizations:

Revenue—our agency segment recognizes all commission revenue to be paid for the first year that the policy is in force at the date that the insurance policy goes in force at the carrier.

Expense—our insurance segment recognizes the first-year commission as a policy acquisition cost, in proportion to the premiums earned from providing insurance coverage throughout the first year that the policy is in force. In addition, our insurance segment defers the amount by which the first-year commission acquisition costs exceed the ultimate renewal commission and records this amount as deferred acquisition cost that is amortized over the expected life of the policy.

Viewed at the segment level, because of the timing difference between the agency segment's immediate recognition of commission revenue and the insurance segment's deferral and amortization of the commission expense over the expected life of the policy, all else being equal, the sale of a policy through our agency segment results in an intersegment profit in an amount equal to the difference between the commission paid and the related amortization expense. However, in consolidation, two impacts occur. First, the intercompany revenue recognized by our agency segment and the related deferred acquisition expense recorded by our insurance segment are eliminated. Second, we record deferred acquisition costs equal to that portion of Commission DAC that can be tied directly to Efinancial's expenses incurred in the successful placement of a policy. Therefore, in consolidation, the Commission DAC recorded in our insurance segment is effectively reduced to reflect the elimination of that portion of Commission DAC that results from Efinancial expenses that cannot be directly tied to the successful placement of a policy. The amount of eliminated Commission DAC, which represents a majority of the Commission DAC, is charged to current expense, and acquisition cost DAC is recorded at a reduced amount, which represents the amount of Commission DAC that is eligible for deferral under GAAP. See "—Critical Accounting Policies—

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Deferred Policy Acquisition Costs (DAC)” and “Factors Affecting our Results—Strategic Goals and Financial Impact of Sales of Policies Produced by Efinancial” for more information. The results of these elimination entries were as follows:

	December 31,	
	2017	2016
	(dollars in thousands)	
Revenue:		
Net investment income	\$ (306)	\$ (249)
Earned commissions	(23,282)	(23,872)
Total revenues	(23,588)	(24,121)
Expenses:		
Commission expense	(10,859)	(8,161)
General operating expenses	(306)	(249)
Amortization of deferred policy acquisition costs	(4,475)	(5,587)
Total expenses	(15,640)	(13,997)
(Loss) before income taxes	(7,948)	(10,124)

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

For the year ended December 31, 2017, the impact of intercompany eliminations on pretax income was a reduction of \$7.9 million compared to a \$10.1 million reduction for the year ended December 31, 2016. This increase in pre-tax income of \$2.2 million (21.8%) was mainly due to a lower volume of intercompany sales year-over-year, and a lower amount of deferred intercompany commissions resulting from the leveling of commission on certain products sold by the agency segment. Also contributing to the increase in pre-tax income was higher deferral of agency policy acquisition costs related to agent compensation and certain newly entered into contract arrangements for the purchase of sales leads. Partially offsetting these increases was lower DAC amortization primarily due to the leveling commissions on certain products.

Investments

Investment Returns

We invest our available cash and funds that support our regulatory capital, surplus requirements and policy reserves in investment securities that are included in our insurance and corporate segments. We earn income on these investments in the form of interest on fixed maturity securities (bonds and mortgage loans) and dividends (equity holdings). Investment income is recorded net of investment related expenses as revenue. The amount of net investment income that we recognize will vary depending on the amount of invested assets that we own, the types of investments we own, the interest rates earned and amount of dividends received on our investments.

Gains and losses on sales of investments are classified as “realized investment gains (losses)” and are recorded as revenue. Capital appreciation and depreciation caused by changes in the market value of investments classified as “available-for-sale” is recorded in accumulated other comprehensive income. The amount of investment gains and losses that we recognize depends on the amount of and the types of invested assets we own and the market conditions related to those investments. Our cash needs can vary from time to time and could require that we sell invested assets to fund cash needs.

Investment Guidelines

Our investment strategy and guidelines are developed by management and approved by the investment committee of Fidelity Life’s board of directors. Our investment strategy related to our insurance segment is designed to maintain a well-diversified, high quality fixed income portfolio that will provide adequate levels of net investment income and liquidity to meet our policyholder obligations under our life insurance policies and our assumed annuity deposits. To help maintain liquidity we establish the duration of invested assets within a tolerance to the policy liability duration. The investments of our insurance segment are managed with an emphasis on current income within quality and diversification constraints. The focus is on book yield of the fixed income portfolio as the anticipated portfolio yield is a key element used in pricing our insurance products and establishing policyholder crediting rates on our annuity contracts.

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We apply our overall investment strategy and guidelines on a consolidated basis for purposes of monitoring compliance with our overall guidelines. Almost all of our investments (over 99%) are owned by Fidelity Life and are maintained in compliance with insurance regulations. Critical guidelines of our investment plan include:

- Asset concentration guidelines that limit the amount that we hold in any one issuer of securities,
- Asset quality guidelines applied on a portfolio basis and for individual issues that establish a minimum asset quality standard for portfolios and establish minimum asset quality standards for investment purchases and investment holding,
- Liquidity guidelines that limit the amount of illiquid assets that can be held at any time, and
- Diversification guidelines that limit the exposure at any time to the total portfolio by investment sectors.

Our investment portfolios are all managed by third party investment managers that specialize in insurance company asset management and in particular these managers are selected based upon their expertise in the particular asset classes that we own. We contract with an investment management firm to provide overall assistance with oversight of our portfolio managers, evaluation of investment performance and assistance with development and implementation of our investment strategy. This investment management firm reports to our Chief Financial Officer and to the Investment Committee of Fidelity Life's board of directors. On a quarterly basis, or more frequently if circumstances require, we review the performance of all portfolios and portfolio managers with the Investment Committee.

The following table shows the distribution of the fixed maturity securities classified as available-for-sale by quality rating using the rating assigned by Standard & Poor's, a nationally recognized statistical rating organization. Over the periods presented, we have maintained a consistent weighted average bond quality rating of "A." The percentage allocation of total investment grade securities has increased to 83.6% at December 31, 2017 from 82.8% at December 31, 2016 due to the S&P ratings on certain new securities acquired in our portfolio of distressed residential mortgage-backed securities.

S&P Rating	Estimated Fair Value			
	December 31, 2017		December 31, 2016	
	(dollars in thousands)			
AAA	\$ 74,535	22.1%	\$ 72,604	21.4%
AA	33,988	10.1%	33,442	9.9%
A	115,585	34.2%	114,637	33.8%
BBB	58,240	17.2%	59,934	17.7%
Total investment grade	282,348	83.6%	280,617	82.8%
BB	14,394	4.3%	12,650	3.7%
B	9,893	2.9%	6,893	2.0%
CCC	2,197	0.7%	2,072	0.6%
CC	—	0.0%	350	0.1%
D	41	0.0%	228	0.1%
Total below investment grade	26,525	7.9%	22,193	6.5%
Not rated	28,796	8.5%	36,264	10.7%
Total	\$337,668	100.0%	\$339,075	100.0%

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The following table sets forth the maturity profile of our debt securities at December 31, 2017 and December 31, 2016. Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without penalty.

	December 31, 2017				December 31, 2016			
	Amortized Costs	%	Estimated Fair Value	%	Amortized Costs	%	Estimated Fair Value	%
	(dollars in thousands)							
Due in one year or less	\$ 18,748	5.9%	\$ 18,975	5.6%	\$ 10,202	3.2%	\$ 10,377	3.1%
Due after one year through five years	63,495	19.9%	65,808	19.5%	85,685	26.5%	89,778	26.5%
Due after five years through ten years	45,615	14.3%	47,514	14.1%	44,388	13.7%	46,131	13.6%
Due after ten years	90,703	28.4%	103,749	30.7%	77,097	23.8%	85,583	25.2%
Securities not due at a single maturity date—primarily mortgage and asset-backed securities	100,405	31.5%	101,622	30.1%	106,184	32.8%	107,206	31.6%
Total debt securities	<u>\$318,966</u>	<u>100.0%</u>	<u>\$337,668</u>	<u>100.0%</u>	<u>\$323,556</u>	<u>100.0%</u>	<u>\$339,075</u>	<u>100.0%</u>

Every quarter we review all investments where the market value is less than the carrying value to ascertain if the impairment of the security's value is other than temporary ("OTTI"). The quarterly review is targeted to focus on securities with larger impairments and that have been in an impaired status for longer periods of time. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Other-Than-Temporary Impairments on Available-For-Sale Securities."

Net Investment Income

One key measure of our investment income is the book yield on our holdings of fixed maturity securities classified as available-for-sale, which totaled \$338 million and 85.9% of our invested assets as of December 31, 2017. Book yield is the effective interest rate, before investment expenses, that we earn on these investments. Book yield is calculated as the percent of net investment income to the average amortized cost of the underlying investments for the period. For the years ended December 31, 2017 and 2016, our book yield on fixed maturity securities available-for-sale was 4.43% and 4.53%, respectively.

Interest Credited on Contractholder Deposits

Included with the future policy benefits is the liability for contractholder deposits on deferred annuity contracts assumed through two reinsurance agreements effective in 1991 and 1992, respectively, and certain other policy funds left on deposit with the Company. The aggregate liability for deposits is as follows:

	December 31, 2017		
	Ending Balance	Year to Date Interest Credited	Average Credit Rate
	(dollars in thousands)		
Annuity contract holder deposits—assumed	\$ 88,725	\$ 3,518	4.0%
Dividends left on deposit	8,655	223	2.6%
Other	1,519	35	2.3%
	<u>\$ 98,899</u>	<u>\$ 3,776</u>	3.8%

	December 31, 2016		
	Ending Balance	Year to Date Interest Credited	Average Crediting Rate
	(dollars in thousands)		
Annuity contract holder deposits—assumed	\$ 93,168	\$ 3,636	3.9%
Dividends left on deposit	9,307	239	2.6%
Other	1,409	39	2.8%
	<u>\$103,884</u>	<u>\$ 3,914</u>	3.8%

The liability for deferred annuity deposits represents the contractholder account balances. Due to the declines in market interest rates and the book yield on our investment portfolio, we credit interest on all contractholder deposit liabilities at contractual rates that are currently at the minimum rate allowed by the contract or by state regulations.

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Our insurance segment realizes operating profit from the excess of our book yield realized on fixed maturity securities that support our contractholder deposits over the amount of interest that we credit to the contractholder. We refer to this operating profit as the “spread” we earn on contractholder deposits. Our book yields on fixed maturity investments have declined in recent periods due to current market conditions. If book yields continue to decline, the amount of spread between the interest earned and credited will be reduced.

Net Realized Investment Gains (Losses)

Realized investment gains and losses are subject to general economic trends and in particular correlate generally with movements in the major equity market indexes. The amounts classified as realized gains and losses in our statement of operations include amounts realized from sales of investments, mark-to-market adjustments on investments classified as trading securities, equity holdings and investments that use the equity method of accounting (limited partnerships) and other-than-temporary impairments of individual securities related to credit impairments.

Net realized investment gains (losses) that we recognize are influenced to a great degree by the mark-to-market on our trading securities portfolios and the adjustments resulting from the application of equity method accounting for our limited partnership investments. The period to period changes in the investments reflect the impact of market volatility on our reported results, as can be seen from the following table. We hold these trading securities portfolios to diversify our invested assets. Most of these investments are either direct equity securities or have a good degree of correlation to the results of the equity markets.

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Net Realized Investment Gains (Losses)		
Sales of Investments:		
Fixed maturity securities, available-for-sale	\$ 843	\$ 34
Limited partnerships	89	78
Other-than-temporary impairment losses on fixed maturity securities, available-for-sale—net	—	(26)
Trading securities—gains and losses:		
Equity securities	(609)	619
Investment expenses	(22)	(39)
Mortgage loans impairments	214	55
Equity method—limited partnerships	56	(191)
Total net realized investment gains	\$ 571	\$ 530

Unrealized Holding Gains

We also record capital appreciation/depreciation on our available-for-sale fixed maturity securities. The following table shows the annual increase in equity from mark-to-market adjustments on our available-for-sale fixed maturity securities. These adjustments result from the low current market interest rates which cause the market value of our holdings, which overall carry higher interest rates than available in the market, to increase.

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Accumulated Other Income		
Unrealized holding gains from changes in the market value of securities, including the related impact to future policy benefit liabilities, the policyholder dividend obligation and deferred policy acquisition cost balances	\$ 2,058	\$ 3,116
Unrealized investment loss	—	(288)
Income tax effect	(597)	(989)
Net increase in accumulated other comprehensive income	\$ 1,461	\$ 1,839

At December 31, 2017, we have accumulated other comprehensive income from mark-to-market adjustment of our available-for-sale fixed income securities totaling \$7.8 million (net of federal income taxes and reserve). If market interest

rates on fixed maturity securities start to increase, the favorable mark-to-market adjustment could decline, which would reduce our equity.

Financial Position

At December 31, 2017, we had total assets of \$666.4 million compared to total assets at December 31, 2016 of \$654.4 million. The increase in total assets of \$12.0 million primarily results from an increase in total invested assets of \$8.1 million, primarily mortgage loans, increases in other assets of \$10.4 million mainly due to higher software capitalization and annualized prepaid assets, and increased premiums receivable related to the Closed Block and an increase in the deferred tax asset of \$1.5 million. This increase was partially offset by a lower amount of cash held of \$7.6 million and a decrease in reinsurance recoverables of \$2.1 million.

At December 31, 2017, we had total liabilities of \$470.2 million compared to total liabilities of \$451.4 million at December 31, 2016. The increase in total liabilities of \$18.8 million is primarily due to an increase in future policy benefits of \$12.3 million resulting from a growing and aging block of business, along with increases in the closed block policyholder dividend obligation of \$1.5 million, and increases in other policyholder liabilities of \$5.5 million due to higher pending claims, and higher reinsurance payables and other liabilities of \$2.7 million and \$1.9 million, respectively.

Total equity decreased from \$203.0 million at December 31, 2016 to \$196.2 million at December 31, 2017. This decrease in equity of \$6.8 million (3.3%) was due to a total comprehensive loss of \$6.8 million comprised of the net loss of \$8.2 million and partially offset by other comprehensive gain of \$1.4 million. The other comprehensive gain for the period was due to a higher amount of unrealized net gains on our fixed maturity available-for-sale securities portfolio. This increase was caused by a decrease in market interest rates at year end 2017 when compared to market interest rates at year end 2016.

Liquidity and Capital Resources

Our principal sources of funds are from premium revenues, commission revenues, investment income and proceeds from the sale and maturity of investments. The Company's primary uses of funds are for payment of life policy benefits, contractholder withdrawals on assumed annuity contracts, new business acquisition costs for our insurance operations (i.e., commissions, underwriting and issue costs), cost of sales for agency operations (i.e., agent compensation, purchased lead and lead generation costs), general operating expenses and purchases of investments. Our investment portfolio is structured to provide funds periodically over time, through investment income and maturities, to provide for the payment of policy benefits and contractholder withdrawals.

Under our commission financing arrangement with Hannover Life, Fidelity Life is able to pay level annual commissions instead of first-year-only commissions to Efinancial for sales of **RAPID**Decision® Life policies, and Hannover Life advances to Efinancial amounts approximately equal to first-year-only commissions for sales of those policies. This arrangement reduces Fidelity Life's surplus strain associated with issuing **RAPID**Decision® Life business while helping to provide liquidity for Efinancial through the receipt of larger first-year-only commissions. Our arrangement with Hannover Life allows us to finance up to \$20 million of commission expense. As of September 30, 2018, we had financed \$[●] million of commission expense under this arrangement.

We are a member of the Federal Home Loan Bank of Chicago (the "FHLBC"). As a member we are able to borrow on a collateralized basis from the FHLBC. We own FHLBC common stock with a book value of \$109,000, which allows us to borrow up to \$2.4 million. Interest on borrowed funds is charged at variable rates established from time to time by the FHLBC based on the interest rate option selected at the time of the borrowing. There have been no borrowings from the FHLBC during 2017 and 2016.

Fidelity Life's ability to pay dividends to Vericity is limited by the insurance laws of the State of Illinois. All shareholder dividends are subject to notice filings with the Illinois Insurance Director. The maximum amount of dividends that can be paid by Illinois life insurance companies to stockholders without 30 days prior notice to the director of the Illinois Department of Insurance is the greater of (i) statutory net income for the preceding year or (ii) 10% of statutory surplus as of the preceding year-end. However, under Illinois insurance statutes, dividends may be paid only from surplus, excluding unrealized appreciation in value of investments, without prior approval. Dividends in excess of these amounts require advance approval of the Illinois Department of Insurance. There are no limitations on the amount of dividends that Efinancial can pay.

During 2017, the board of directors of Fidelity Life approved the payment of \$7.0 million in dividends to Vericity Holdings. The dividends provided operating funds to Vericity Holdings to support corporate operations and initiatives.

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Following the conversion, Fidelity Life has agreed not to pay any common stock dividends without the approval of a majority of the company designees. See —“The Conversion and Offering—Description of the Standby Purchase Agreement—Post-Closing Covenants-Standstill Period.”

Fidelity Life is a party to various services and cost sharing agreements with Vericity Holdings and Efinancial pursuant to which certain costs and expenses incurred by Vericity Holdings and Efinancial on behalf of Fidelity Life are allocated to Fidelity Life and reimbursed to the entity incurring the expense.

As an Illinois-domiciled mutual holding company, Members Mutual is subject to the same minimum statutory capital and surplus levels as Fidelity Life. However, Members Mutual is not authorized to transact insurance business and cannot issue or reinsure insurance policies. Accordingly, the level of statutory capital and surplus at Members Mutual has no material effect on the ability of Fidelity Life to write insurance or on the Company's consolidated results of operations, financial position or liquidity. Although Members Mutual is subject to minimum capital and surplus requirements, it is not subject to RBC requirements. Our other operating subsidiaries are not subject to regulatory capital requirements or RBC.

Although cash flows for 2017 were positive, we have experienced net negative cash flows in 2016 and in prior periods due to continued growth in sales of our life insurance products and in our agency operations and through continued net withdrawals on assumed annuity contractholder deposits. Our annuity deposits are in run off because we do not market annuity contracts to provide annuity deposits to offset the withdrawal activity on in-force contracts.

Cash uses in our insurance segment result in negative cash flows related to sales of new insurance policies because:

- Policy acquisition costs (consisting of agent commission, policy underwriting and issue costs) exceed the amount of first year premium received from the policyholder,
- Depending on the product sold, a portion or all of the agent's commission may be paid as a cash advance to the agent and most of the underwriting and policy issue costs are paid at the time the initial policy is issued, whereas the premiums may be paid throughout the policy year, and
- Amounts due from reinsurers to reimburse claims paid are usually paid at some date after the claim has been paid.

The resulting negative first year cash flow from sales of new policies is partially offset by positive cash flows from insurance policy renewals. The continued sales growth in our insurance operations has resulted in a net cash decrease. Cash flows from reinsurance collections will vary from period to period based on claims activity.

Cash flows in our agency segment were breakeven or slightly positive for the year ended December 31, 2017 and for the year ended December 31, 2016.

Our corporate segment experienced negative cash flow as a result of the payment of allocated overhead expenses.

Cash flow from investing includes our fixed maturity securities and equity holdings that are classified as available-for-sale securities. Period to period the cash flows associated with the changes in these portfolios will vary between cash sources and cash uses depending on portfolio trading due to investment market conditions and other factors.

Cash flow from financing activities primarily consists of the assumed annuity contractholder deposits. The annuity liabilities are reducing each period due to cash withdrawals by contractholders on this block of annuities that were primarily written in the late 1980s. Cash deposits to these annuity contracts are minimal compared to cash withdrawal activity. Cash from financing activities will continue to be negative as withdrawals on the assumed annuities will exceed cash deposits.

Cash flow from investing activities represents our primary source of cash. We use cash flows from investments to fund the withdrawals from the assumed annuity deposits and to fund the negative cash flows from operating activities.

Cash Flows

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Consolidated Summary of Cash Flow		
Cash flows provided by (used for) operating activities	\$ 9,480	\$(13,597)
Cash flows provided by (used for) investing activities	(8,550)	22,677
Cash flows provided by (used for) financing activities	(8,586)	(6,485)
Net increase (decrease) in cash and cash equivalents	<u>\$ (7,656)</u>	<u>\$ 2,595</u>

For the year ended December 31, 2017, we had a net decrease in cash of \$7.7 million compared to net increase of \$2.6 million for the year ended December 31, 2016. The decrease of \$10.3 million was mainly used to grow the invested asset base primarily through the purchase of mortgage loans. Cash from operating activities increased by \$23.1 million mainly due to higher premium volume, lower general operating expenses, lower reinsurance recoverables, and a \$5.9 million payment made in 2016 to certain former shareholders of Vericity Holdings to complete the redemption of their shares.

Risk-Based Capital

Fidelity Life is subject to regulatory guidelines related to the ratio of its capital level compared to its RBC level as determined by formulas adopted by state insurance departments and applicable to all life insurance companies. A company's "authorized control level RBC" is a measure of the amount of capital appropriate for an insurance company to support its overall business operations in light of its size, growth and risk profile. RBC standards are used by regulators to determine appropriate regulatory actions for insurers that show signs of weak or deteriorating conditions. Companies that do not maintain total adjusted risk-based capital in excess of 200% of the company's authorized control level risk-based capital may be required to take specific actions at the direction of state insurance regulators. Fidelity Life's total adjusted capital at December 31, 2017 and 2016 was well in excess of 200% of its authorized control level. See "Business—Regulation—Risk-Based Capital (RBC) Requirements."

Due to the continued growth in Fidelity Life's sales of new insurance policies and the dividends to Vericity Holdings (\$7.0 million in 2017 to provide working capital), Fidelity Life's level of regulatory capital has been declining. The accounting principles applicable to regulatory reporting require that insurance companies expense all policy acquisition costs as incurred. Acquisition expenses attributable to Fidelity Life's increasing new business growth have resulted in net losses being reported for regulatory reporting purposes. In addition, these losses have also resulted in our being in a net operating loss carryforward position on the life company portion of our consolidated federal tax return, creating a deferred tax asset. Regulatory accounting principles allow limited recognition of the future benefits of deferred tax assets. Accordingly, we recognize no income tax benefit that would offset our operating losses for regulatory reporting purposes.

Fidelity Life is also subject to the model regulation entitled "Valuation of Life Insurance Policies" commonly known as "Regulation XXX." This regulation requires life insurance companies that issue insurance policies with level premium guarantees to carry reserves that can greatly exceed the amount that the insurance company believes is necessary to reflect its liability for future claims payments. Such reserves are sometimes referred to as "non-economic reserves." Many insurance companies use reinsurance, financing, formation of captive reinsurers and other reserve financing transactions to reduce the regulatory capital needs under Regulation XXX. Generally these solutions have only been available to carriers with much larger amounts of affected liabilities than Fidelity Life. To mitigate the future impact on regulatory capital from Regulation XXX and help stabilize our regulatory capital position in light of anticipated sales increases, we entered into a reserve financing agreement with Hannover Life effective July 1, 2013 that covered certain products with policies written on or before September 30, 2012. This agreement was amended and restated as of July 1, 2016 to extend the issue date of policies for products covered under the existing reserve financing through December 31, 2015 and also included additional Fidelity Life products. The agreement is indefinite in length, but allows Fidelity Life to fully recapture the ceded business for approximately one year beginning on or after December 31, 2026. The agreement also provides for the payment of experience refunds, if any, to Fidelity Life with respect to the ceded business through December 31, 2026. As of December 31, 2017, the reserve credit under this arrangement was approximately \$79.9 million.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity or capital expenditures.

Quantitative and Qualitative Information about Market Risk

We own a diversified portfolio of investments including cash, bonds, preferred stocks, commercial mortgages, and common stock. Each of these investments is subject, in varying degree, to market risk that can affect their return and their fair value. Bonds are the majority of our investments and include debt issues of corporations, residential and commercial mortgage-backed securities or other asset-backed securities, U.S. Treasury securities, or obligations of U.S. Government Sponsored Enterprises and are classified as fixed maturity investments in our financial statements. Our investment portfolios are subject to market risks.

Market risk is the risk that we will incur losses due to adverse changes in market rates and prices on the fair value of the investment securities that we own. We have exposure to market risk through our investment activities, including interest rate risk, credit risk, equity risk and foreign currency risk. We have not and do not plan to enter into any derivative financial instruments for trading or speculative purposes.

Interest Rate Risk

Interest rate risk arises from the price sensitivity of investments to changes in interest rates. The changes in the fair value of our fixed maturity investments are inversely related to changes in market interest rates. As market interest rates fall the fixed income streams of fixed maturity investments held become more valuable and market values rise. As market interest rates rise, the opposite effect occurs. Interest rate risk can also arise if market rates fall, which can result in lower interest spreads on our assumed annuity deposits, which are our primary interest rate sensitive liability.

We review the interest rate sensitivity of our available-for-sale fixed maturity securities by calculating the impact on the market value of our holdings that would result from a hypothetical instantaneous shift in market interest rates across all maturities, which we consider to be reasonably possible. The impact of such a parallel shift upward in the yield curve of 200 basis points would reduce the market value of our fixed maturity security portfolio by \$42.7 million (12.7%) and \$39.4 million (11.6%) as of December 31, 2017 and December 31, 2016, respectively. The estimated market value changes assume all other factors are held constant and do not attempt to estimate any offsetting change in the value of our liabilities.

With regard to our assumed annuity deposits, we are subject to risk from contractholder behavior resulting from changes in interest rates. The assumed annuity contracts have virtually no surrender charges remaining that could be assessed against withdrawals. When market interest rates exceed the amount that we are crediting on deposits, we are subject to higher contractholder withdrawals or an increase in contract loans, both of which could force the company to sell assets prematurely and could lead to the realization of capital losses on such sales. We are currently crediting interest at the minimum contract interest rate, which on a composite basis is approximately 3.9% annually. We manage our exposure to rising interest rates through our ability to increase the contract crediting rate. Our ability to increase our crediting rate is constrained by our portfolio yield at the time of the decision to increase rates. Increases in the contract crediting rates could reduce our income unless we are able to maintain a constant interest spread on our assets.

Credit Risk

Credit risk is risk of loss due to adverse change in the financial condition of a specific debt issuer or, in the case of a securitized investment, adverse change in the assets being securitized. We address credit risk by establishing minimum rating standards for investments that our portfolio managers can acquire and, in the case of a downgrade, continue to hold the investment. For our core fixed income portfolio, which comprises approximately 83.6% of our invested assets, only investment grade securities (minimum credit rating for new investments is BBB- as established by Standard & Poor's or a comparable nationally recognized statistical rating organization) can be purchased and such portfolio managers must maintain an overall credit rating for the portfolio of at least A-. Through our portfolio managers we monitor the financial condition of all the issues of securities that we own. As an additional step to reduce our exposure to credit risk, we have established diversification guidelines limiting the total amount of holding by issuer and by investment sector.

Equity Market Risk

Equity market risk is the risk that we will incur economic losses due to adverse changes in equity prices. Adverse changes in equity prices can arise from both the movements of broad markets based on investor behavior or other general economic factors and also from adverse changes in an individual company's stock price. We manage our equity market risk primarily by limiting our exposure to individual issuers and by maintaining liquid holdings such that we are able to find a ready market should we want to lower our exposure to equity markets. Our individual stock holdings are managed by a

specialty manager with portfolio guidelines that include limits on industry exposures and the size of investments in individual issuers. As of December 31, 2017 and December 31, 2016, we had \$5.6 million and \$5.9 million of exposure to equity market risk in our insurance segment through holdings of individual equity securities, respectively.

Recent Accounting Pronouncements

All applicable recently adopted accounting pronouncements have been reflected in our consolidated financial statements as of and for the years ended December 31, 2017 and December 31, 2016.

BUSINESS

Overview

We provide life insurance protection targeted to the middle American market. We believe there is a substantial unmet need for life insurance, particularly among domestic households with annual incomes of between \$50,000 and \$125,000, a market we refer to as our target Middle Market. We strive to deliver to this market affordable, easy to understand term and whole life insurance products through a consumer-friendly and efficient sales process. Through innovation in product design and distribution that provides access to the Middle Market, including call center and web-enabled sales and underwriting processes, quick issuance of policies and an emphasis on products not medically underwritten at the time of sale, we believe we are well positioned to make life insurance more affordable and accessible to the Middle Market.

We conduct our business through our two operating subsidiaries, Fidelity Life Association, an Illinois-domiciled life insurance company chartered in 1896, and Efinancial, LLC, a call center-based insurance agency. Fidelity Life distributes life insurance products through Efinancial and other unaffiliated agents and is licensed in the District of Columbia and every state except New York and Wyoming. A.M. Best has assigned an “A-” (Excellent) rating to Fidelity Life, which is the fourth highest out of fifteen ratings. Fidelity Life is located in Chicago, Illinois.

Efinancial markets life products for Fidelity Life and, as of September 30, 2018, had agency relationships with 21 unaffiliated insurance companies. Efinancial’s primary operations are conducted through employee agents from two call center locations in Bellevue, Washington and Chicago, Illinois, which we refer to as our retail channel, and through independent agents and other marketing organizations, which we refer to as our wholesale channel. In addition to offering Fidelity Life products, Efinancial also sells insurance products of unaffiliated carriers. Efinancial’s principal office is located in Bellevue, Washington.

We believe our ability to unconditionally issue policies either during or within 24 to 48 hours of the initial call differentiates us from our competitors. Leveraging our patented **RAPID**Decision® sales and underwriting processes, we can sell a life insurance policy to a consumer before medical underwriting is complete. We are able to complete an initial underwriting process for most of our life insurance applicants either during or shortly after the initial call, and if not, within 24 to 48 hours after that initial call. For the year ended December 31, 2017, 88% of our policy applications processed through our **RAPID**Decision® underwriting process received an underwriting disposition on or shortly after the initial sales call. Approximately one-third of the remaining applications received final underwriting decisions within the next 24 to 48 hours.

Our **RAPID**Decision®Life product provides coverage at the point of issue that is a blend of all-cause term life insurance for part of the coverage and accidental death insurance for the remainder of the total face amount. If a policyholder completes medical underwriting after the initial sale of the **RAPID**Decision®Life product, the policy benefits may be improved based on the underwriting results to increase the proportion of all-cause term life insurance coverage, typically with no increase in premium. In some instances, based upon the results of predictive analytic models, the consumer can qualify for the full amount of all-cause coverage without medical testing.

For the nine months ended September 30, 2018 and years ended December 31, 2017 and 2016, we had total consolidated revenue of \$[●], \$115.9 million and \$113.0 million, net life premium revenue of \$[●], \$82.9 million and \$78.1 million, and a net loss of \$[●], \$8.2 million and \$15.3 million, respectively. As of December 31, 2017, we had total assets of \$666.4 million and equity of \$196.2 million.

Our Approach

Our business model is predicated upon gaining cost effective access to the Middle Market, engaging consumers in our sales process for life insurance with products that have higher placement rates than traditional fully underwritten term life insurance in a call center environment, and issuing those products quickly. We require access to a large quantity of quality sales leads to keep our retail call center agents productive. Currently, we acquire most of our sales leads from third party lead vendors. We supplement that lead flow with leads we generate ourselves. More significantly, we are rapidly increasing our affinity business with non-life insurance partners that provide their customers or prospects as leads, and we market and sell life insurance products to those leads.

We tend to sell policies with lower face amounts, resulting in more affordable options for our customers. Although not the lowest priced, our products are competitive and they represent an attractive consumer value considering the coverage they provide and the relative simplicity of our sales and underwriting processes. Our business model allows us to capture

end-to-end data beginning with the acquisition of sales leads through the final disposition of life insurance policies. With this data, we plan to develop and apply predictive analytics to realize efficiencies at various points in the sales process.

Our Competitive Strengths

We believe that we are strategically positioned to take advantage of the following competitive strengths:

- **Middle Market access.** The sales contacts made through Efinancial's call centers are focused on the Middle Market. This stands in contrast to the life insurance industry at large, which tends to market to a more affluent clientele.
- **Multi-channel distribution.** We reach Middle Market consumers through multiple distribution channels. Through our retail channel, we engage consumers through Efinancial's call centers using sales leads that we acquire or generate ourselves, and we leverage our product and sales processes with affinity partners to extend our reach to Middle Market consumers seeking affordable, accessible life insurance. Through our wholesale channel, we offer other carriers' products through unaffiliated distributors. In addition, Fidelity Life also offers its products through select unaffiliated distributors.
- **Patented products and processes.** Our **RAPID**Decision® Life product features a system-and-method patented process that affords higher and faster placement rates than traditional fully underwritten term life insurance in a call center environment. Through our process, policy placement usually occurs during the initial interaction, which leads to customer satisfaction and improved economics in our call centers. Our efficient process contrasts with much of the industry, where the underwriting process extends well beyond the initial interaction. In addition, our flagship **RAPID**Decision® Life product uses predictive analytics at certain ages and face amounts to place all-cause coverage products during the initial interaction without a medical examination for qualified customers. The product is priced to be profitable even at lower policy amounts, which allows us to align our offerings with Middle Market consumers' ability to afford life insurance.
- **End-to-end lead and policy data.** As a life insurance company and a direct distributor, we are positioned to gather end-to-end lead and policy data to develop predictive analytical models that can be applied to identify the characteristics of prospects who are more likely to exhibit favorable placement, persistency and mortality experience. We plan to apply this insight to optimize our marketing, sales and underwriting processes and product development.

Our Growth Strategies

We intend to use our competitive strengths to grow our business through the following strategies:

- **Capitalize on the unmet need for life insurance in our target market.** We believe we are well positioned to meet demand where there is currently a substantial unmet need for life insurance in the Middle Market. Using our quick-issue products together with our distribution platform, we plan to increase sales to Middle Market consumers by providing a convenient experience to purchase life insurance at an affordable price.
- **Use predictive analytics to generate more productive sales leads.** By converting data we generate through our distribution platform into actionable insight using statistical analysis, we will seek to be more efficient in our acquisition and use of leads, improving our call center placement ratios and overall profitability.
- **Enhance and extend affinity partnerships.** We plan to continue and selectively deepen our existing affinity partnerships and develop new and complementary affinity relationships and partnerships. We expect this will expand and diversify our sources of quality leads.
- **Expand call center operations and improve efficiency.** To drive sustainable premium and Efinancial commission growth, we plan to expand our Efinancial call center operations by hiring additional agents. In addition, we evaluate our product offerings and product providers in order to examine whether we are addressing the needs and preferences of the Middle Market.
- **Explore alternative means of distribution.** We are currently exploring distribution alternatives beyond our call center and independent distributors, including digital and on-line sales.

Business Segments

We manage our business through three segments:

- **Agency.** Our agency segment operates through Efinancial. Efinancial sells insurance products through its call center distribution platform and through its independent agents and other marketing organizations.
- **Insurance.** Our insurance segment operates through Fidelity Life. Fidelity Life engages in the principal business lines of core life, non-core life, closed block, and annuities and assumed life. In its core life and non-core life business lines, Fidelity Life offers primarily term life insurance products, and to a lesser extent accidental death and final expense products. We currently do not offer annuity contracts, separate account variable products or universal life products.
- **Corporate.** Our corporate segment consists primarily of a small amount of capital required to be maintained for regulatory purposes, and also includes certain expenses considered to be corporate and not allocated to our agency or insurance segments.

Agency Segment

Overview

The agency segment consists of the operations of Efinancial. Efinancial is a call center-based insurance agency that markets life insurance for Fidelity Life and unaffiliated insurance companies. Efinancial's primary operations are conducted through employee agents from two call center locations, which we refer to as our retail channel. In addition, Efinancial operates as a wholesale agency, assisting independent agents that seek to produce business for the carriers that Efinancial represents, which we refer to as our wholesale channel.

The agency segment's main source of revenue is commissions earned on the sale of insurance policies sold through our retail channel. Efinancial's employee agents utilize insurance sales leads to contact potential customers and then work with the customers to complete the sales process, which can occur during the initial contact or within 24 to 48 hours for non-medically underwritten policies. In our wholesale channel, in consideration for using our carrier contracts, access to leads and case management services, we receive a portion of the commission earned by the independent agent from the carrier. Efinancial also generates data and click-through revenue through its eCoverage web presence, and through the resale of leads that are not well suited for our call center.

Agents

Our agents in the agency segment are either employed by Efinancial or are independent agents who sell through our wholesale distribution channel.

Our Employee Agents

Efinancial operates primarily through two retail call center locations. One retail call center is located at the Efinancial corporate office in Bellevue, Washington, and the other retail call center is located at our office in Chicago, Illinois.

In each of our retail call center facilities, our employee agents, or call center insurance agents, conduct outbound telephone sales using insurance sales leads obtained from sales leads vendors or generated by our own marketing efforts or through our affinity partner relationships. To a much lesser extent, the call center insurance agents also handle inbound telephone and web-based inquiries directly from consumers. Our patented ALISS® platform provides a structured environment in which our call center insurance agents are able to efficiently handle both in-bound and out-bound sales traffic.

Efinancial is reliant on a capable and well-trained sales force of insurance agents to effectively operate its call centers. It is therefore important for Efinancial's business to attract, retain and develop its call center insurance agents. Efinancial primarily recruits individuals with little or no prior experience in the insurance industry. We seek to develop a career path for our recruits by providing a comprehensive training program designed to assist new recruits in becoming licensed agents and achieving success with call center marketing. In a process that typically takes between six to eighteen weeks, a new hire will receive training, learn to develop leads and work towards receiving the required insurance sales licenses. Following licensure and promotion to retail call center agent, a new agent is placed on the sales floor, where monitoring and coaching continue. As an agent develops sales experience, the level of supervision of that agent decreases and the agent is able to handle more sophisticated sales opportunities.

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As of December 31, 2017, Efinancial had 95 call center insurance agents in Bellevue and 96 call center insurance agents in Chicago. For the years ended December 31, 2017 and December 31, 2016, Efinancial's retail call centers generated a total of \$30.9 million and \$32.6 million, respectively, in commission revenues, of which \$25.0 million and \$23.5 million respectively were generated from sales of Fidelity Life products.

Our Independent Agents

Efinancial has developed capabilities that allow us to expand sales operations beyond the call center insurance agents traditionally associated with a direct sales operation. Efinancial also operates as a wholesale agency and recruits independent agents to market insurance products using Efinancial's platform. Through our wholesale channel, we subcontract with our independent agents to sell through Efinancial's contracts with its insurance carriers. Efinancial offers services to these independent agents, including access to our ALISS® technology, marketing platform, case management services, insurance sales leads and sales education. Efinancial earns a portion of the commission revenue on independent agent sales. For the years ended December 31, 2017 and December 31, 2016, Efinancial generated \$3.9 million and \$2.7 million, respectively, in revenue from our affiliation with our independent agents.

Our Partners

We partner with unaffiliated insurance carriers to market their products through our agency distribution platform. We also have marketing relationships with third party businesses and member organizations, which we call our affinity partners, under which Efinancial provides their customers and members with access to the insurance products we market, either under their brand or Efinancial's brand.

Other Insurance Carriers.

Our agency segment also generates revenue from the sales of insurance products issued by unaffiliated companies, or carriers. We typically enter into contractual agency relationships with carriers that are non-exclusive and terminable on short notice by either party for any reason. As of September 30, 2018, Efinancial had agency contracts with 22 life insurance carriers, including Fidelity Life. Efinancial's retail call center agents help consumers select among these carriers based on that consumer's needs, insurance product features, cost and other factors. The mix of insurance carrier sales will vary over time based on client preferences, carrier strategies, availability of new product features, premium cost, commissions paid, carrier placement rates, and ease of doing business.

For the years ended December 31, 2017 and December 31, 2016, Efinancial generated \$10.3 million and \$11.9 million, respectively, in total commission revenue from agency contracts with unaffiliated life insurance carriers. By comparison, for the years ended December 31, 2017 and December 31, 2016, Efinancial generated \$25.0 million and \$23.5 million, respectively, in total commission revenue from Fidelity Life.

The following tables show our total earned commissions for our retail and wholesale channels:

Retail Channel:

	<u>Year Ended</u> <u>December 31,</u> <u>2017</u>	<u>Year Ended</u> <u>December 31,</u> <u>2016</u>
	(dollars in thousands)	
Carrier		
Fidelity Life Association	\$ 23,161	\$ 23,442
All other Carriers	7,799	9,106
Total Earned Commissions	<u>\$ 30,960</u>	<u>\$ 32,528</u>

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Wholesale Channel:

	Year Ended December 31, 2017	Year Ended December 31, 2016
	(dollars in thousands)	
Carrier		
Fidelity Life Association	\$ 122	\$ 433
All other Carriers	4,361	2,827
Total Earned Commissions	4,483	3,260
Wholesale Commission Expense	647	561
Earned Wholesale Commissions	<u>\$ 3,836</u>	<u>\$ 2,699</u>

Affinity Partners.

In a typical affinity partner arrangement, Efinancial will market our range of insurance products to the affinity partner's customers or prospects under Efinancial's brand or our affinity partner's brand. Affinity partner relationships offer an attractive source for insurance sales leads and increase our revenues. Given the existing relationship between an affinity partner and its prospects or customers, we believe that the sales leads generated by our affinity partners are of a high quality relative to sales leads purchased from a third party. We expect affinity partner relationships to continue to be a valuable source of future growth. Currently, nearly all of our affinity business is derived from a single affinity partner.

Our Technology Platform

ALISS®

Our patented Automated Life Insurance Sales System, or ALISS®, is our proprietary software used to operate our retail call centers. ALISS® is made up of several functional modules including lead management, call scripting, quoting, insurance policy applications, product information and consumer relationship management. ALISS® was integrated with a third party telephony system to prioritize and distribute calls to sales personnel. This technology solution has logic that makes allocations to specific call center insurance agents based on factors such as availability, complexity of sales leads, state licensing requirements, source of the sales lead and other factors, in an effort to enhance the productivity and effectiveness of our retail call centers.

We also make ALISS® available to our independent agents that use the software as a service remotely from their locations. We believe that ALISS® provides a comprehensive package of operational features that help our distributors increase their productivity and grow their businesses. We continue to invest in updates and efficiencies to this program.

Consumer Technologies

Efinancial has several web portals for consumers to shop for insurance, including efinancial.com, termfinder.com and ecoverage.com. These web portals offer consumers easy-to-use tools, such as online price quoting and information (in the form of articles and blogs) designed to help consumers better understand the life insurance market. These websites also provide consumers with the ability to initiate the sales process online. We also offer affinity partners the opportunity to create branded, customized versions of our portal interface to their own customers.

Marketing

Efinancial's business relies heavily on the use of insurance sales leads. Our sales leads are records of personal and contact information of potential purchasers of life insurance. We analyze these sales leads to enable our agents to make contact with consumers that we believe are more likely than the general population to purchase life insurance products.

Efinancial uses a combination of marketing methods to obtain insurance sales leads to support its operations. Efinancial acquires a significant portion of its sales leads from third party vendors specializing in insurance sales leads. Additionally, Efinancial generates leads through its websites (including efinancial.com, termfinder.com, and ecoverage.com) and through affinity partners whose customers and prospects are interested in life insurance. We evaluate the profitability of sales leads by analyzing their cost and productivity based on the sales resulting from these sales leads. We use this information to seek to optimize the productivity and cost efficiency of leads we acquire.

As a result of our business model, Efinancial's marketing expenses are a significant part of our total cost of doing business. To reduce our customer acquisition costs, we contract with third party marketers who contact consumers, some of whom will click through to one of eCoverage's landing pages. In addition to becoming an Efinancial lead, the consumer may also "click" on an ad to receive a quote from a third-party carrier. If the consumer clicks on an insurance option sponsored by another company, we generate revenue from that click. We are also able to generate data revenue through the sale of information regarding leads sourced through the eCoverage landing pages. For the year ended December 31, 2017, we generated \$3.7 million from data and click-through revenues. Additionally, we seek to sell a policy to that lead through our call center.

For a description of the marketing of policies written by Fidelity Life, see "Business—Insurance Segment—Distribution."

Competition

Efinancial competes for access to talented sales representatives and for quality sales prospects, or leads. Much of the competition for talent involves agent recruitment. Efinancial's competitors include SelectQuote, AIG Direct, and Health I.Q., among others. Certain of our competitors in the direct distribution call center industry have been in business longer than Efinancial and are more established and have greater resources to hire insurance agents and develop new technologies. Also, agents choose to work through agencies based on a number of factors including marketing service and support, technology tools, the insurance company that the agency represents, sales commission structure, and the number and quality of sales leads. However, Efinancial believes that its innovative sales processes and the Fidelity Life quick-issue products it sells, combined with our ability to customize our product offering based on a customer's ability to pay through our distribution platform, position Efinancial to successfully compete and continue to grow in the Middle Market.

Insurance Segment

Overview

Fidelity Life was chartered in 1896 and operated independently until the 1950s, when it became affiliated with several stock life insurance companies that managed its operations and controlled its strategies pursuant to a management services agreement. In 2003, the independent members of the board of directors undertook a review of the longstanding management relationship and future plans for operation of Fidelity Life. During 2005, the prior long-term management contract and all affiliations were terminated and a reconstituted board of directors and a new management team were selected. Since then, Fidelity Life has again operated independently.

Fidelity Life engages in the following business lines:

Core Life. Our core life insurance business is the primary business of the insurance segment. Core life represents a significant portion of the insurance business written by Fidelity Life since it resumed independent operations in 2005. Our core life business consists of in-force policies that are considered to be of high strategic importance to Fidelity Life. See "—Core Life."

Non-Core Life. Our non-core life business consists of: products that are currently being marketed but are not deemed to be of high strategic importance to the Company; in-force policies from product lines introduced since Fidelity Life resumed independent operations in 2005, but were subsequently discontinued; and an older annuity block of business that was not included in the closed block. See "—Non-Core Life."

Closed Block. Our closed block represents all in-force participating insurance policies of Fidelity Life. The closed block was established in connection with our 2007 reorganization into a mutual holding company structure. See "—Closed Block."

Annuities and Assumed Life. We have assumed reinsurance commitments with respect to annuity contractholder deposits and a block of life insurance contracts that were ceded by former affiliates of Fidelity Life. The annuity deposits were ceded to Fidelity Life through two contracts entered into in the early 1990s. These annuity and assumed life deposits are now largely in run-off, with only minor amounts of new deposits each year. There are minimal remaining surrender charges associated with the assumed annuity contracts. See "—Annuities and Assumed Life."

The following table sets forth the net premium revenues by business line for Fidelity Life's insurance segment for the years ended 2017 and 2016:

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Net Revenue		
Core Life	\$44,358	\$38,480
Non-Core Life	31,660	31,655
Closed Block	4,889	6,314
Annuities and Assumed Life	1,966	1,689
Total	<u>\$82,873</u>	<u>\$78,138</u>

Core Life and Non-Core Life

Our Products

In its core and non-core life insurance business, Fidelity Life offers an array of traditional and innovative insurance products. The principal life insurance products offered by Fidelity Life fall within the “**RAPID**Decision®” product line. The **RAPID**Decision® product line includes several term life insurance products. **RAPID**Decision® products use our “**RAPID**Decision®” underwriting process, which is a process that does not rely on medical testing as part of the underwriting process, thereby substantially shortening the time required for underwriting and policy issuance. See “—Underwriting and Risk Selection.”

Core Life:

RAPIDDecision® Life. Our “**RAPID**Decision® Life” product was introduced in 2008 and is primarily marketed by Efinancial and select unaffiliated distributors. The **RAPID**Decision® Life product was specifically designed to address the problem of low product placement in direct distribution for medically underwritten business, stemming in part from the typical length of the life insurance underwriting process. Our **RAPID**Decision® Life product incorporates the following features:

- A patented sales process featuring **RAPID**Decision® underwriting, which allows for the quick issuance of a policy. Under certain circumstances, this will be issued entirely on an all-cause basis. In other circumstances, the issuance will provide a blend of all-cause term life insurance coverage and accidental death benefit coverage;
- If issued as a blend of all-cause and accidental death benefit coverage, there is an option permitting policyholders to begin a traditional medical underwriting process within the first six months after policy issuance;
- Depending on the underwriting results, policyholders completing medical underwriting may have the option to reduce or eliminate the accidental death coverage and increase the proportion of the all cause term life insurance coverage under the policy with no increase in premium; and
- Policyholders not completing medical underwriting (or failing to meet medical underwriting standards) may retain the original coverage blend of term life and accidental death benefit coverage at the existing premium rates.

LifeTime Benefit Term. LifeTime Benefit Term is our patented voluntary worksite product offering. Voluntary worksite policies like LifeTime Benefit Term are provided to employer and other groups for sales to their employees, participants and members. LifeTime Benefit Term insurance offers higher face amounts per premium dollar than universal life and is sold on a group policy basis by offering future paid up coverage additions after the policy has been in force for a certain number of years. LifeTime Benefit Term coverage can be kept by the individual after they leave employment with the group. We have been issued a patent for one variation of the LifeTime Benefit Term product. We largely ceased writing this business directly in 2014 and have entered into a licensing agreement and reinsurance agreement under which we license the product to Combined Insurance Company of America and reinsure 50% of the business written. The licensing agreement provides Combined with an exclusive, non-transferable license to market the LifeTime Benefit Term product. In the event Combined fails to meet certain sales volumes for the product, the license becomes non-exclusive or, in certain circumstances, terminable at the option of Fidelity Life. The license agreement would terminate if Combined were to stop selling the product, exit the worksite market, or if Fidelity Life ceased assuming reinsurance on the product from Combined. Additionally, Combined may terminate the license with 60 days’ notice. Fidelity Life continues to manage the in-force block of LifeTime Benefit Term policies that is largely in run-off, except for a limited amount of business we continue to write where Combined Insurance Company of America is not able to do so directly, which business (except for certain riders) is 80% reinsured by Combined Insurance Company of America.

RAPIDdecision® Final Expense. Our **RAPIDdecision®** Final Expense product is targeted toward individuals aged 50-85 and provides permanent whole life coverage for amounts ranging from \$5,000 to \$35,000. These policies are designed to help in lessening the burden of covering final expenses, such as medical costs, funeral costs, and credit card debt. Like **RAPIDdecision®** Life, **RAPIDdecision®** Final Expense does not require a medical examination, but instead approval is determined based upon answers to various health questions and database results. There is a related graded death benefit Final Expense product for poorer underwriting risks.

Non-Core Life:

Accidental Death Benefit. Fidelity Life offers accidental death benefit insurance as both a policy rider and as stand-alone policy coverage. The accidental death benefit product covers death due to accidental causes as defined in the policy. Accidental death benefit is a quick-issue product with limited underwriting.

RAPIDdecision® Senior Life Term and Whole Life. Fidelity Life's Senior Life Term and Whole Life products are designed for impaired risk individuals in particular age ranges (50 to 70 for term and 50 to 85 for whole life). Senior Life Term and Whole Life products are underwritten utilizing the **RAPIDdecision®** underwriting process and offer graded death benefits over an initial three year period (the full face amount is paid for all causes of death starting in policy year four)

RAPIDdecision® Express. **RAPIDdecision®** Express is a quick-issue, non-medically underwritten level term insurance product. It includes typical term lengths of 10, 15 and 20 years, and a maximum face amount of \$250,000 that varies by age and is lower at older ages. **RAPIDdecision®** Express includes one risk class each for males, females, smokers and non-smokers, and underwriting approvals are made based upon a simplified application process where the consumer's answers are verified by database information that is gathered for the approval process.

Distribution

In our insurance segment, we distribute our life insurance products through Efinancial and through independent producers, including direct distributors that market to consumers through call centers and regional and national independent producer groups. Consistent with our strategy, we continue to increase the amount of business produced through Efinancial. For the year ended December 31, 2017, we wrote 75.3% of our new business through Efinancial, compared to 74.0% for the year ended December 31, 2016.

While the trends in annual sales have seen a larger share of premium production from Efinancial, we maintain diversity in our production sources through the continued production through other independent distribution organizations and from assumed premiums. For distribution other than by Efinancial, our strategy is to establish long term relationships with a limited number of independent distribution organizations that extend our reach into our target market and are complementary to Efinancial. These distribution organizations recruit and train the agents that sell for Fidelity Life, among other carriers. As part of our review process for appointing an independent distribution organization we require the organization to have sufficient controls in place to protect Fidelity Life from the risk of adverse-selection that is often present when offering non-medically underwritten products on the same platform as more traditional, fully-underwritten products. We provide product specific sales training to these producers, including supporting technology. For the years ended December 31, 2017 and 2016, the breakdown of sales of annualized premiums for new in-force policies by distribution was as follows:

	Years Ended December 31,	
	2017	2016
	(dollars in thousands)	
Efinancial	\$29,576	\$27,779
Worksite Producers ⁽¹⁾		
Direct	471	365
Assumed	7,584	6,602
Independent Sales Distributors	1,650	2,789
Total	<u>\$39,281</u>	<u>\$37,535</u>

(1) The Worksite business includes premiums written directly by Fidelity Life, as well as premiums assumed from Combined Insurance. See "Core Life—LifeTime Benefit Term."

Underwriting and Risk Selection

We have developed the **RAPID**Decision® underwriting process to support the quick issuance of our **RAPID**Decision® products. The first step in our **RAPID**Decision® underwriting process is for a consumer to complete a coverage application. We verify the medical history and conditions disclosed in the application using automated web-based links to reporting and statistical agencies and a data base service with pharmaceutical records. The underwriting decision is made based on this information. The **RAPID**Decision® underwriting process is supported by our proprietary technology platforms that allow us to obtain an underwriting decision during or shortly after the initial call, and if not, 24 to 48 hours after that initial call. These technology platforms are our Rapid Application, or Rapid App, and Fidelity Life Association Sales Handler, or FLASH, systems.

Consistent with our business strategy and our view of the needs of our customers, we do not perform medical underwriting in the traditional way prior to the issuance of a policy. Typically in our industry, the life insurance underwriting process takes place prior to policy issuance and involves a paramedical examination, blood and urine testing and other tests designed to assess the underwriting risk and the lowest premium appropriate for the level of risk involved. Such traditional underwriting delays policy issuance after an application is submitted by several weeks. This delay makes it difficult to achieve acceptable placement ratios in call center sales, leading to lost sales and unrecovered costs. In contrast, our primary underwriting process is designed to support the quick issuance of policies. We therefore do not typically require an initial paramedical exam. By not requiring this exam or postponing it until after policy issuance, we are able to issue coverage far more quickly, although without access to up front medical data that is standard in industry underwriting practices. This means that our insurance products generally are issued at lower face amounts and a relatively higher price per dollar of coverage as compared to medically underwritten products. If medical underwriting is completed after the initial sale of a **RAPID**Decision® Life policy, the policy benefits may be improved based on the underwriting results to increase the proportion of all-cause term life insurance coverage, typically with no increase in premium.

Fidelity Life employs a small staff of full-time employee underwriters. Most of the underwriting of individual policies is performed on an outsourced basis, primarily using three contract underwriting firms. Given the quick-issue nature of many of Fidelity Life's products, it is important to our business to be able to access underwriting services on an as-needed basis. Using outsourced contract underwriters gives Fidelity Life the flexibility to meet this need.

In our typical underwriting process, Fidelity Life's contract underwriters access the information on a potential customer, what we refer to as a case, through a web-based interface and approve or decline the individual case based on Fidelity Life's underwriting rules. If necessary, a member of our contract underwriting team can be joined to an initial phone call with a potential customer. While our in-house underwriting team does engage in certain case underwriting activities, the team's primary function is to manage and supervise the contract underwriters. Our in-house underwriting team oversees our contract underwriters to review their compliance with our underwriting standards.

Product Pricing

We regularly review claim results for each of our products, comparing actual experience to the assumptions used to design and price the products. The review process is performed by our actuarial and finance teams with assistance from the underwriting and operations team, product development team and marketing. Variances in our expectations for particular products are examined for implications on product performance and used to evaluate product prices and underwriting assumptions. Product experience is also reviewed by our reinsurance partners.

Key elements of our product pricing include assumptions regarding future mortality (amount and timing of future benefit payments), persistency experience (number and timing of policyholder discontinuations or coverage lapses) and investment returns (interest we will earn on investment of available cash and reserves).

Outsourced Functions

Fidelity Life contracts with third party service providers to provide, or assist with, a number of key functions that are traditionally performed in-house in the life insurance industry. These functions include insurance policy administration, underwriting, investment portfolio management, internal audit, filing of insurance policy forms with state regulatory agencies and income tax return preparation. In addition, Fidelity Life uses third parties to provide in-force policy administration, and reinsurance contract administration. This model was adopted to reduce the fixed cost investment in our insurance segment, provide operating flexibility and allow access to specialized skills as needed. In doing so, we believe we can contract with partners that possess a wide range of experience and with established capabilities that would be costly and time consuming for us to develop internally.

Competition

Competition in the life insurance industry is based on many factors. These factors include the perceived financial strength of the insurer, premiums charged, policy terms and conditions, services provided, reputation, financial ratings assigned by independent rating agencies and the experience of the insurer in the line of insurance to be written. In addition, there are many competitors that participate in the non-medically underwritten segment of the life insurance industry. As new competitors enter the non-medically underwritten market using predictive analytics, they may price aggressively to capture market share.

Fidelity Life's competition includes many companies that are larger and which have significantly more resources at their disposal. While lacking the scale and market presence of many of its principal competitors, Fidelity Life does have certain attributes we believe to be competitive advantages in a crowded market place. These include innovative products, proprietary technology and controlled distribution in Efinancial. These advantages allow us to be more flexible in adapting to product and sales process opportunities than our more established competitors. We also believe that our innovative products and processes provide a point of differentiation that appeals to consumers.

Fidelity Life also competes by placing a majority of its policies through Efinancial. While this distribution channel provides access to our target Middle Market, we are aware that some Middle Market consumers prefer to purchase life insurance through alternative methods. We have developed an internet-based direct sales platform that permits customers to complete the purchase of a Fidelity Life insurance policy completely over the internet. Several of our competitors have also begun to implement online and digital distribution platforms. We believe that through the implementation of the Fidelity Life internet-based direct sales platform we will be able to extend our reach into our target Middle Market.

IT Applications

Fidelity Life's business, including the marketing, sales and administration of its insurance products, relies on its technology infrastructure. Our technology infrastructure incorporates both proprietary and commercially available elements, including the following:

- **Rapid App.** Fidelity Life has developed an application processing system that allows an agent to gather the information necessary to complete an application for insurance and obtain an underwriting decision while on the telephone with an applicant. Using this system, a majority of all underwriting decisions are made within 48 hours and certain underwriting decisions can be made during the initial phone call with the consumer. Our Rapid App system is primarily designed to be used by insurance agents in our retail call centers so that the agents can obtain the underwriting information necessary to complete the underwriting process while on the phone with the customer. This streamlines the application process, increasing efficiency and lowering costs. The completed application and all associated forms are provided to the applicant through a secure web portal, where the applicant can review and sign the application electronically. Once the application is signed, we gather data on the applicant from our third party information providers. This information is screened for potential underwriting concerns. Signed applications and all relevant information are made immediately available to an underwriter, who can make a decision while the applicant is still on the phone with our insurance agent. Rapid App allows our insurance agents to complete the sale in a single phone call for our accidental death and guaranteed issue products.
- **Fidelity Life Association Sales Handler (FLASH).** Fidelity Life has developed FLASH as a successor to Rapid App. FLASH is a modular technology platform that interfaces with our other key systems including ALISS®, our third party data and service providers, and our reinsurer's automated underwriting engine. Like Rapid App, FLASH allows an agent to collect the information necessary to complete an application for insurance and obtain an underwriting decision while on the telephone with an applicant. In addition, FLASH is the technology platform that will power our direct to consumer digital sales efforts.
- **Realtime.** Fidelity Life's new business process uses a system we call Realtime. Realtime is a web-based system developed by a third party but now maintained and administered by Fidelity Life. The Realtime system catalogues all of the data gathered in the sales process and relevant to the insurance application process. The Realtime platform permits Fidelity Life employees to electronically access information used for underwriting maintained by third party database providers.
- **Other.** Fidelity Life uses several other software applications for administration and operational purposes. Typically, these are obtained from third party vendors. For example, we use commercially available software applications for all of Fidelity Life's financial reporting and control functions.

Reinsurance

Fidelity Life uses reinsurance arrangements with multiple reinsurance carriers to limit our claims risk under our insurance contracts and to mitigate the impact of the insurance policies we issue on our statutory policyholder surplus. Our retention limit is \$300,000 on each insured life for all policies. On the products that we currently issue where we have reinsurance, our reinsurance is on a first-dollar quota-share basis. Additionally, our reinsurance arrangements provide Fidelity Life with access to underwriting technology and risk management expertise from our reinsurance partners.

We evaluate our reinsurance needs, including the appropriate amount and structure of particular reinsurance arrangements, based on a number of factors, including the expertise of particular reinsurance carriers (and their technology platforms) required to support our various life insurance products, the estimated variability of claims experience, the estimated future impact of new business written on our statutory reserves and the costs of reinsurance.

Our current reinsurance arrangements open for new business, other than business written and reinsured to Combined, are with Hannover Life Reassurance Company and Swiss Re Life & Health America, Inc. The following is a brief summary of the reinsurance agreements relating to these arrangements:

Hannover Life Reassurance Company. Under our agreements with Hannover Life, we cede claims liability under certain of our term life policies in the core life business to Hannover Life on a coinsurance basis. Depending upon the face amount of the product reinsured and subject to a \$300,000 limit, we cede 50% or more of the claims liability to Hannover Life. Reinsurance premiums are determined according to the amount reinsured with Hannover Life per policy. These agreements do not have a fixed term. Either party may terminate the agreements with respect to future business with 90 days written notice to the other party.

Swiss Re. Life & Health America, Inc.—ADB. Under our agreement with Swiss Re, we cede to Swiss Re 50% of our claims liability, subject to certain per life limits, under our accidental death benefit policies and riders on a coinsurance basis. Reinsurance premiums are determined according to the amount reinsured with Swiss Re per policy or rider. Swiss Re has the right to modify the reinsurance premium rates upon 90 days written notice to us. If we do not accept such modified reinsurance premium rates and we are unable to agree upon a revised rate structure within 60 days of Swiss Re's original notice, then the reinsurance premium rates then in effect continue unchanged. However, Swiss Re may, upon 30 days written notice to us, terminate the reinsurance on any policy or rider for which we have not accepted Swiss Re's modified reinsurance premium rate. This agreement does not have a fixed term. Either party may terminate the agreement with respect to future business with 90 days written notice to the other party.

Swiss Re. Life & Health America, Inc.—Final Expense. Under a separate agreement with Swiss Re, we cede to Swiss Re on a coinsurance basis 80% of our claims liability, subject to certain per life limits, under our final expense and graded benefit policies and riders. This agreement does not have a fixed term. Either party may terminate the agreement with respect to future business with 60 days written notice to the other party.

In 2013, Fidelity Life entered into a reserve financing reinsurance arrangement with Hannover Life Reassurance Company of America (Hannover Life) designed to enhance its ability to continue to grow Fidelity Life's core life insurance business. This agreement was then amended and restated as of July 1, 2016. The structure of the agreement, which was effective July 1, 2013, involves a combination coinsurance with funds withheld, and yearly renewable term reinsurance covering most of the Company's non-participating in-force life insurance business with issue dates on or before December 31, 2015. Any amounts ceded under the Hannover Life reserve financing agreement are net of any existing reinsurance and exclude all policy riders. The agreement is indefinite in length, but allows Fidelity Life to fully recapture the ceded business for approximately one year beginning on or after December 31, 2026. The agreement also provides for the payment of experience refunds, if any, to Fidelity Life with respect to the ceded business through December 31, 2026.

Even though we reinsure certain of our liabilities to third party reinsurance carriers, Fidelity Life remains directly liable to policyholders for the benefit payments associated with these policies. Our reinsurance carriers have a contractual relationship with Fidelity Life to reimburse us for policy claims, but are not under any contractual obligation to our policyholders. Because Fidelity Life remains directly liable to policyholders for the full amount of the death benefits payable under its policies, Fidelity Life bears credit risk relating to its reinsurers under its reinsurance contracts. As a result, Fidelity Life will only enter into a reinsurance agreement with reinsurers that have stable operating performance, including a minimum A.M. Best financial strength rating of "A-" (Excellent).

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We had reinsurance recoverables of \$143.9 million as of December 31, 2017. The following table sets forth our five largest reinsurers based on reinsurance recoverables as of December 31, 2017, and the A.M. Best ratings of those reinsurers as of that date:

	As of December 31, 2017			
	2017 A.M. Best's Rating	Ceded Future Policy Benefits	Claims and Other Amounts Recoverable	Total Reinsurance Recoverables
	(in thousands)			
Reinsurer				
Hannover Life Reassurance Co.	A+	\$ 46,437	\$ 8,088	\$ 54,525
Swiss Re Life & Health America Inc.	A+	14,680	10,589	25,269
Combined Insurance Company of America	A+	10,376	773	11,149
Transamerica Life Insurance Company	A+	6,529	1,232	7,761
American United LIC (c/o GE Corp)	A+	6,601	1,198	7,799
Other (10 Reinsurers)		32,300	5,112	37,412
		\$116,923	\$ 26,992	\$ 143,915

Core Life. The overall relationship of ceded premium to direct premiums has trended lower over the past few years due to the mix of business. For the core life business line, the amount of death benefit reinsured by Fidelity Life varies by insurance product, with some products having no reinsurance and others where 50% or 70% of the death benefit is reinsured, all of which is subject to the \$300,000 limit. For the closed block and the annuities and assumed life business lines, the percent of death benefit reinsured is higher than for the insurance products currently being sold in the life line of business. The following table shows the different relationship of reinsurance premiums ceded to total direct and assumed premiums for each of these business lines for the year ended December 31, 2017:

	Core Life	Non- Core Life	Closed Block	Annuities and Assumed Life	Total
(dollars in thousands)					
Ratios:					
Direct + Assumed Premium	\$76,535	\$59,850	\$20,802	\$ 4,668	\$161,855
Ceded Premium	32,178	28,190	15,913	2,701	78,982
Ceded % of Total Direct + Assumed Premium	42.0%	47.1%	76.5%	57.9%	48.8%

The year-to-year comparison of the ceded to direct and assumed premiums shows the total Fidelity Life percentage declining as the percentage of the core life business line grows as a percent of the total business in-force.

Non-Core Life. Non-core life follows the same reinsurance guidelines and procedures as core life as discussed above.

Closed Block. In October 2006, Fidelity Life established a closed block consisting of all of the outstanding participating policies issued or assumed by Fidelity Life. We call this arrangement the Closed Block. We operate the Closed Block in accordance with a Closed Block memorandum that we entered into in connection with our 2007 reorganization as a mutual holding company. The purpose of the closed block is to provide reasonable assurance to the participating policyholders that sufficient assets will be available to provide for the continuation of policy benefits and experience-based dividends for these participating policies. Most of the participating policies in the closed block were sold on the basis of "no dividends expected" and, accordingly, such policies have never received an experience-based dividend. The establishment of the Closed Block was not intended to provide dividends on policies for which no dividends are expected, although dividends on these policies will be paid if experience ultimately warrants. The payment of any dividends is not guaranteed based on the results of a specific block or group of participating policies. The declaration of any dividend is subject to the discretion of the board of directors of Fidelity Life, and dividends are not payable until declared. No new dividend-paying or participating policies have been issued by Fidelity Life since our reorganization in 2007.

The Closed Block was funded on October 1, 2006 with cash flow producing assets that together with anticipated revenues from the closed block policies are expected to be sufficient to support the closed block, including payment of claims, expenses, and taxes and to provide for continuation of dividends, to the extent applicable, for the life of the policies. If the future experience is such that the assets of the closed block are not sufficient to pay the benefits guaranteed under the policies, then Fidelity Life would be required to make such payments from its general funds.

Annuities and Assumed Life

Fidelity Life reinsures products issued by other companies under four reinsurance arrangements, two of which are not open to new insurance policies but still cover the existing in-force business that was assumed prior to 1993. Under two contracts with Zurich American Life Insurance Company, Fidelity Life assumed the liability for the contractual benefits under a group of annuity contracts written through 1993. Under a contract with Protective Life Insurance Company, the successor company of a former affiliate, Fidelity Life assumed a portion of the risk on a group of life insurance contracts primarily written in the 1980s and early 1990s.

Fidelity has an active reinsurance agreement with Hannover Life Reassurance (Ireland) Ltd. under which Fidelity Life assumes a portion of risks on certain life contracts originally issued by Fidelity Life and ceded to Hannover Life Reassurance Company of America. In addition, we license our LifeTime Benefit Term product to Combined Insurance Company of America and reinsure 50% of the business written by Combined on that product.

The following table sets forth Fidelity Life's assumed reinsurance liabilities as of December 31, 2017:

	As of December 31, 2017			
	Future Policy Benefits	Contract Holder Account Balances	Other Policyholder Liabilities	Total Assumed Liabilities
	(dollars in thousands)			
Hannover Life Reinsurance (Ireland) Ltd.	\$ (1,178)	\$ —	\$ 34	\$ (1,144)
Protective Life Insurance Company	7,749	—	474	8,223
Zurich American Life Insurance Company	—	88,724	—	88,724
Combined Insurance Company of America	11,685	—	951	12,637
	<u>\$18,256</u>	<u>\$88,724</u>	<u>\$ 1,459</u>	<u>\$108,440</u>

A.M. Best Rating

Fidelity Life is rated by A.M. Best, an independent rating agency that specializes in ratings for the insurance industry. A.M. Best annually issues a financial strength rating for the great majority of insurance companies doing business in the U.S. The financial strength rating is an independent opinion of an insurer's financial strength and its ability to meet its ongoing insurance policy obligations. A.M. Best's financial strength rating is based on a comprehensive quantitative and qualitative evaluation of an insurer's balance sheet strength, operating performance and business profile. A.M. Best has assigned Fidelity Life a financial strength rating of "A-" (Excellent), which is the fourth highest rating category for A.M. Best. A.M. Best affirmed Fidelity Life's rating on July 26, 2018. A.M. Best's financial strength rating is not a recommendation to purchase, hold, or terminate any insurance policy or contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In addition, A.M. Best's financial strength rating does not address the risks or the advisability of any investment in our common stock.

Corporate Segment

The results of this segment consist of nominal net investment income and nominal realized investment gains (losses) earned on nominal invested assets. We also include certain corporate expenses that are not allocated to our other segments, including expenses of Vericity, corporate liability insurance premiums, board expenses, allocation of executive management time spent on corporate matters, and financial reporting and auditing costs related to our consolidation and internal controls. Our corporate segment recognizes income (loss) to the extent that investment income and realized investment gains exceed (are less than) corporate expenses.

Intellectual Property

Vericity and its subsidiaries rely on our proprietary intellectual property to conduct our business. We believe that it is easy for participants in the insurance industry to attempt to copy product and process ideas of other participants. We therefore intend to protect to the fullest extent permitted by law our intellectual property rights in the unique products and sales processes we have developed. We believe that protecting our intellectual property rights and obtaining protection for future innovations will help us to achieve better results over time.

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Efinancial currently has trade name protection for certain of its key internet domains, including efinancial.com, termfinder.com, ecoverage.com, and netcoverage.com. Efinancial has also been granted two U.S. patents covering aspects of the ALISS® system.

We have been granted four U.S. patents related to the **RAPID**Decision® Life product and its supporting sales and underwriting technology and processes and a separate patent directed to the LifeTime Benefit Term product. We continue to seek additional patent coverage for different aspects of the **RAPID**Decision® Life product. See “Risk Factors—Risks Relating to Our Business—We may be unable to adequately protect our intellectual property rights or avoid infringing the intellectual property rights of third parties, and the intellectual property rights we have may not be a meaningful barrier to competition.”

Information Technology

Fidelity Life maintains an in-house information technology staff. Fidelity Life’s in-house personnel are supplemented by independent consultants, as needed, for programming, development and other technology-based efforts. Fidelity Life’s Realtime system is hosted at a data center in Chicago, Illinois. Other Fidelity Life production applications run at the SunGard data center in Woodridge, Illinois. The SunGard data facility is connected to our two office locations through high speed dedicated data links. We believe SunGard has sufficient capability to back up our production internet connectivity. Incremental file back-ups are performed daily and moved to a secure offsite facility. Should the need arise, we have a duplicate of the Realtime environment configured in our SunGard data center. Fidelity Life does not have a full business continuity plan but has put in place various programs that will increase our agility in responding to a disaster. In the event of a disaster at the SunGard facility, our mission critical operational systems can be brought up at our data center in our Chicago office.

Efinancial also maintains an in-house information technology staff. The Efinancial technology team is responsible for the development and maintenance of Efinancial’s applications and provides assistance to our internal and external customers. We use outside contractors in limited cases to provide additional programming and development expertise.

Efinancial uses TierPoint, located in Seattle, as its offsite data facility, housing all of its production servers that host outside facing applications (including ALISS® and Efinancial.com) and its main business database. The Bellevue office data center houses telephony servers, file server and domain controller servers. The Bellevue office is connected via high speed connection to both TierPoint as well as our call center in Chicago.

Information backups are automatically performed nightly and weekly. Efinancial’s Bellevue office backups are stored on a high performance and capacity platform, then duplicated to Tierpoint. In reverse, Tierpoint files are backed up and duplicated to the Bellevue office. Our disaster recovery plans were revised to account for changes in business function and technology in 2017.

Investments

We had total cash and investment assets of \$404.8 million as of December 31, 2017. All invested assets are managed pursuant to an investment plan developed by our executive management team and approved by and reviewed annually with the investment committee of our board of directors. All changes to the investment plan are approved by the investment committee.

We have contracted with a third party investment advisory firm to provide portfolio management and consulting services to assist our chief financial officer with the oversight of various portfolios and investment managers that manage portions of our investment portfolio. We utilize multiple investment managers to leverage specialized expertise in specific asset classes. Each investment manager operates under agreed-upon guidelines that are specifically designed for the investment manager’s segment of the overall portfolio. Our investment advisor meets periodically, but not less frequently than quarterly, with the investment committee of our board of directors to review portfolio results, portfolio managers and discuss portfolio strategies.

Our investment strategy is to diversify among asset classes and individual issuers to achieve appropriate matching of assets with insurance liabilities, sufficient liquidity and predictability of income. The composition of our investment portfolio supporting our insurance segment is primarily investment grade fixed income investments and is managed with primary emphasis on current earnings. The closed block assets are segregated in a separate portfolio and are managed in accordance with the closed block memorandum.

Enterprise Risk Management

The review and assessment of enterprise risks is the responsibility of the Vericity executive management team with oversight provided by the board of directors through its audit committee. We have established risk management policies and procedures throughout our organization. To supervise the implementation of these risk management policies and procedures, we have engaged outside consultants on this topic and have established a risk management committee that consists of members of our senior management team.

In 2015, we launched a multi-phase risk assessment project focused on formalizing our enterprise risk management process covering Efinancial, Fidelity Life, their respective subsidiaries and operations and all corporate activities. Project goals include defining key risks and risk events, establishing corporate risk tolerances and documenting the accountability for the risk management processes. Work is in process to formalize and in some cases develop additional measurements related to enterprise level risks for management and board reporting. The risk assessment project will continue to evolve with the business over the near term and result in the development of more formalized enterprise risk management capabilities.

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business. While it is not possible to forecast the outcome of such legal proceedings, in light of existing insurance, reinsurance, and established reserves, we believe that there is no individual case pending that is likely to have a material adverse effect on our financial condition or results of operations.

Properties

We operate from two locations that are leased from unaffiliated parties. Vericity and Fidelity Life are headquartered in Chicago, Illinois at 8700 W. Bryn Mawr Avenue, Suite 900S, leasing 39,030 sq. feet. Efinancial is headquartered in Bellevue, Washington at 13810 Southeast Eastgate Way, Suite 300, leasing 31,662 sq. feet. Efinancial has a call center housed in the Chicago office.

Employees

As of December 31, 2017, Fidelity Life has 119 employees and Efinancial has 265 employees. None of our employees are covered by a collective bargaining agreement. We believe that relations with our employees are good.

Regulation

Our businesses are subject to a number of federal and state laws and regulations. These laws and regulations cover Fidelity Life operations as a life insurance company and Efinancial's insurance agency operations. Our operations are subject to extensive laws and governmental regulations, including administrative determinations, court decisions and similar constraints. The purpose of the laws and regulations affecting our operations is primarily to protect our policyholders and not our stockholders. Many of the laws and regulations to which we are subject are regularly re-examined, and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations. State insurance laws regulate most aspects of our insurance businesses, and we are regulated by the insurance departments of the states in which we sell insurance policies. The NAIC assists the various state insurance regulators in the development, review and implementation of a wide range of financial and other regulations over the insurance industry.

Insurance Regulation

Both Fidelity Life and Efinancial are licensed to transact business in all states and jurisdictions in which they conduct an insurance business. Fidelity Life is an Illinois-domiciled life insurance company licensed to transact business in 48 states and the District of Columbia. Fidelity Life is not licensed to transact business in New York or Wyoming. Efinancial is an insurance agency domiciled in the State of Washington and is licensed in all 50 states and the District of Columbia. State insurance laws regulate many aspects of our business. Such regulation is vested primarily in state agencies having broad administrative and in some instances discretionary power dealing with many aspects of our business, which may include, among other things, required reserve liability levels, permitted classes of investments, transactions among affiliates, marketing practices, advertising, privacy, policy forms, reinsurance reserve requirements, acquisitions, mergers, and capital adequacy, and is concerned primarily with the protection of policyholders and other consumers rather than stockholders. We are subject to financial and market conduct examinations by insurance regulators from our domiciliary states and from other states in which we do business.

State laws and regulations governing the financial condition of insurers apply to Fidelity Life, including standards of solvency, risk-based capital requirements, types, quality and concentration of investments, establishment and maintenance of reserves, required methods of accounting, reinsurance and minimum capital and surplus requirements, and the business conduct of insurers, including sales and marketing practices, claim procedures and practices, and policy form content. In addition, state insurance laws require licensing of insurers and their agents. State insurance regulators have the power to grant, suspend and revoke licenses to transact business and to impose substantial fines and other penalties.

Agent Licensing

Efinancial (or its designated representative) is authorized to act as an insurance producer under company licenses or licenses held by its officers in all 50 states and the District of Columbia. In each jurisdiction in which Efinancial transacts business, it is generally subject to regulation regarding licensing, sales and marketing practices, premium collection and safekeeping, and other market conduct practices. Its business depends on the validity of, and continued good standing under, the licenses and approvals pursuant to which it operates, as well as compliance with pertinent regulations. We devote significant effort toward maintaining licenses for Efinancial and managing its operations and practices consistent with the diverse and complex regulatory environment in which we operate.

Fidelity Life sells its insurance products through Efinancial and independent distributors. Efinancial employs insurance agents working in its call centers and also works with independent insurance agents. The states in which insurance agents operate require agents to obtain and maintain licenses to sell insurance products. In order to sell insurance products, the agents must be licensed by their resident state and by any other state in which they do business and must comply with regulations regarding licensing, sales and marketing practices, premium collection and safeguarding, and other market conduct practices. In addition, in most states, Fidelity Life must appoint the agents and agencies that sell our insurance products, and Efinancial and the agents that they work with must be appointed by all carriers for which they sell.

Consistent with various federal and state legal requirements, we monitor our agents that sell for Fidelity Life and Efinancial, and we monitor the agencies with which the independent distributors and independent agents work in order to understand and evaluate the agencies' training and general supervision programs relevant to regulatory compliance. For Efinancial's call center agents using telephone sales, we periodically record and monitor the sales calls in order to identify and correct potential regulatory compliance problems.

Financial Review

Fidelity Life is required to file detailed annual and quarterly financial reports with the insurance departments in the states in which we do business, and its business and accounts are subject to examination by such agencies at any time. These examinations generally are conducted under NAIC guidelines. Under the rules of these jurisdictions, insurance companies are examined periodically (generally every three to five years) by one or more of the supervisory agencies on behalf of the states in which they do business.

Market Conduct Regulation

The laws and regulations governing our insurance businesses include numerous provisions governing the marketplace activities of insurers, such as Fidelity Life, and agencies, such as Efinancial, including regulations governing the form and content of disclosures to consumers, advertising, product replacement, sales and underwriting practices, complaint handling, and claims handling. State insurance regulators enforce compliance, in part, through periodic market conduct examinations.

Insurance Holding Company Regulation

All states in which Fidelity Life conducts insurance business have enacted legislation that requires each insurance company in a holding company system to register with the insurance regulatory authority of its state of domicile and to furnish that regulatory authority financial and other information concerning the operations of, and the interrelationships and transactions among, companies within its holding company system that may materially affect the operations, management or financial condition of the insurers within the system. These laws and regulations also regulate transactions between insurance companies and their parents and affiliates. Generally, these laws and regulations require that all transactions within a holding company system between an insurer and its affiliates be fair and reasonable and that the insurer's statutory surplus following any transaction with an affiliate be both reasonable in relation to its outstanding liabilities and adequate to its financial needs. Statutory surplus is the excess of admitted assets over statutory liabilities. For certain types of agreements and transactions

between an insurer and its affiliates, these laws and regulations require prior notification to, and non-disapproval or approval by, the insurance regulatory authority of the insurer's state of domicile. These laws and regulations also require the holding company system to file an annual report identifying certain risks ("enterprise risks") that, if not remedied, are likely to have a material adverse effect upon the financial condition of the insurer or its holding company system as a whole.

Dividend Limitations

As a holding company with no significant business operations of its own, Vericity will depend on intercompany dividends or other distributions from its subsidiaries as the principal source of cash to meet its obligations. The ability of Fidelity Life to pay dividends to its corporate parent is limited under Illinois law. Such dividends may only be paid out of earned surplus (excluding unrealized capital gains), and no dividend may be paid that would reduce Fidelity Life's statutory surplus to less than the amount required to be maintained by Illinois law for the types of business transacted by Fidelity Life. All intercompany dividends must be reported to the Illinois Department of Insurance prior to payment. In addition, Fidelity Life may not pay an "extraordinary" dividend or distribution until 30 days after the Illinois Director of Insurance has received sufficient notice of the intended payment and has not objected or has approved the payment within the 30-day period. An "extraordinary" dividend or distribution is defined under Illinois law as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months, exceeds the greater of:

- 10% of the insurer's statutory surplus as of the immediately prior year end; or
- the statutory basis net income of the insurer for the prior year.

As a result of the payment of dividends in the amount of \$7.0 million during 2017, Fidelity Life's remaining ordinary dividend capacity as of September 30, 2018 is \$7.3 million.

Efinancial is not subject to the above dividend restrictions that relate to Fidelity Life.

Change of Control

Illinois law requires advance approval by the Director of Insurance of any direct or indirect change of control of an Illinois-domiciled insurer, such as Fidelity Life. In considering an application to acquire control of an insurer, the Director generally will consider such factors as experience, competence, and the financial strength of the applicant, the integrity of the applicant's board of directors and officers, the acquirer's plans for the management and operation of the insurer, and any anti-competitive effects that may result from the acquisition. Under Illinois law, there exists a presumption of "control" when an acquiring party acquires 10% or more of the voting securities of an insurance company or of a company which itself controls an insurance company. Therefore, any person acquiring, directly or indirectly, 10% or more of our common stock would need the prior approval of the Illinois Director of Insurance, or a determination from the Director that "control" has not been acquired. Under Section 59.1(6)(i) of the Illinois Insurance Code, no person or a group of persons acting in concert (other than the standby purchaser), may acquire, directly or indirectly, in this offering or any public offering, more than 5% of the capital stock of Vericity for a period of five years from the effective date of the conversion without the approval of the Illinois Director of Insurance.

In addition, a person seeking to acquire, directly or indirectly, control of an insurance company is required in some states to make filings prior to completing an acquisition if the acquirer and the target insurance company and their affiliates have sufficiently large market shares in particular lines of insurance in those states. Approval of an acquisition may not be required in these states, but the state insurance departments could take action to impose conditions on an acquisition that could delay or prevent its consummation.

The laws of at least one state (Texas) require advance approval by the insurance commissioner of any direct or indirect change of control of a licensed agency, such as Efinancial. If the conversion is deemed to constitute a change of control under Texas law, we will make the appropriate filings in connection therewith.

Policy and Contract Reserve Sufficiency

Fidelity Life is required under Illinois law to conduct annual analyses of the sufficiency of its life insurance and annuity statutory reserves. In addition, other states in which Fidelity Life is licensed may have certain reserve requirements that differ from those of Illinois. In each case, a qualified actuary must submit an opinion each year that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient

provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the affected insurer must set up additional reserves by moving funds from surplus. Fidelity Life submitted these opinions without qualification as of December 31, 2017 to applicable insurance regulatory authorities.

Risk-Based Capital (RBC) Requirements

The NAIC has established a standard for assessing the solvency of insurance companies using a formula for determining each insurer's RBC. The RBC model act provides that life insurance companies must submit an annual RBC report to state regulators reporting their RBC based upon four categories of risk: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky items. The formula is intended to be used by insurance regulators as an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action. Companies that do not maintain total adjusted risk-based capital in excess of 200% of the company's authorized control level risk-based capital may be required to take specific actions at the direction of state insurance regulators. Fidelity Life's total adjusted capital at December 31, 2017 was well in excess of 200% of its authorized control level. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Risk-Based Capital."

NAIC Ratios

The NAIC is a voluntary association of state insurance commissioners formed to discuss issues and formulate policy with respect to regulation, reporting and accounting of insurance companies. Although the NAIC has no legislative authority and insurance companies are at all times subject to the laws of their respective domiciliary states, and to a lesser extent, other states in which they conduct business, the NAIC is influential in determining the form in which such laws are enacted. Model insurance laws, regulations and guidelines have been promulgated by the NAIC as minimum standards by which state regulatory systems and regulations are measured.

The NAIC also has established a set of 12 financial ratios to assess the financial strength of insurance companies. The key financial ratios of the NAIC's Insurance Regulatory Information System, or IRIS, which were developed to assist insurance departments in overseeing the financial condition of insurance companies, are reviewed by experienced financial examiners of the NAIC and state insurance departments to select those companies that merit highest priority in the allocation of the regulators' resources. IRIS identifies these key financial ratios and specifies a range of "unusual values" for each ratio. The NAIC suggests that insurance companies that fall outside the "usual" range in four or more financial ratios are those most likely to require analysis by state regulators. However, according to the NAIC, it may not be unusual for a financially sound company to have several ratios outside the "usual" range. For the year ended December 31, 2017, Fidelity Life was within the "usual" range for all ratios.

Statutory Accounting Principles (SAP)

SAP is a basis of accounting developed by U.S. insurance regulators to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with evaluating an insurer's ability to pay all its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction. Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles differ somewhat from GAAP, which are designed to measure a business on a going-concern basis. GAAP gives consideration to matching of revenue and expenses and, as a result, certain insurer expenses are capitalized when incurred and then amortized over the life of the associated policies. The valuation of assets and liabilities under GAAP is based in part upon best estimate assumptions made by the insurer. Stockholders' equity under GAAP represents both amounts currently available and amounts expected to emerge over the life of the business. As a result, the values for assets, liabilities and equity reflected in financial statements prepared in accordance with GAAP may be different from those reflected in financial statements prepared under SAP.

State insurance laws and regulations require Fidelity Life to file with state insurance departments publicly-available quarterly and annual financial statements, prepared in accordance with statutory guidelines that generally follow NAIC uniform standards. State insurance laws require that the annual statutory financial statements be audited by an independent public accountant and that the audited statements be filed with the insurance departments in states where the insurer transacts business.

State Insurance Guaranty Funds Laws

In most states, there is a requirement that life insurers doing business within the state participate in a guaranty association, which is organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the written premium in the state by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some states permit member insurers to recover such paid assessments through full or partial premium tax offsets.

Life insurance company insolvencies or failures may result in additional guaranty association assessments against Fidelity Life in the future. At this time, we are not aware of any material liabilities for guaranty fund assessments that apply to Fidelity Life with respect to impaired or insolvent insurers that are currently subject to insolvency proceedings.

Regulation of Investments

Fidelity Life is subject to state laws and regulations that require diversification of its investment portfolios and limit the amount of investments in certain asset categories, such as below-investment grade fixed-income securities, equity real estate, mortgages, other equity investments, foreign investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring statutory surplus, and, in most instances, require divestiture.

Federal and State Legislative and Regulatory Changes

From time to time, various regulatory and legislative changes have been proposed for the insurance industry. Among the proposals that have in the past been or are at present being considered are the possible introduction of federal regulation in addition to, or in lieu of, the current system of state regulation of insurers and proposals in various state legislatures (some of which proposals have been enacted) to conform portions of their insurance laws and regulations to various model acts adopted by the NAIC. We are unable to predict whether any of these proposed laws and regulations will be adopted, the form in which any such laws and regulations would be adopted or the effect, if any, these developments would have on our business, financial condition and results of operations.

Other Laws and Regulations

USA Patriot Act and Similar Regulations

The USA Patriot Act of 2001, enacted in response to the terrorist attacks on September 11, 2001, contains anti-money laundering and financial transparency laws and mandates the implementation of various regulations applicable to broker-dealers and other financial services companies, including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. The increased obligations of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, require the implementation and maintenance of internal practices, procedures and controls.

Privacy of Consumer Information

U.S. federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of consumer financial information and to notify consumers about their policies and practices relating to their collection and disclosure of consumer information and their policies relating to protecting the security and confidentiality of that information. Similarly, federal and state laws and regulations also govern the disclosure and security of consumer health information. In particular, regulations promulgated by the U.S. Department of Health and Human Services regulate the disclosure and use of protected health information by health insurers and others (including life insurers), the physical and procedural safeguards employed to protect the security of that information and the electronic transmission of such information.

Telephone and Email Solicitation Sales Regulations

The United States Congress, the Federal Communications Commission and various states have promulgated and enacted rules and laws that govern personal privacy, telephone and email solicitations and data privacy. There are numerous state

statutes and regulations governing phone and email solicitation activities that apply or may apply to us. For example, some states place restrictions on the methods and timing of telephone solicitation calls and require that certain mandatory disclosures be made during the course of a call. We specifically train our retail call center sales agents to handle calls in an approved manner, and such compliance training is costly and time consuming. Federal and state “Do Not Call” regulations must be followed for us to engage in telephone sales activities. We specifically train our agents and phone representatives to handle calls in an approved manner. In addition, the Federal Trade Commission has promulgated rules in response to the CAN-SPAM Act of 2003 that regulates the use of electronic mail in commercial contexts. This regulation applies to all electronic mail that, the primary purpose of which is the commercial advertisement or promotion of a commercial product or service.

Federal Income Taxation

The U.S. Congress and state and local governments consider from time to time legislation that could increase or change the manner of taxing the products Fidelity Life sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Fidelity Life. To the extent that any such legislation is enacted in the future, we could be adversely affected.

THE CONVERSION AND OFFERING

General

As a mutual insurance holding company, Members Mutual does not have stockholders. It has members. A member of Members Mutual is the holder of an in-force policy of insurance of Fidelity Life. With respect to in-force group insurance coverage issued by Fidelity Life, the member is the holder of the master insurance policy. In accordance with Illinois law and the articles of incorporation and bylaws of Members Mutual, the members of Members Mutual are entitled to certain membership rights, including the right to elect directors and to approve this conversion. In an insurance company organized as a stock company, policyholders have no governance rights, which reside with stockholders, and instead have only contractual rights under their insurance policies.

Background and Reasons for the Conversion

Members Mutual believes that the state of the life insurance business in the United States currently presents it with the opportunity to extend its reach into its target market and provide affordable, accessible life insurance solutions to this market. With the development of its “**RAPID**Decision®” product portfolio and distribution processes that permit underwriting to be completed immediately or within 24 to 48 hours after the initial call, Members Mutual has sought to make the sale of life insurance simpler and more efficient. Following its conversion into a mutual holding company structure in 2007, Members Mutual began to explore ways to increase its access to capital in order to pursue increased marketing, acquisitions and organic growth of distribution and sales of life insurance to the Middle Market. In furtherance of this objective, Members Mutual acquired Efinancial in 2009. Since then, Members Mutual has examined various alternatives ranging from maintenance of the status quo, mergers with other mutual companies, expansion or acquisition of other lines of business or companies and various forms of demutualization of Members Mutual permitted by Illinois law, and actively pursued certain of these alternatives at various times during that period. However, none of those prior efforts resulted in a consummated transaction.

After careful study and consideration, Members Mutual has concluded that the subscription rights method of demutualization, backstopped by a standby purchaser that will commit to purchase at least enough unsubscribed shares in the subscription rights conversion to ensure the successful completion of the conversion offering, best suits Members Mutual’s circumstances. In reaching this conclusion, the board of directors of Members Mutual considered the difficulty Members Mutual would have executing a stand-alone subscription rights conversion and existing as a stand-alone public company over the next several years, given its history and outlook of reported GAAP losses. Members Mutual also considered, among other things, that a subscription rights demutualization backstopped by a standby purchaser would:

- permit Members Mutual to undertake a substantial capital raising transaction;
- provide an improved ability to access future capital as a publicly traded stock company, enable Members Mutual to seek to achieve scale and position it to execute against its middle market opportunity;
- substantially mitigate the risk of an unsuccessful offering because of the standby purchaser’s commitment;
- enhance corporate flexibility for future strategic options;
- afford members an opportunity to participate in the success of Members Mutual through the purchase of stock; and
- improve the visibility of the Fidelity Life and Efinancial brands.

In furtherance of these objectives, in January 2018 Members Mutual and its advisors began to identify parties who might be interested in acting as the standby purchaser for the conversion offering. Beginning in February, Members Mutual, through its advisors, contacted thirty-six parties to assess their interest in acting as the standby purchaser in Members Mutual’s proposed subscription rights conversion. Twenty-two of the parties contacted signed a confidentiality agreement including standstill provisions and received a confidential information memorandum about the Company. From April through the end of July 2018, Members Mutual’s advisors conducted a competitive bidding process with the interested parties, including both strategic and financial partners. In early April, eight of the parties submitted first round indications of interest to serve as standby purchaser. During April and May, Members Mutual invited six of the parties to conduct further due diligence, including meetings with the Company’s management and advisors. Following these meetings, five parties submitted second round bids. After review of these bids, Members Mutual and its advisors identified three parties that they determined to be the most viable potential standby purchaser partners and one potential strategic partner that had proposed an alternative transaction structure. During June, Members Mutual and its advisors continued to engage with these four parties in order to further assess and discuss the bids. After additional discussions with these parties and review of the final bids, in early July Members Mutual entered into exclusive negotiations with J.C. Flowers & Co. LLC (“JCF”) to negotiate the standby purchase agreement under which an affiliate of JCF would act as the standby purchaser.

On July 31, 2018, the board of directors of Members Mutual unanimously adopted the plan of conversion, subject to the approval of the Director of the Illinois Insurance Department and the eligible members of Members Mutual. On September 16, 2018, the board of directors of Members Mutual approved an amended and restated plan of conversion. On September 20, 2018, the boards of directors of Members Mutual, Vericity and Fidelity Life authorized the entry into the standby purchase agreement pursuant to which an affiliate of JCF will be the standby purchaser under the plan of conversion, and authorized senior management to execute the standby purchase agreement on behalf of the companies. The standby purchase agreement was executed by Members Mutual, Vericity, Fidelity Life and the standby purchaser on October 5, 2018.

The Illinois Insurance Code requires that we obtain the approval of the Illinois Director of Insurance prior to effecting a conversion of Members Mutual, which we received on [●]. The standby purchaser's commitment to purchase shares of our stock in the standby offering was approved by the Illinois Director of Insurance on [●]. Approval by the Illinois Director of Insurance is not a recommendation or endorsement of this offering. The plan of conversion is also subject to the approval of the eligible members of Members Mutual as of July 31, 2018, at a special meeting to be held on [●]. To be effective, the plan must be approved by the affirmative vote of at least two-thirds of the votes cast by eligible members at the special meeting.

The plan of conversion provides that we will offer shares of our common stock for sale in a subscription offering to eligible members of Members Mutual and the directors and officers of Members Mutual. If fewer than 14,875,000 shares are subscribed for in the subscription offering, the standby purchaser has agreed to purchase the number of shares of our common stock equal to the difference between 14,875,000 and the number of shares of common stock subscribed for in the subscription offering, and may purchase additional shares as may be necessary in order to permit the standby purchaser to acquire a majority of the shares sold, provided that no more than 20,125,000 shares may be sold in the offerings. Under the terms of our agreement with the standby purchaser, the standby purchaser will have the right to designate a majority of the nominees to serve on our board of directors. See “—Subscription Offering and Subscription Rights” and “—Description of the Standby Purchase Agreement—Post-Closing Covenants—Corporate Governance Matters.”

Following the adoption of the plan of conversion and the amended and restated articles of incorporation of Members Mutual (that will, among other things, create and authorize the shares of capital stock of converted Members Mutual) by the eligible members at the special meeting, the conversion will be accomplished by:

- filing with the Illinois Director of Insurance the minutes of the special meeting at which the plan of conversion is adopted along with the amended and restated articles of incorporation and bylaws of converted Members Mutual;
- issuance of all of the shares of capital stock of converted Members Mutual to Vericity; and
- issuance of the shares of common stock sold in the offerings.

The conversion will be effected only if subscriptions and orders are received for at least 14,875,000 shares of common stock, including shares purchased by the standby purchaser, and the plan of conversion and amended and restated articles of incorporation of Members Mutual are approved by at least two-thirds of the votes cast by eligible members of Members Mutual at a special meeting to be held on [●].

If the conversion fails to be completed for any reason, Members Mutual will continue as the mutual holding company for Vericity Holdings, Inc. and its subsidiaries. In that event, the members of Members Mutual will retain the membership rights described above.

A copy of the plan of conversion is available by contacting our principal executive offices located at 8700 W. Bryn Mawr Avenue, Suite 900S, Chicago, Illinois, 60631, attention: General Counsel. A copy of the plan also was sent to each eligible member of Members Mutual as of July 31, 2018 along with the notice of the special meeting. The plan also is filed as an exhibit to the registration statement of which this prospectus is a part. Copies of the registration statement and exhibits thereto may be obtained from the SEC. See “Additional Information.”

Effect of Conversion on Members Mutual and its Members

Termination of Membership Interests. In the conversion, Members Mutual will be converted into stock form pursuant to Section 59.1 of the Illinois Insurance Code. In accordance with Section 59.1 of the Illinois Insurance Code, the corporate existence of Members Mutual will be continued in converted Members Mutual, and all property of every type will be vested in converted Members Mutual, and converted Members Mutual will assume all the obligations and liabilities of Members Mutual.

Upon completion of the conversion and the issuance of all its capital stock to Vericity, converted Members Mutual will be a stock holding company and wholly owned subsidiary of Vericity. Pursuant to the plan of conversion, all membership interests in Members Mutual held by the policyholders of Fidelity Life will terminate as a result of the conversion, regardless of whether an eligible member exercises subscription rights received under the plan of conversion. However, the conversion will have no effect on the contractual rights of the policyholders of Fidelity Life.

Continuity of Insurance Coverage and Business Operations. This conversion will not change the insurance protection or premiums under insurance policies issued by Fidelity Life. During and immediately following the conversion, the normal business of issuing insurance policies will continue without change or interruption and Fidelity Life will continue to provide insurance coverage to policyholders under current policies. All of our officers at the time of this offering will retain their same positions immediately after the conversion. See “Management—Directors and Executive Officers.”

Voting Rights. After the conversion, the policyholders of Fidelity Life will no longer be members of Members Mutual and will no longer have the right to elect the directors of Members Mutual or approve transactions involving Members Mutual. Instead, voting rights in Members Mutual will be held by Vericity, which will own all of the outstanding capital stock of converted Members Mutual. Voting rights in Vericity will be held by the stockholders of Vericity, subject to the terms of the certificate of incorporation and bylaws of Vericity and to the provisions of the DGCL and federal law. See “Description of Capital Stock—Common Stock” for a description of our common stock.

Subscription Offering and Subscription Rights

We are offering shares of our common stock in a subscription offering to members of Members Mutual who were policyholders of Fidelity Life as of the close of business on July 31, 2018, who we refer to as eligible members and to the directors and officers of Members Mutual. The subscription offering will end at 5:00 PM, Central Time, on [●]. In the subscription offering we are offering 20,125,000 shares of common stock in the following order of priority:

Priority 1: Eligible Members. Each eligible member of Members Mutual will receive, without payment, nontransferable subscription rights to purchase shares, subject to the purchase limitations and all the other terms and conditions of the plan of conversion. See “—Limitations on Purchases of Common Stock.”

If eligible members subscribe for more than 20,125,000 shares, the shares of common stock will be allocated so as to permit each subscribing eligible member, to the extent possible, to purchase up to the lesser of the number of shares subscribed for or 100 shares. Any remaining shares will be allocated among the eligible members whose subscriptions remain unsatisfied in the proportion in which the number of shares as to which each such eligible member’s subscription remains unsatisfied bears to the aggregate number of shares as to which all such eligible members’ subscriptions remain unsatisfied.

Priority 2: Directors and Officers. Subject to the prior rights of eligible members to subscribe for up to 20,125,000 shares in this offering, each director and officer of Members Mutual will receive, without payment, non-transferable subscription rights to purchase shares, subject to the purchase limitations and all other terms and conditions of the plan of conversion. See “—Limitations on Purchases of Common Stock.” Shares purchased by the directors and officers of Members Mutual will be purchased for investment and not for resale and will be counted toward satisfaction of the minimum number of shares needed to be sold to complete this offering.

If there are insufficient shares remaining after the subscriptions of eligible members to satisfy in full all of the subscriptions of directors and officers of Members Mutual, the available shares of common stock will be allocated among the subscribing management participants in the proportion in which the number of shares as to which each such management participant’s subscription bears to the aggregate number of shares subscribed for by all management participants.

All subscriptions received will be subject to the maximum and minimum purchase limitations set forth in the plan of conversion and as described below under “—Limitations on Purchases of Common Stock.”

Description of the Standby Purchase Agreement

The following is a summary of the material terms of the standby purchase agreement. It is qualified in its entirety by reference to the standby purchase agreement, a copy of which is attached as an exhibit to the registration statement of which this prospectus is a part, and is available for inspection in the manner set forth in the section titled “Additional Information.”

The Standby Purchase Commitment

On October 5, 2018, Members Mutual, Vericity and Fidelity Life entered into the standby purchase agreement with the standby purchaser, pursuant to which the standby purchaser agreed, subject to certain conditions, to acquire from us at the subscription price of \$10.00 per share the number of shares equal to the difference of the offering minimum of 14,875,000 shares and the number of shares of common stock subscribed for in the subscription offering. In addition, the standby purchaser has the right to purchase additional shares up to the offering maximum, which additional shares may permit the standby purchaser to acquire up to a majority of the stock sold in the offerings. Shares purchased by the standby purchaser in the standby offering will be purchased for investment and not for resale and will be counted toward satisfaction of the minimum number of shares needed to be sold to complete the subscription offering. The shares purchased by the standby purchaser in the standby offering are referred to as the “standby shares.” The standby purchaser’s payment obligations (including any payment due for damages) under the standby purchase agreement have been guaranteed by its affiliate, J.C. Flowers IV L.P., a private equity fund managed by J.C. Flowers & Co. LLC.

Conditions to Closing the Standby Offering

The obligations of the parties to consummate the standby offering are subject to customary closing conditions, including, among others:

Mutual Conditions to Close:

- (1) the absence of any governmental order prohibiting the transactions;
- (2) the approval by the Director of the Illinois Department of Insurance (the “Illinois Director”) of the plan of conversion, the amended and restated articles of converted Members Mutual and the acquisition of the standby shares by the standby purchaser (the “Illinois Approvals”) shall have been received and not revoked;
- (3) if applicable, Hart-Scott-Rodino approval shall have been obtained and not revoked;
- (4) the approval of the plan of conversion and the amended and restated articles of converted Members Mutual by at least two-thirds of the eligible members voting in person or by proxy at the special meeting;
- (5) the effectiveness of, and absence of a stop order relating to, the registration statement of which this prospectus is a part;
- (6) the satisfaction or waiver of all of the conditions precedent to the consummation of the offerings as set forth in the plan of conversion; and
- (7) the closing of the subscription offering shall be consummated simultaneously with the standby offering.

Members Mutual and Vericity Conditions to Close:

- (1) the accuracy of the representations and warranties of the standby purchaser, except for any inaccuracies that would not have a material adverse effect, in the standby purchase agreement as of the effective date of this registration statement;
- (2) the standby purchaser having performed in all material respects its obligations under the standby purchase agreement; and
- (3) the delivery of a certificate by the standby purchaser to Members Mutual and Vericity confirming the same.

Standby Purchaser Conditions to Close:

- (1) the accuracy of the representations and warranties (other than representations concerning authority, capitalization and broker fees), except for inaccuracies that would not have a material adverse effect, of Vericity and Members Mutual in the standby purchase agreement as of the effective date of this registration statement;
- (2) the accuracy of representations of Vericity and Members Mutual concerning authority, capitalization and broker fees as of the closing date;
- (3) Members Mutual and Vericity having performed in all material respects their obligations under the standby purchase agreement;
- (4) no material adverse effect having occurred between the date of the standby purchase agreement and the effective date of the registration statement;
- (5) the Illinois Department of Insurance shall not have revoked its prior written approval of that certain Reinsurance Agreement, effective July 1, 2013 between Fidelity Life Association and Hannover Life Reassurance Company of

America or that certain Amended and Restated Reinsurance Agreement effective July 1, 2016 between Fidelity Life Association and Hannover Life Reassurance Company of America; and

- (6) the delivery of certificates by Members Mutual and Vericity confirming the matters described in clauses (1) through (4) above and that the resolutions adopted by the Vericity board authorizing the transaction remain in effect.

Special Meeting of the Members of Members Mutual

Members Mutual has agreed that, subject to its right to terminate the standby purchase agreement under certain conditions, it will duly call and hold a special meeting of members for the purpose of voting to adopt the plan of conversion and the amended and restated articles of incorporation of converted Members Mutual, as soon as practicable after the later of (i) the date upon which both the plan of conversion and the acquisition of the standby shares by the standby purchaser by the Illinois Director have been approved, and (ii) the effective date of the registration statement. Notice of the special meeting will be mailed at least 30 days prior to the date of the special meeting.

Post-Closing Covenants

Corporate Governance Matters

At the closing, the bylaws of Vericity will be amended and restated to provide, during the period (the “standstill period”) between the closing and the sale or other business combination pursuant to which all the outstanding capital stock of Vericity is sold (other than any equity rollover made by the standby purchaser not to exceed 10% of the common stock owned by the standby purchaser) in a single transaction in which all stockholders of Vericity are offered the same consideration (a “sale of the company”) to a third party not affiliated with the standby purchaser (a “third party purchaser”), that among other things:

- (1) the board of directors of Vericity will consist of designees appointed by the standby purchaser (the “standby purchaser designees”) and designees appointed by Vericity (the “company designees”);
- (2) the number of company designees shall not exceed six (6) nor at any time be less than two (2) and that the number of standby purchaser designees at any given time shall be one (1) more than the number of company designees but in no event less than three (3); provided, that if among the company designees and the standby purchaser designees there are insufficient independent directors available to satisfy the independence requirements under the rules of the Nasdaq stock market or the SEC relating to the number of independent directors required to serve on the board of directors or any committee thereof, the standby purchaser shall have the right to designate the minimum number of additional directors necessary to satisfy such applicable independence requirements; provided, further, that while the standby purchaser shall have the right to designate such additional directors and their successors or replacements, such additional directors shall not be deemed to be standby purchaser designees under the standby purchase agreement;
- (3) the compensation payable to the company designees may not be decreased without the consent of a majority of the company designees, and may not be increased without the consent of a majority of the standby purchaser designees;
- (4) in the event of any vacancy in the office of any standby purchaser designee, a majority of the remaining standby purchaser designees will have the right to designate a replacement, and in the event of any vacancy in the office of any company designee, a majority of the remaining company designees will have the right to designate a replacement, in each case to fill the vacancy, provided that in the case of a vacancy of a company designee, the standby purchaser may elect to reduce the size of the board of directors by two with one of the standby purchaser designees resigning such that the standby purchaser will continue to have one more designee than the number of company designees;
- (5) at any election of directors of Vericity, a majority of the standby purchaser designees will have the right to nominate the successors of the standby purchaser designees (and as applicable such additional directors as are necessary to satisfy the independence requirements under the rules of the Nasdaq stock market or the SEC), and a majority of the company designees will have the right to nominate the successors of the company designees;
- (6) an advisory board will be established to provide general policy advice to the board, with members serving until the earlier of (i) the consummation of a sale of the company to a third party purchaser, (ii) the termination of the advisory board on the fifth anniversary of the closing, or (iii) the member’s death, retirement, resignation or removal for cause;

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- (7) in the event that there are no remaining company designees to designate successor company designees, a majority of the members of the advisory board will have the right to designate successor or replacement company designees; and
- (8) members of the advisory board will be entitled to the same compensation and expense reimbursement as the company designees, and separate rights to third-party indemnification and advancement of expenses for service on the advisory board.

Effective upon the closing, the compensation payable to the company designees shall be \$100,000 per year. These post-closing governance provisions are intended to be for the benefit of (a) Members Mutual and its affiliates and will be enforceable by the company designees against the standby purchaser and Vericity and its affiliates, and (b) the standby purchaser and will be enforceable by the standby purchaser against the company designees, as applicable, during the standstill period.

Standstill Period:

Minority Protections. During the standstill period, the standby purchaser agrees:

- (1) it will not vote its shares to (a) remove or seek to remove any company designee from the board of directors, unless approved by a majority of the company designees or for cause, or (b) approve or seek to approve a material amendment (as defined below) to the restated charter or restated bylaws of Vericity, unless approved by a majority of the company designees (except that this provision shall not prevent the standby purchaser from voting its shares in favor of the sale of the company to a third party purchaser);
- (2) it will vote all its shares as recommended by a majority of the company designees with respect to (i) the election of company designees as directors and (ii) the removal of any standby purchaser designee for cause;
- (3) it and Vericity will consider in good faith the reasonable recommendations from the chief executive officer to maintain or enhance the “A-” A.M. Best rating of Fidelity Life and as may be required by the Illinois Department of Insurance; and
- (4) that any transaction between the standby purchaser or any of its affiliates, on the one hand, and Vericity or any of its subsidiaries, on the other hand, shall be subject to approval by the company designees, and the standby purchaser designees shall recuse themselves from voting on the approval of such transactions, provided that the standby purchaser designees are not required to recuse themselves from any decision approving only ordinary course transactions on arm’s length terms between a portfolio company of the standby purchaser or its affiliates and Vericity or its subsidiaries.

In addition, during the Standstill Period, Fidelity Life has agreed that it will not pay any dividend in respect of its capital stock, unless approved by a majority of the company designees.

As used in clause (1) above, a “material amendment” is defined as an amendment that amends or seeks to amend the restated charter or restated bylaws of Vericity in any manner that would (i) except with respect to the creation and/or issuance of one or more series of preferred stock of Vericity, adversely affect the voting or other rights, interests or economic value of the common stock held by any Vericity stockholder, (ii) affect the voting or other rights, interests or economic value of the common stock held by any Vericity stockholder disproportionately as compared to the standby purchaser, (iii) seek to effect a reverse stock split, recapitalization, or reclassification of the common stock of Vericity, (iv) amend Article IV of the restated charter (except with respect to the creation and/or issuance of one or more series of preferred stock of Vericity), Article V or Article X of the restated charter, (v) amend Article VIII of the restated charter in any manner that would adversely affect the rights of the company designees thereunder; or (vi) amend Article III, Article IV, Section 5.2, or Section 7.12 of the restated bylaws.

These minority protection provisions are intended to be for the benefit of Members Mutual and its affiliates and will be enforceable by the company designees against the standby purchaser and Vericity and its affiliates during the standstill period.

Standstill Protections. During the standstill period, except in connection with a sale of the company to a third party purchaser, without the approval of a majority of the company designees, the standby purchaser will not, directly or indirectly seek to, among other things:

- (1) make any solicitation of proxies or consents, influence any person with respect to the voting of any shares of Vericity, or solicit the approval of any stockholder proposals;

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- (2) seek, propose or make any statement (except for (i) the standby purchaser designees acting solely in their capacity as directors of Vericity, (ii) by offers or proposals to the board which do not require or result in public disclosure, or (iii) communications to existing and prospective investors and limited partners in the standby purchaser's parent fund and affiliated investment vehicles thereof which do not require or result in public disclosure or an amendment to a Schedule 13D or any other filings of the standby purchaser pursuant to the Exchange Act regarding the standby purchaser's beneficial ownership in Vericity, in each case in connection with the sale of the company to a third party purchaser) with respect to any business combination transaction or sale of assets involving Vericity or any of its affiliates;
- (3) directly or indirectly acquire (with certain exceptions) any equity securities, debt securities or assets of Vericity or any of its subsidiaries;
- (4) form, join, or participate in a "group" (as defined in section 13(d)(3) of the Securities Exchange Act of 1934) with respect to any shares of common stock, other than a group composed solely of the standby purchaser;
- (5) subject any shares of Vericity to voting trust or other voting arrangement;
- (6) seek to control or influence the management of Vericity or its board or policies or make any demand for a stockholder list or to inspect the books or records of Vericity or its affiliates;
- (7) seek to nominate, elect or remove directors to the board of Vericity other than as provided for in the standby purchase agreement;
- (8) have any discussions or enter into any arrangements with or encourage any other person in connection with any of the foregoing (including by granting any waiver to any legal or other firm that represented or was engaged by the standby purchaser or its affiliates or any of their legal counsel with respect to Vericity, which waiver would permit any such firm to represent any person in connection with matters relating to Vericity); or
- (9) sell, assign, lend, or otherwise dispose of any standby shares, directly or indirectly, or otherwise take any action inconsistent with the foregoing.

These standstill provisions are intended to be for the benefit of Members Mutual and its affiliates and will be enforceable by the company designees against the standby purchaser and Vericity and its affiliates during the standstill period. For the avoidance of doubt, the standstill provisions will not prevent the Vericity board or the standby purchaser or its affiliates from taking actions to solicit, assist or encourage a third party purchaser solely in connection with a potential sale of the company to such third party purchaser.

Post-Closing Protection Period

During the period between the closing date and the earlier of the three year anniversary of the closing date and the expiration of the standstill period, the standby purchaser and Vericity agree that James Hohmann will serve as chief executive officer of Vericity, subject to his earlier death, resignation or removal for cause.

In addition, the standby purchaser and Vericity agree that, except as may otherwise be recommended by the chief executive officer:

- (1) for a period of two years following the closing, Vericity and its subsidiaries will (i) not conduct a material reduction in the total number of their employees compared to the total number employed at the closing or reduce the compensation of their employees in a manner that is less favorable in the aggregate to that provided prior to the closing (subject to maintenance of satisfactory performance evaluations), and (ii) will not amend any benefit plans of Vericity or its subsidiaries in effect upon the closing (subject to the rights therein to terminate or amend such plans, only upon the recommendation of the chief executive officer); provided, that these provisions are not intended as a guarantee of employment or of any benefits, or to prohibit the chief executive officer from making employee changes as business needs may dictate; and
- (2) for a period of three years following the closing, Vericity will cause Fidelity Life and Efinancial to maintain their principal places of business at their current locations in Chicago and Bellevue.

Termination

Termination by Mutual Consent:

The standby purchase agreement may be terminated by mutual written agreement of Vericity, Members Mutual and the standby purchaser.

Termination by Members Mutual or the Standby Purchaser:

The standby purchase agreement may be terminated by Members Mutual or the standby purchaser if:

- (1) the approval by the eligible members is not obtained at the special meeting,
- (2) the closing is not consummated before September 30, 2019, or
- (3) there is any governmental order prohibiting the completion of the transaction.

Termination by Members Mutual:

The standby purchase agreement may be terminated by Members Mutual if:

- (1) the standby purchaser materially breaches and does not timely cure any breaches of its representations, warranties, covenants or agreements (provided that neither Members Mutual nor Vericity is in material breach of any of their respective representations or covenants in the agreement); or
- (2) Members Mutual has abandoned the plan of conversion and terminated the subscription offering prior to the eligible member approval at the special meeting.

Termination by the Standby Purchaser:

The standby purchase agreement may be terminated by the standby purchaser:

- (1) if Members Mutual or Vericity materially breaches, and do not timely cure, any breaches of their respective representations or warranties prior to the effective date of the registration statement of which this prospectus is a part (provided that the standby purchaser is not in material breach of any of its representations or covenants in the agreement); or
- (2) within five (5) days of the receipt of the Illinois Approvals, if and only if the Illinois Approvals contain or require, in good faith determination of the standby purchaser, the imposition of a burdensome condition.

Burdensome Condition

A “burdensome condition” is defined as any condition, requirement or arrangement that would (i) be reasonably likely to materially change the manner in which Members Mutual or any of its subsidiaries has conducted its business in the normal course, (ii) require any material capital contribution, (iii) require any maintenance agreement or keep well obligation that imposes any condition, restriction or obligation that is not required by applicable law, (iii) impose any dividend limitation other than those provided under applicable law; (v) require the material amendment of or modification of the terms of any material agreement between or among any of Vericity or any of its subsidiaries, or (vi) require any changes to the size, composition or voting or consent rights of the board of directors of Vericity or any of its subsidiaries, of the standby purchaser designees or company designees, or the standby purchaser.

Abandonment of the Plan of Conversion

Members Mutual may “abandon” the plan of conversion and terminate the subscription offering upon determining in good faith that continued prosecution of the plan of conversion and subscription offering would (i) have a material adverse effect (as defined in the standby purchase agreement), (ii) materially affect the aggregate economic benefits reasonably anticipated by Vericity from the transactions contemplated under the standby purchase agreement, or (iii) result in any condition or limitation that would materially limit or impose a material financial burden on the ability of Vericity to operate any subsidiary in a manner consistent with past practice.

If the standby purchase agreement is terminated by Members Mutual due to abandonment of the plan of conversion, Members Mutual will reimburse the standby purchaser for reasonable transaction expenses up to \$750,000.

Capital Needs Assessment

The standby purchaser has agreed that within six months of the closing, the Vericity board shall direct Vericity management to undertake and complete an assessment (the “capital needs assessment”) of the current and projected capital reasonably required to be maintained at Vericity to support the current and near term projected adequacy of capital levels at Fidelity Life and Efinancial and holding company expenses at Vericity. If as a result of this assessment, Vericity management determines that the amount of capital in Vericity exceeds the reasonable current and near term projected capital

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requirements, Vericity management shall determine the amount of excess capital (if any) that may be available for distribution to the stockholders of Vericity as a return of capital in the form of a special dividend and may recommend to the Vericity board that it consider the declaration of a special dividend in an amount not to exceed the amount of excess capital. Notwithstanding the foregoing, any decision regarding the declaration of any dividend, and the amount thereof, will be in the sole discretion of the board of directors of Vericity and will depend on many factors, including without limitation the capital needs assessment, general economic and business conditions, Vericity's financial results and condition, legal and regulatory requirements and any other factors that the Vericity board may deem relevant.

Regulatory Filings

The standby purchaser, Members Mutual, and Vericity have agreed to make all filings required by the Illinois Department of Insurance, or any other relevant jurisdiction, as promptly as possible, and with the SEC with respect to the registration statement of which this prospectus is a part. The parties have agreed to use their reasonable best efforts to cooperate with each other in timely making all filings and seeking all required consents, approvals, notices, or authorizations for the transactions, and to provide the other party with a reasonable opportunity to review such documents prior to the filing thereof and reasonably consider any comments suggested by the other party or its counsel. The parties have further agreed to use their reasonable best efforts to take all other actions necessary to consummate the transactions contemplated in the standby purchase agreement.

Vericity has agreed (other than respect to information furnished by the standby purchaser) that (i) the registration statement, on the date it becomes effective, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading and (ii) the prospectus, at the expiration of the subscription offering period, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Director and Officer Indemnification and Insurance

The standby purchase agreement provides that all rights to indemnification, advancement of expenses and exculpation by Vericity and its subsidiaries of each person who was or may become a director or officer of such entity will continue in full force and effect in accordance with their respective terms. Vericity has also agreed that at or prior to the closing date, it will enter into indemnification agreements with each of the standby purchasers designees and advisory board members in a form previously agreed to by the parties. Further, for a period of six (6) years following the closing, the current policies (or substantially similar policies) of directors' and officers' liability insurance will be maintained by Vericity and its subsidiaries. Each of the directors and officers shall be third-party beneficiaries of this provision.

Operating Covenants

From the date of the standby purchase agreement until the closing date, each of Members Mutual and its subsidiaries has agreed to customary operating covenants, including, among other things not to: (1) adopt or propose any change to its charter or bylaws, (2) issue or redeem any of its capital stock, (3) declare, set aside, or pay any cash or non-cash dividend, (4) merge or consolidate with any other entity or acquire any material assets or equity of any other entity, (5) sell or encumber any material assets, (6) enter into or amend any material employment agreement or any benefit plan or to pay any employee compensation or benefit except in the ordinary course of business, (7) change any method of accounting or accounting practice, (8) make or change any material tax election, settle any material tax claim or file any tax return that is materially inconsistent with past practice, (9) enter into, modify or amend in any material respect or terminate any material contract, (10) abandon, modify, waive, terminate or otherwise change any of its insurance licenses, (11) enter into any material agreement or consent order with government entities, (12) make any material loans except in the ordinary course of business, (13) enter into any material new line of business, (14) materially alter the practices or rates related to earned commission from external customers, (15) settle any material litigation, (16) form or cause the formation of any subsidiary, (17) amend the terms of the compensation payable to the investment bankers in connection with the subscription offering and/or the standby offering, and (18) acquire or dispose of any material properties.

Representations and Warranties

The standby purchase agreement contains certain customary representations and warranties. Each of Members Mutual, Vericity, and the standby purchaser has made representations and warranties regarding, among other things: (i) organization; (ii) authority to enter into the agreement and related documents; (iii) required regulatory filings and consents and approvals of governmental authorities; (iv) the accuracy of statements made in the registration statement; and (v) brokers' fees payable in connection with the offerings.

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Standby purchaser has made additional representations and warranties related to: (i) its status as an accredited investor; (ii) tax matters; (iii) that it has, or will have at closing, available funds to enable it to consummate the transaction; and (iv) that it has undertaken its own independent investigation of Vericity and its subsidiaries.

Members Mutual has made additional representations and warranties related to: (i) capitalization; (ii) GAAP financial statements; (iii) statutory financial statements; (iv) absence of a material adverse effect since June 30, 2018; (v) compliance with applicable laws; (vi) regulatory filings; (vii) tax matters; (viii) labor matters; (ix) benefit plans; (x) absence of undisclosed liabilities; (xi) litigation; (xii) material contracts; (xiii) intellectual property; (xiv) privacy policies; (xv) anti-bribery, anti-corruption, anti-money laundering laws; (xvi) sanctions; and (xvii) related party transactions.

Vericity has made additional representations and warranties related to: (i) capitalization; (ii) validity and issuance of stock; and (iii) the availability of an exemption from registration of the stock issued in the standby offering.

Closing

The closing of the transactions contemplated by the standby purchase agreement will occur as soon as possible after, and in any event within three (3) business days after the satisfaction (or if applicable, waiver) of all closing conditions.

Stock Pricing and Number of Shares to be Issued

The plan of conversion requires that the range of the value of the total number of shares to be issued in this offering must be based on a valuation of our estimated consolidated pro forma market value. Under the plan of conversion, the valuation must be in the form of a range consisting of a midpoint valuation, a valuation fifteen percent (15%) above the midpoint valuation and a valuation fifteen percent (15%) below the midpoint valuation. We retained Boenning & Scattergood, Inc. to determine the valuation range for this offering. Boenning & Scattergood, Inc. has determined that, as of April 11, 2018, the estimated consolidated pro forma market value of Members Mutual is \$175,000,000 at the midpoint, and the range of value of the total number of shares of common stock to be issued in the offering is between a minimum value of \$148,750,000 and a maximum value of \$201,250,000. We plan to issue between 14,875,000 and 20,125,000 shares in the offering. This range was determined by dividing the \$10.00 price per share into the range of Boenning & Scattergood, Inc.'s valuation. Shares purchased by the directors and officers of Members Mutual will be purchased for investment and not for resale and will be counted toward satisfaction of the minimum number of shares needed to be sold to complete this offering.

We determined to offer the common stock in the subscription offering at the price of \$10.00 per share to ensure a sufficient number of shares are available for purchase by eligible members. In addition, Raymond James advised us that the \$10.00 per share offering price is commonly used in mutual-to-stock conversions of other insurance companies and savings banks and savings associations that use the subscription rights conversion model. These were the only factors considered by our board of directors in determining to offer shares of common stock at \$10.00 per share.

There is a difference of \$52.5 million between the low end and the high end of the estimated valuation range of Boenning & Scattergood, Inc.'s valuation. As a result, the percentage interest in Vericity that a purchaser of shares in this offering will have is greater if 14,875,000 shares are sold than if 20,125,000 shares are sold. In addition, assuming that the actual consolidated market value of Members Mutual will be within the broad estimated valuation range, this consolidated market value may be materially more or less than the total amount of subscriptions and orders received. Therefore, purchasers, in total and on a per share basis, may pay more for the common stock than the actual market value.

We cannot assure you that the market price for the common stock immediately following this offering will equal or exceed \$10.00 per share.

If Subscriptions Received in the Subscription Offering Meet or Exceed the Maximum Number of Shares Offered

If, after the subscription offering, the number of shares subscribed for by eligible members and the directors and officers of Members Mutual in the subscription offering is equal to or greater than 20,125,000 shares, this offering will be promptly completed. In the event of an oversubscription in the subscription offering by eligible members or the directors and officers of Members Mutual, shares of common stock will be allocated among the subscribing participants as described above under "—Subscription Offering and Subscription Rights."

If Subscriptions Received in the Subscription Offering Meet or Exceed the Required Minimum

If the number of shares of common stock subscribed for by eligible members and the directors and officers of Members Mutual in the subscription offering is equal to or greater than 14,875,000 shares, but less than 20,125,000 shares, then this

offering will be promptly completed. In this event, the standby purchaser may also purchase any unsubscribed shares, provided that we will not issue more than 20,125,000 shares in the offerings.

If Subscriptions Received in the Subscription Offering Do Not Meet or Exceed the Minimum

If fewer than 14,875,000 shares are subscribed for in the subscription offering, the standby purchaser has agreed to purchase enough shares in the standby offering to assure the sale of the minimum number of shares necessary to complete this offering, and may purchase additional shares as may be necessary in order to permit the standby purchaser to acquire a majority of the shares sold, provided that no more than 20,125,000 shares may be sold in the offerings. In that event, the level of sales to eligible members and directors and officers of Members Mutual will not impact the condition that at least 14,875,000 shares must be sold to complete this offering. Accordingly, the sale of the minimum number of shares necessary to complete this offering does not indicate that sales have been made to investors who have no financial or other interest in the offerings, and the sale of the minimum number of shares should not be viewed as an indication of the merits of this offering.

Costs of the Conversion and Offering

We expect to incur significant costs to complete the conversion and this offering, including among others legal, accounting, valuation and printing expenses, as well as filing fees, exchange listing costs and commissions and expenses for the marketing and sale of the shares of our common stock. We expect the expenses of the conversion and this offering (including commissions) to be approximately \$11.7 million and \$10.4 million, or approximately 7.7% and 5.2% of the gross proceeds, at the minimum and the maximum of the offering range, respectively, resulting in net proceeds to us of approximately \$137.1 million at the minimum and \$190.9 million at the maximum of the offering range. See the “Offering Summary” on the front cover of the prospectus for the assumptions used to arrive at these amounts.

Offering Deadline

All subscription rights will expire at 5:00 PM, Central Time, on [●]. Subscription rights not exercised prior to this deadline will be void, whether or not we have been able to locate each person entitled to receive subscription rights. We reserve the right in our sole discretion to terminate this offering at any time and for any reason, in which case we will cancel your order and return your payment without interest.

Use of Order Forms in this Offering

If you wish to purchase shares of common stock in this offering, you must sign and complete the stock order form that accompanies this prospectus and send it to us with your payment such that your order is received before the offering deadline. You may submit your order to us by overnight delivery to the address indicated for this purpose on the top of the stock order form or by mail using the stock order reply envelope provided. Payment by check or money order must accompany the stock order form. No cash or third party checks will be accepted. All checks or money orders must be made payable to “[escrow agent], on behalf of Vericity, Inc.”

The completed stock order form and payment in full for the shares ordered must be received (not postmarked) no later than 5:00 PM, Central Time, on [●]. Once submitted, your order is irrevocable without our consent, unless we terminate this offering. Our consent to any modification or withdrawal request may or may not be given in our sole discretion.

No prospectus will be mailed any later than five days prior to the expiration date of this offering, or hand delivered any later than two days prior to such date. This procedure is intended to ensure that each purchaser receives a prospectus at least 48 hours prior to the expiration of this offering in accordance with Rule 15c2-8 under the Securities Exchange Act of 1934. Execution of the stock order form will confirm receipt or delivery in accordance with Rule 15c2-8. Stock order forms will be distributed only with or preceded by a prospectus. We reserve the right to reject photocopies and facsimile copies of stock order forms.

A subscription right may be exercised only by the participant to whom it is issued and only for such person’s own account. The subscription rights granted under our plan of conversion are nontransferable. Each eligible member or other participant subscribing for shares of common stock is required to represent that such member is purchasing the shares for such member’s own account. Each eligible participant also must represent that such participant has no agreement or understanding with any other person for the sale or transfer of the shares. We are not aware of any restrictions that would prohibit eligible members purchasing shares of common stock in the subscription offering who are not officers or directors of Members Mutual from freely transferring shares after this offering. See “—Limitations on Resales.”

We will have the absolute right, in our sole discretion, and without liability to any person, to reject any stock order form, including but not limited to a stock order form that is:

- not timely received;
- improperly completed or executed;
- is not accompanied by payment in full for the shares of common stock subscribed for; or
- submitted by a person who we believe is making false representations or who we believe may be violating, evading or circumventing the terms and conditions of the plan of conversion.

We may, but are not required to, waive any improperly completed or executed stock order form. We also may require the submission of a corrected stock order form or the remittance of full payment for the shares of common stock subscribed for by any date that we specify. Our interpretations of the terms and conditions of the plan of conversion and determinations concerning the acceptability of the stock order forms will be final, conclusive and binding upon all persons. We (and our directors, officers, employees and agents) will not be liable to any person in connection with any interpretation or determination.

Payment for Shares

When you submit a completed stock order form to us, you must include payment in full for all shares of common stock covered by such order form. Payment may be made by check or money order in U.S. dollars and must be made payable to “[escrow agent], on behalf of Vericity, Inc.” Payments will be placed in an escrow account at [escrow agent], who will serve as the escrow agent. The escrow account will be administered by the escrow agent. An executed stock order form, once received by us, may not be modified or rescinded without our consent; provided, however, that no order form will be accepted until Vericity’s Registration Statement of which this prospectus is a part has been declared effective by the SEC, and any order form received prior to that time will be rejected and no sale of common stock will be made in respect thereof. Funds accompanying stock order forms will not be released to us by the escrow agent until this offering is completed and all of the conditions to completion of the conversion and the offering have been satisfied.

Delivery of Shares of Common Stock Purchased in the Subscription Offering

All shares of common stock sold will be issued in book entry form. Stock certificates will not be issued. A statement reflecting ownership of shares of common stock issued in the subscription offering will be mailed by our transfer agent to the persons entitled thereto at the registration address noted by them on their stock order forms as soon as practicable following consummation of the conversion and offering. We expect trading in the stock to begin on the day of completion of the conversion and offering or the next business day. The conversion and offering are expected to be completed as soon as practicable following satisfaction of the conditions described below in “—Conditions to Completion of the Conversion and this Offering.” Until a statement reflecting ownership of shares of common stock is available and delivered to purchasers, purchasers may not be able to sell the shares of common stock which they ordered, even though the common stock will have begun trading. Your ability to sell the shares of common stock before receiving your statement will depend on arrangements you may make with a brokerage firm.

Stock Information Center

If you have any questions regarding this offering, please call the Stock Information Center at 1-[●], Monday through Friday from 10:00 a.m. to 4:00 p.m., Central Time to speak with a representative of Raymond James. The Stock Information Center will be closed on weekends and holidays.

Persons Who Cannot Exercise Subscription Rights

Vericity will make reasonable efforts to comply with the securities laws of all states in the United States in which eligible members reside. However, Vericity and Members Mutual are not required to offer stock in the subscription offering to any person who resides in a foreign country or resides in a state or territory of the United States with respect to which the granting of subscription rights or the offer or sale of shares of common stock to such persons would require Vericity, or its officers, trustees or employees, under the laws of such jurisdiction, to register as a broker, dealer, salesman or selling agent or to register or otherwise qualify its securities for sale in such jurisdiction or to qualify as a foreign corporation or file a consent to service of process in such jurisdiction.

Conditions to Completion of the Conversion and this Offering

Our ability to complete this offering is subject to two conditions. First, a minimum of 14,875,000 shares of common stock must be sold to complete this offering. Second, Members Mutual's plan of conversion and amended and restated articles of incorporation must be approved by the affirmative vote of at least two-thirds of the votes cast at the special meeting of members to be held on [●]. No funds will be released from the escrow account until both of these conditions have been satisfied.

If fewer than 14,875,000 shares are subscribed for in the subscription offering, and if all of the conditions to the standby purchaser's purchase commitment have been satisfied, the standby purchaser will be obligated to purchase enough shares in the standby offering to assure the sale of the minimum number of shares necessary to complete this offering. In that event, the level of sales to eligible members and directors and officers of Members Mutual will not impact the condition that at least 14,875,000 shares must be sold to complete this offering. Accordingly, the sale of the minimum number of shares necessary to complete this offering does not indicate that sales have been made to investors who have no financial or other interest in the offerings, and the sale of the minimum number of shares should not be viewed as an indication of the merits of this offering.

If these conditions are not satisfied for any reason, we may elect to terminate this offering, in which case all funds delivered to us for the purchase of stock in this offering will be promptly returned to subscribers without interest.

Limitations on Purchases of Common Stock

Minimum Purchase Limitation

The plan of conversion provides that no person may subscribe for fewer than 25 shares in this offering.

Maximum Purchase Limitations

Eligible Members. The plan of conversion provides that no eligible member, together with such person's associates or a group acting in concert, may directly or indirectly, subscribe for or purchase in this offering more than such member's individual maximum purchase limit. Each eligible member's individual maximum purchase limit will be printed on the stock order form that is mailed to each eligible member along with a copy of the prospectus. The maximum purchase limit is based on an allocation of (i) a fixed minimum number (100) of subscription rights, regardless of the number of policies owned by such eligible member, plus (ii) a variable number of subscription rights, if any, determined based on actuarial formulas that take into account the past and anticipated future contributions to Fidelity Life's surplus of all of the eligible member's policies that were in force on the adoption date of the plan of conversion. Such allocations were determined in accordance with actuarial analyses included with the plan of conversion.

Notwithstanding an eligible member's individual maximum purchase limit, eligible members may not purchase in the aggregate more than 20,125,000 shares. In the event of an oversubscription in the subscription offering, shares of common stock will be allocated among the subscribing participants as described above under "—Subscription Offering and Subscription Rights."

Directors and Officers. Subject to the prior rights of eligible members to subscribe for up to 20,125,000 shares in this offering, the plan of conversion provides that no director or officer of Members Mutual, together with such person's associates or a group acting in concert, may directly or indirectly, subscribe for or purchase in this offering more than such person's individual management purchase limit. Members Mutual has determined each individual management purchase limit based on factors including years of service, positions held and compensation. A subscribing director or officer of Members Mutual who is also an eligible member will be deemed to subscribe first in such person's capacity as an eligible member. Under Illinois law, the plan of conversion and the terms of this offering, the directors and officers of Members Mutual, in their capacities as such, together with their affiliates and associates are subject to limitations on how many shares they may purchase, and in this offering may not purchase in the aggregate more than 4,016,250 shares.

In the event that there are insufficient shares remaining after subscriptions by the eligible members to satisfy in full all of the subscriptions by directors and officers of Members Mutual, the shares available will be allocated among the subscribing management participants as described above under "—Subscription Offering and Subscription Rights."

Other Limitations. In addition to the limitations set forth above, under Illinois law and the plan of conversion, no person or a group of persons acting in concert (other than the standby purchaser), may acquire, directly or indirectly, in this offering or any public offering, more than 5% of the capital stock of Vericity for a period of five years from the effective date of the conversion without the approval of the Illinois Director of Insurance.

General Matters Regarding Purchase Limitations

For purposes of the limitations described above, an associate of a person includes:

- any relative or spouse of such person, or any relative of such person's spouse, who shares the same home as such person;
- any corporation or other organization (other than the Company or a majority-owned subsidiary of the Company) of which such person is an officer, director, or partner, or of which such person is, directly or indirectly, a beneficial owner of 10% or more of any class of equity securities;
- any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity (exclusive of any employee stock benefit plan of the Company); and
- any person acting in concert with any of the persons or entities listed above.

The subscription of any person who subscribes for more shares than the person's maximum purchase limitation as set forth on the stock order form will be disregarded in its entirety or reduced to the person's maximum purchase limitation, at the discretion of Vericity.

There were approximately 217,000 eligible members of Members Mutual as of July 31, 2018, the date the plan of conversion was adopted by the board of directors of Members Mutual. If subscriptions by eligible members for common stock meet or exceed the maximum of the estimated valuation range set forth in Boenning & Scattergood, Inc.'s valuation, we will be obligated to sell to eligible members the maximum number of shares offered. We are unable to predict the number of eligible members that may participate in the subscription offering or the extent of their participation.

The directors and officers of Members Mutual will not be deemed to be associates of one another or a group acting in concert with one another solely as a result of their capacities as such.

Each person purchasing common stock in this offering will be deemed to confirm that the purchase does not conflict with the purchase limitations under the plan of conversion or otherwise imposed by law. We have the right to take any action as we may, in our sole discretion, deem necessary, appropriate or advisable in order to monitor and enforce the terms, conditions, limitations and restrictions described above and in the plan of conversion and the terms, conditions and representations contained in the order form, including, but not limited to, our absolute right to reject, limit or revoke acceptance of any order and to delay, terminate or refuse to consummate any sale of common stock which we believe might violate, or is designed to, or is any part of a plan to, evade or circumvent such terms, conditions, eligibility requirements, limitations, restrictions and representations. Any such action will be final, conclusive and binding on all persons, and we will be free from any liability to any person on account of any such action. To that end, if any person violates the purchase limitations, we will have the right to purchase from that person at the purchase price of \$10.00 per share, all shares acquired by the person in excess of the purchase limitation. If the person has sold these excess shares, we are entitled to receive the difference between the aggregate purchase price paid by the person for the excess shares and the proceeds received by the person from the sale of the excess shares. This right of Vericity to purchase excess shares is assignable.

Marketing Arrangements

We have engaged Raymond James and Griffin as financial advisors to consult with and advise and assist us in connection with these offerings. Raymond James and Griffin are broker-dealers registered with the Securities and Exchange Commission and are members of the Financial Industry Regulatory Authority. In their role as financial advisors, Raymond James and Griffin will:

- assist us in assessing the financial and securities market implications of the plan of conversion;
- assist us in the identification and evaluation of potential investors and strategies leading to an investment as part of the plan of conversion (an "Investment") or alternative plan of conversion that does not involve a subscription offering by Members Mutual (a "Transaction");
- assist us in the dissemination of descriptive information regarding the Company to potential investors;
- assist us in negotiating financial and business terms and conditions with potential investors and in evaluating and qualifying competing offers, including the evaluation of any securities or other assets offered as part of a Transaction;
- assist us in negotiating certain agreements ancillary to an Investment or a Transaction;

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- assist us in presenting alternative Investment or Transaction proposals to the Company's board of directors;
- assist us in presenting alternative Investment or Transaction proposals to the Illinois Department of Insurance and/or other regulators, as requested;
- assist us in structuring and in communicating the terms of the plan of conversion and subscription offering;
- assist us in the preparation of all documents for execution of the plan of conversion, including the prospectus, stock order and certification form and all marketing materials;
- assist us in analyzing proposals from outside vendors in connection with the plan of conversion;
- assist us in scheduling and preparing for meetings with other broker dealers, as necessary;
- establish a stock information center, which shall provide a toll-free hotline to assist with policyholder inquiries; and
- provide such other general advice and assistance as may be reasonably requested and agreed upon by Raymond James, Griffin and us.

We have also engaged Raymond James to act as our records agent in connection with the plan of conversion. In its role as records agent, Raymond James will provide the following services: (a) processing of Fidelity Life's policyholder records for each record date required by the plan of conversion, consolidation of policyholder records by ownership, identification of subscription priorities, calculation of member votes, household sorting of customer records and coordination with the Company's financial printer for all required subscriber and member mailings; (b) processing of all stock orders received in the conversion, with daily status reporting to Company management; (c) allocating shares to qualifying subscribers if the offering is oversubscribed; coordination with the Company's transfer agent for stock issuance and any required refund check processing; and (d) providing member proxy tabulation and reporting services, target group identification and reporting for solicitation efforts, proxy reminder mailings; act as, or support as needed, the inspector of election for the special meeting of members.

For these services, Raymond James and Griffin each received retainer fees totaling \$150,000. We will pay Raymond James and Griffin an investment fee equal to 3.0% of the funds provided through the standby purchaser, which fee shall be allocated 75% to Raymond James and 25% to Griffin. Upon closing of the subscription offering, we will pay Raymond James a marketing fee equal to 1.0% of the aggregate dollar value of all shares of the Company's common stock sold through the subscription offering, excluding subscriptions by the directors and officers of Members Mutual. We have also paid Raymond James a non-refundable cash fee of \$25,000 to serve as our records agent. Any retainer fees previously paid will be credited toward any investment fee payable.

In addition, whether or not the subscription offering is completed and in addition to any fees payable to Raymond James and Griffin, we will reimburse Raymond James and Griffin for all of their reasonable out-of-pocket expenses incurred in connection with, or arising out of, their engagement, up to a maximum of \$50,000. In addition, Raymond James and Griffin will be reimbursed for the fees and the reasonable out-of-pocket expenses of their legal counsel, not to exceed \$207,500. In the event of unusual circumstances or delays, or a resolicitation in connection with the subscription offering, this expense limit may be increased by mutual consent by an additional amount not to exceed \$15,000 for fees of legal counsel and \$5,000 for other out-of-pocket expenses. We have agreed to indemnify Raymond James and Griffin, together with their respective officers, directors, stockholders, employees, agents and controlling persons, from and against certain liabilities arising from their engagement with us.

Our directors and officers may participate in the solicitation of offers to purchase common stock. These persons will be reimbursed for their reasonable out-of-pocket expenses incurred in connection with the solicitation. Other trained employees of Members Mutual or its affiliates may assist in this offering in ministerial capacities, providing clerical work in effecting a sales transaction or answering questions of a ministerial nature. Questions of prospective purchasers will be directed to executive officers of Members Mutual or registered representatives of Raymond James. Our other employees have been instructed not to solicit offers to purchase shares of common stock or provide advice regarding the purchase of common stock. We will rely on Rule 3a4-1 under the Exchange Act, and sales of common stock will be conducted within the requirements of Rule 3a4-1, so as to permit officers, directors and employees to participate in the sale of common stock. None of our officers, directors or employees will be compensated in connection with their participation in this offering by the payment of commissions or other remuneration based either directly or indirectly on the transactions in the shares of common stock.

This offering will comply with the requirements of Rule 10b-9 under the Exchange Act.

Actuarial Opinion

We retained Milliman, Inc., an independent actuarial consulting firm, to advise us in connection with actuarial matters involved in the allocation of subscription rights and the establishment of the individual maximum purchase limitations. The opinion of Steven Schreiber, an independent consulting actuary associated with Milliman, dated July 31, 2018, relating to the proposed allocation of subscription rights among eligible members in consideration for the extinguishment of their membership interests in Members Mutual, states (in reliance upon the matters described in such opinion) that the principles and methodology for allocating consideration among the eligible members and for allocating shares in the event of an over subscription, each as set forth in the plan of conversion, are fair and equitable from an actuarial point of view. The opinion of Steven Schreiber is an exhibit to the registration statement of which this prospectus is a part, and is available for inspection in the manner set forth in the section titled “Additional Information.” A copy of the actuarial opinion is also on file and available for inspection at our principal executive offices.

Proposed Management Purchases

The following table lists the approximate number of shares of common stock that each of the directors and executive officers of Members Mutual and their associates intend to purchase in this offering. In addition, other officers of Members Mutual have indicated their intention to subscribe for an aggregate of 461,600 shares in this offering. The directors and executive officers listed below do not have any agreements or obligation to purchase the amounts shown below. Subject to the purchase limitations described above, each director or executive officer may elect to purchase an amount greater or less than those shown below. For purposes of the following table, we have assumed that sufficient shares will be available to satisfy subscriptions at the minimum and the maximum of the offering range.

Name	Amount (\$)	Number of Shares	Percent of Stock Owned	
			Minimum (%)	Maximum (%)
Directors:				
Linda Bynoe	\$ 750,000	75,000	*	*
Steven Groot	2,000,000	200,000	1.3	1.0
Richard Hemmings	1,500,000	150,000	1.0	*
James Hohmann	4,500,000	450,000	3.0	2.2
Jim Schacht	100,000	10,000	*	*
John Fibiger	100,000	10,000	*	*
Executive Officers (who are not also directors):				
James Harkensee	2,500,000	250,000	1.7	1.2
Chris Kim	900,000	90,000	*	*
John Buchanan	750,000	75,000	*	*
Laura Zimmerman	800,000	80,000	*	*
Chris Campbell	1,500,000	150,000	1.0	*
All Directors and Executive Officers as a Group (11 persons)				
	\$15,400,000	1,540,000	10.4	7.7

Limitations on Resales

The common stock issued in this offering will be freely transferable under the Securities Act of 1933. However, the transfer of shares purchased by the directors and officers of Members Mutual pursuant to subscription rights granted to them will be restricted for a period of one year from the effective date of the conversion pursuant to the plan of conversion and Section 59.1(7)(a)(iii) of the Illinois Insurance Code. The directors and executive officers of Vericity also are subject to additional resale restrictions under Rule 144 of the Securities Act of 1933. Shares of common stock issued to directors and officers will bear a legend giving appropriate notice of these restrictions. We will give instructions to the transfer agent for the common stock regarding these transfer restrictions. Any shares issued to the directors and officers of Vericity as a stock dividend, stock split or otherwise with respect to restricted stock will be subject to the same restrictions. Shares acquired by the directors and executive officers after the completion of this offering will be subject to the requirements of Rule 144. See “Management—Directors and Executive Officers.” The shares purchased by the standby purchaser will be restricted securities and subject to trading limitations under applicable law and the standby purchase agreement.

The Appraisal

The plan of conversion requires that the total number of shares of common stock to be issued in this offering must be based on the estimated consolidated pro forma market value of the converted Members Mutual, as determined on the basis of

an independent evaluation. This pro forma market value may be that value that is estimated to be necessary to attract full subscription for the shares, as indicated by the independent evaluation, which we refer to as the appraisal.

The plan of conversion requires that the appraisal be made by an independent appraiser experienced in the valuation of insurance companies. In January 2018, we retained Boenning & Scattergood, Inc., or Boenning, to determine the estimated consolidated pro forma market value and corresponding valuation range for this offering. Under our plan of conversion, the valuation range means the range of the value of the total number of shares of common stock to be issued in this offering, based on the estimated consolidated pro forma market value of converted Members Mutual in accordance with Section 59.1(6)(f) of the Illinois Insurance Code. Boenning is engaged regularly in the valuation of insurance companies and other financial institutions. Except for our retention of Boenning in 2013 and 2016 in connection with our evaluation of completing the conversion at that time, there is no pre-existing relationship between Boenning and Members Mutual. Boenning will be paid a fixed fee of \$150,000 plus out-of-pocket expenses. This fee is not contingent on the completion of the offering. We agreed, among other things, to indemnify Boenning from and against any and all loss or expenses, including reasonable attorney's fees, in connection with its appraisal and other services, except if such loss or expenses are the result of willful misconduct or gross negligence on the part of Boenning.

Boenning made its appraisal in reliance upon the information provided by our management, including the financial statements. Boenning also considered the following factors, among others:

- the present operating results and financial condition of the Company and current economic conditions;
- certain historical, financial and other information relating to the Company;
- a comparative evaluation of the operating and financial statistics of the Company with those of other similarly situated publicly traded insurance companies;
- the aggregate size of the offering of the common stock of Vericity, Inc., determined by Boenning;
- the impact of the conversion offering on our net worth and earnings potential as determined by Boenning;
- the trading market for securities of comparable institutions and general conditions in the market for such securities; and
- the value which Boenning estimates to be necessary to attract a full subscription of our common stock.

In conducting its analysis of Members Mutual, Boenning placed emphasis on various financial and operating characteristics of Members Mutual, including our lines of business and competitive position in the industry, our relative size and premium volume, our lack of profitability in recent years, and our ratio of equity capital to total assets.

Members Mutual's board of directors met with representatives of Boenning on July 31, 2018. Boenning reviewed the appraisal with the board of directors, including the factors considered by Boenning in reaching its conclusion and the assumptions made and the methodology used by Boenning. Boenning's representatives also answered the questions presented by the Board regarding the appraisal.

In preparing the appraisal, Boenning visited the Company's offices in Chicago, IL and Bellevue, WA in connection with a prior appraisal and conducted discussions with our management concerning our business and future prospects. Boenning reviewed and discussed with our management our unaudited GAAP and statutory financial statements for the years ended December 31, 2015, December 31, 2016 and December 31, 2017.

In deriving the estimated consolidated pro forma market value of converted Members Mutual, Boenning utilized the comparative market valuation approach. The comparative market valuation approach estimates a value by reviewing the relevant market pricing characteristics of comparable companies that are publicly traded. Since there are no publicly traded companies that are truly comparable to the Company, Boenning selected a peer group of publicly-traded life and health ("L&H") insurance companies that potentially share similar operating and valuation characteristics with the Company based on a review of selected financial data for L&H insurance companies listed on U.S. stock exchanges as compiled from data obtained from S&P Global Market Intelligence ("Capital IQ" or "SNL Financial"), a leading provider of financial and market data. In general, Boenning considered operating characteristics and marketability and liquidity factors to select the individual members of the Comparable Group from the universe of publicly-traded L&H insurance companies ("Public L&H Insurance Group"). The operating characteristics included financial variables such as profitability, capitalization, growth, risk exposure, liquidity, and other factors such as lines of business and management strategies. Marketability and liquidity factors included the relative ease and promptness with which a security may be sold when desired, the existence of buying interest as well as

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selling interest, trading volumes, and the spread between the bid and ask price for a security. Boenning's initial screen of the Public L&H Insurance Group produced a list of 22 L&H insurance companies with assets ranging from \$49.0 million to \$832.1 billion and equity ranging from \$2.2 million to \$58.9 billion. Boenning further refined this list to a group of six comparable companies (the "Comparable Group") based on criteria relating to total equity size, level of life premiums to total premiums written, operating performance issues and target market segment. While none of the companies in the Comparable Group is a perfectly comparable company from a valuation standpoint, Boenning determined that the Comparable Group on the whole provided a meaningful basis of financial comparison for its valuation purposes.

The following table sets forth the publicly traded insurance companies used by Boenning in its comparative market valuation approach and certain financial data reviewed by Boenning regarding these companies and Members Mutual as of or for the year ended December 31, 2017 (unless otherwise noted).

Company Name	Ticker	Operating Performance of the Comparable Group									
		Total Policy Income (\$000)	Total Revenue (\$000)	Policy Income/Equity (%)	Net Income (\$000)	Inv. Yield (%)	ROAA (%)	ROAE (%)	3 Year Average		Net Margin (%)
Torchmark Corporation	TMK	3,282,935	4,155,573	52.68	1,454,494	5.13	6.46	28.57	3.88	17.39	35.00
Primerica, Inc.	PRI	961,338	1,689,102	67.74	350,255	2.90	2.93	27.38	2.23	20.54	20.74
FBL Financial Group, Inc.	FFG	308,683	735,478	22.23	194,355	4.96	1.98	15.55	1.45	11.29	26.43
Kansas City Life Insurance Company	KCLI	293,953	450,702	39.88	51,541	4.28	1.15	7.34	0.76	4.85	11.44
Security National Financial Corporation	SNFCA	70,412	276,925	47.39	14,113	4.94	1.44	10.22	1.59	10.99	5.10
UTG, Inc.	UTGN	7,457	28,734	6.75	4,813	5.82	1.19	4.94	0.62	2.66	16.75
Group Aggregate											
Comparable Group Mean		820,796	1,222,752	39.45	344,929	4.67	2.53	15.67	1.76	11.29	19.24
Comparable Group Median		301,318	593,090	43.64	122,948	4.95	1.71	12.88	1.52	11.14	18.74
MMHC		82,873	115,870	42.24	(8,241)	3.85	(1.25)	(4.13)	(1.59)	(5.03)	(7.11)

Source: SNL Financial and company financial statements

The Company's total revenue of \$115.9 million for the year ended December 31, 2017 was within the range of the Comparable Group, but materially below the Comparable Group's mean and median total revenue of \$1.2 billion and \$593.1 million, respectively. All of the companies in the Comparable Group had positive return on average assets ("ROAA") and return on average equity ("ROAE") for the year ended December 31, 2017, and all of the companies in the Comparable Group had positive ROAA and ROAE over a three year average. Members Mutual generated losses over the year ended December 31, 2017, with ROAA and ROAE that were both negative at (1.25%) and (4.13%). Members Mutual's ROAA and ROAE compared unfavorably to the Comparable Group during the last three years, as the Company generated negative returns whereas the Comparable Group medians were meaningfully positive. The Company's total policy income of \$82.9 million for the year ended December 31, 2017 was in the lower half of the range of the Comparable Group. The Comparable Group's mean and median total policy income was \$820.8 million and \$301.3 million, respectively. Additionally, Members Mutual had an investment yield of 3.85%, which was lower than the Comparable Group's median of 4.95%. Members Mutual's net margin of (7.11%) was also lower than the Comparable Group's mean of 19.24% and median of 18.74%.

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The following tables compares the Company with the Comparable Group in regard to selected ratios commonly used as life insurance industry metrics.

Ratio Analysis of the Comparable Group
As of and for Fiscal Period Ended 12/31/2017 Unless Otherwise Noted

		Lapse & Surrender Ratio (%)	Benefit Ratio (%)	Expense Ratio (%)	Commission Ratio (%)	Surplus Notes/ C&S (%)	Dividend Payout Ratio (%)	Fixed Maturities/ Total Investments (%)	Effective Tax Rate (%)
Torchmark Corporation	TMK	21.02	43.31	16.30	29.41	4.18	4.91	95.69	(75.56)
Primerica, Inc.	PRI	8.85	11.05	62.49	106.14	0.00	10.25	97.31	7.71
FBL Financial Group, Inc.	FFG	5.10	43.82	15.09	9.61	0.00	42.06	83.33	(28.62)
Kansas City Life Insurance Company	KCLI	5.64	84.08	20.46	13.21	0.00	20.30	72.20	(75.49)
Security National Financial Corporation	SNFCA	10.01	55.41	22.10	24.87	46.92	0.00	36.49	(87.37)
UTG, Inc.	UTGN	3.28	232.19	137.80	3.28	0.00	0.00	53.49	(45.58)
Group Aggregate									
Comparable Group Mean		8.98	78.31	45.71	31.09	8.52	12.92	73.08	(50.82)
Comparable Group Median		7.24	49.61	21.28	19.04	0.00	7.58	77.76	(60.54)
MMHC		11.82	43.83	53.37	60.12	0.00	687.60	85.91	NM

Source: SNL Financial and Company financial statements

The Company's benefit ratio for the fiscal period ended December 31, 2017 of 43.8% was lower than the Comparable Group's median benefit ratio of 49.6% and below (more favorable than) the Comparable Group's mean of 78.3%. The benefit ratio includes death benefits, matured endowments, annuity benefits, accident & health benefits, guarantees, group conversions, and life contingent contract pay as a percent of premiums, annuity considerations and considerations for supplementary contracts with life contingencies. Members Mutual's expense ratio was 53.4% for the fiscal period ended December 31, 2017, which was within the range, but above ("worse than") than the median of 21.3% of the Comparable Group. The fiscal period ended December 31, 2017 commission ratio for Members Mutual was 60.1%, which is markedly higher (less favorable) than the Comparable Group's mean and median.

The following table summarizes certain key financial comparisons between the Company and the Comparable Group, based on Members Mutual's fiscal year ended December 31, 2017 financials.

Financial Condition of the Comparable Group
As of 12/31/2017 Unless Otherwise Noted

Company	Ticker	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Tangible Equity (\$000)	Cash and Investments (\$000)	Cash & Investments/ Policy Reserves (%)	Cash and Investments / Assets (%)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Tangible Equity / Assets (%)
Torchmark Corporation	TMK	23,474,985	13,931,831	6,231,421	5,789,830	17,853,047	128.15	76.05	2.24	26.54	24.66
Primerica, Inc.	PRI	12,460,703	6,640,409	1,419,101	1,367,588	3,025,105	45.56	24.28	4.68	11.39	10.98
FBL Financial Group, Inc.	FFG	10,066,613	7,684,593	1,388,850	1,378,911	8,803,179	114.56	87.45	5.53	13.80	13.70
Kansas City Life Insurance Company	KCLI	4,530,670	3,213,903	737,155	737,155	3,520,893	109.55	77.71	4.36	16.27	16.27
Security National Financial Corporation	SNFCA	982,173	608,969	148,568	145,802	671,157	110.21	68.33	4.10	15.13	14.84
UTG, Inc.	UTGN	406,445	278,257	110,432	110,432	359,220	129.10	88.38	2.52	27.17	27.17
Group Aggregate											
Comparable Group Mean		8,653,598	5,392,994	1,672,588	1,588,286	5,705,434	106.19	70.37	3.90	18.38	17.94
Comparable Group Median		7,298,642	4,927,156	1,063,003	1,052,372	3,272,999	112.38	76.88	4.23	15.70	15.56
MMHC		666,414	437,692	196,203	194,323	404,826	92.49	60.75	2.23	29.44	29.16

Source: SNL Financial and Company financial statements

Members Mutual's cash and investments of \$404.8 million at December 31, 2017 were well below the Comparable Group's mean and median of \$5.7 billion and \$3.3 billion, respectively. The Company's total assets of \$666.4 million at December 31, 2017 were significantly below both the Comparable Group's mean of \$8.7 billion, and median of \$7.3 billion.

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The Company's total equity of \$196.2 million at December 31, 2017 was within the range of the Comparable Group, but significantly below the Comparable Group's mean and median total equity of \$1.7 billion and \$1.1 billion, respectively. The Company's tangible equity was \$194.3 million at December 31, 2017, which was below the mean and median of the Comparable Group at \$1.5 billion and \$1.1 billion, respectively. The Company's ratios of total equity to total assets and tangible equity to total assets were 29.4% and 29.2%, respectively, at December 31, 2017. These ratios significantly exceed the mean and median of the Comparable Group.

The following table sets forth certain market valuation data for the publicly traded insurance companies comprising the Comparable Group used by Boenning based on closing market prices as of April 11, 2018.

Trading Performance of Comparable Group									
	Closing Price (\$)	Market Value \$MM	Price/Book (%)	Price/Tangible Book (%)	Price/LTM EPS (x)	Price/LTM Revenue (x)	Price/Total Assets (%)	Total Equity/Total Assets (%)	Current Dividend Yield (%)
Comparable Group									
Torchmark Corporation	83.42	9,497.5	153.41	165.11	6.83	2.25	40.86	25.11	0.76
Primerica, Inc.	96.55	4,254.4	301.07	312.41	12.69	2.44	34.05	11.42	1.04
FBL Financial Group, Inc.	70.85	1,759.8	127.46	128.38	9.14	2.39	17.51	12.59	2.65
Kansas City Life Insurance Company	43.00	416.4	56.49	56.49	8.08	0.93	9.31	15.73	2.40
Security National Financial Corporation	5.38	86.7	58.22	59.32	6.18	0.31	8.83	15.13	0.00
UTG, Inc.	25.00	83.1	76.08	76.08	17.36	2.88	20.39	27.17	0.00

Source: SNL Financial.

Boenning reviewed the trading market price ratios of the Comparable Group for the purpose of developing valuation ratio benchmarks to reach an estimate of value for converted Members Mutual. The principal valuation measure considered by Boenning was the price-to-book value ratio. Boenning also considered the price-to-revenue, the price-to-earnings and price-to-assets ratios. Based on the quantitative and qualitative comparisons with the selected group of publicly traded companies, Boenning applied adjusted market pricing ratios to our pro forma financial data to determine our estimated consolidated pro forma market value. The market pricing ratios determined by Boenning took into account market value adjustments for our size, our earnings prospects, our management, liquidity of our shares of common stock, subscription interest, stock market conditions, dividend outlook and the new issue discount warranted for an equity securities offering.

Boenning determined that the price-to-earnings ratio was not applicable due to our lack of profitability historically and in the most recent reporting periods. Boenning believes price-to-book value is the primary determinant of an investor's interest in a subscription rights conversion of an insurance company. Thus, the price-to-book value ratio takes on additional meaning as a valuation metric. Based on its comparative analyses, Boenning determined that a discount range of approximately 50% to 60% relative to the comparative group based on the price-to-book value ratio is warranted. In Boenning's opinion, these levels of discounts based on the previously discussed market value adjustments for size, earnings prospects, management, liquidity of the issue, subscription interest, stock market conditions, dividend outlook and the new issue discount are reasonable and appropriate for determining the estimated consolidated pro forma market value relative to the Comparable Group's trading ratios.

Boenning's appraisal of our estimated consolidated pro forma market value was prepared as of April 11, 2018. Boenning has agreed to update its appraisal as may be requested by us. These updates will consider developments in general stock market conditions, current stock market valuations for selected insurance companies, the results of the subscription offering, and the recent financial condition and operating performance of Members Mutual.

On the basis of the foregoing, Boenning provided its report, dated April 11, 2018, that the estimated consolidated pro forma market value of converted Members Mutual is \$175,000,000, representing a pro forma price-to-book ratio of 51% and the value of the range of the total number of shares of common stock to be issued in the offering is between \$148,750,000 and \$201,250,000. We determined that the common stock should be sold at \$10.00 per share, resulting in a range of 14,875,000 to 20,125,000 shares of common stock being offered in this offering.

If, based on subsequent developments in our financial condition or market conditions generally, the offering range is updated to amend the pro forma market value of converted Members Mutual, we may cancel the offering, extend the offering period and establish a new offering range, hold a new offering or take any other action we deem necessary or advisable, subject to making or obtaining any required regulatory filings or approvals, as applicable.

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The appraisal report of Boenning is an exhibit to the registration statement of which this prospectus is a part and is available for inspection in the manner set forth under “Additional Information.”

The Illinois Director of Insurance is required to review and approve the plan of conversion, including the appraisal prepared by Boenning in connection with this offering.

The preceding summary of the appraisal report summarizes the material analyses performed by Boenning, but is not a complete description of all the analyses underlying Boenning’s appraisal. The summary includes information presented in tabular and text format. In order to fully understand the financial analyses, the tables must be read together with the accompanying text and the entire appraisal report. These tables alone do not constitute a complete description of the financial analyses performed by Boenning. The preceding summary is qualified in its entirety by the full appraisal report. Copies of the appraisal report are on file and available for inspection at our principal executive offices. Any subsequent updated appraisal report of Boenning will be available for inspection.

The appraisal is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing common stock. In preparing the appraisal, Boenning & Scattergood, Inc. relied upon and assumed the accuracy and completeness of financial, statistical and other information provided to it by Members Mutual. Boenning & Scattergood, Inc. did not independently verify the financial statements and other information provided to it by Members Mutual, nor did Boenning & Scattergood, Inc. value independently our assets and liabilities. The appraisal considers Members Mutual only as a going concern and should not be considered as an indication of our liquidation value. The appraisal is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time. We cannot assure you that persons purchasing common stock will be able to sell such shares at or above the initial purchase price.

FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a general discussion of certain material United States federal income tax considerations with respect to:

- Members Mutual upon the conversion of Members Mutual from a mutual holding company to a stock holding company; and
- eligible members that are U.S. Persons that hold their membership interests in Members Mutual as a capital asset within the meaning of Section 1221 of the Code, of the receipt, exercise, and expiration of subscription rights to purchase shares of the common stock of Vericity (which we refer to as our common stock) in the subscription offering.

The following discussion is based, primarily, on private letter rulings that have been issued by the IRS to certain corporations unrelated to Vericity that have engaged in transactions that are analogous to the conversion. Under the Code, private letter rulings are directed only to the taxpayer that requested the rulings and they may not be used or cited as precedent by other taxpayers. Additionally, aspects of this discussion were prepared, in part, by reference to current provisions of the Code, Treasury Regulations, administrative rulings, and court decisions, all as in effect on the date hereof and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. No ruling has been or will be requested from the IRS regarding any matter discussed herein. Accordingly, no assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any part of this discussion.

The following discussion is directed solely to eligible members of Members Mutual that are U.S. Persons and hold membership interests related to a qualifying policy as a capital asset within the meaning of Section 1221 of the Code. This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to a U.S. Person in light of its particular circumstances or that may apply to a U.S. Person subject to special treatment under the U.S. federal income tax laws (including, for example, banks or other financial institutions, mutual funds, certain expatriates, dealers or brokers in securities or foreign currencies, traders in securities that elect to apply a mark-to-market method of accounting, insurance companies, controlled foreign corporations, passive foreign investment companies, tax-exempt organizations, governmental agencies or instrumentalities, entities or arrangements treated as partnerships for U.S. federal income tax purposes, subchapter S corporations, or other pass-through entities (or investors in such partnerships, subchapter S corporations, or other pass-through entities), retirement plans, individual retirement accounts or other tax-deferred accounts, real estate investment trusts, regulated investment companies, holders subject to the alternative minimum tax, U.S. holders that have a “functional currency” other than the U.S. dollar, or tax-exempt organizations). This discussion does not address state, local, non-U.S., and U.S. federal non-income tax consequences of the proposed transactions.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds membership interests related to a qualifying policy, the tax treatment of a person treated as a partner in such partnership will generally depend on the status of the partner, the activities of the partnership, and certain determinations made at the partnership level. If you are, for U.S. federal income tax purposes, a partner of a partnership that holds membership interests related to a qualifying policy, you should consult your tax advisor.

For purposes of this discussion, the term “U.S. Person” means (a) a citizen or resident of the United States, (b) a corporation, or entity treated as corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust which (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person.

This discussion does not constitute tax advice and is not intended to be a substitute for careful tax planning. Each eligible member is urged to consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the receipt, exercise, and expiration of subscription rights to purchase shares of our common stock in the subscription offering. Each prospective purchaser of shares of our common stock is urged to consult its own tax advisor with respect to the U.S. federal, state, local, and non-U.S. income and other tax consequences of the acquisition, ownership, and disposition of shares of our common stock purchased pursuant to this offering.

The Conversion

For federal income tax purposes:

- the conversion of Members Mutual from a mutual holding company to a stock holding company should constitute a reorganization within the meaning of Section 368(a)(1) of the Code;
- Members Mutual in its post-conversion stock form should constitute the same taxable entity as Members Mutual in its pre-conversion mutual insurance company form;
- neither Members Mutual in its pre-conversion mutual insurance company form nor Members Mutual in its post-conversion stock form should recognize gain or loss as a result of the conversion; and
- the tax attributes of Members Mutual in its pre-conversion mutual insurance company form should remain unchanged as tax attributes of Members Mutual in its post-conversion stock form (thus, Members Mutual's basis in its assets, holding period for its assets, net operating loss carryovers, if any, capital loss carryovers, if any, earnings and profits and accounting methods will not be changed by reason of the conversion).

Tax Consequences of Subscription Rights to Eligible Members

The federal income tax consequences of the receipt, exercise, and expiration of subscription rights are uncertain. They present novel issues of tax law that are not adequately addressed by any direct authorities. Nevertheless, we believe that for U.S. federal income tax purposes:

- Eligible members should be treated as transferring their membership interests in Members Mutual to Vericity in exchange for subscription rights to purchase Vericity common stock.
- Any gain realized by an eligible member as a result of the receipt of a subscription right with a fair market value should be recognized, whether or not such right is exercised.
- The amount of gain that should be recognized by an eligible member as a result of the receipt of a subscription right should equal the amount by which the fair market value of such subscription right exceeds such eligible member's basis, if any, in the exchanged membership interest.
- The tax basis of any subscription right to an eligible member should be equal to the amount of gain recognized by an eligible member in respect of such subscription right.
- Any gain recognized by an eligible member as a result of the receipt of a subscription right with a fair market value should constitute a capital gain, which should be long term capital gain if the eligible member has held its membership interest for more than one year.
- If an eligible member is required to recognize gain on the receipt of a subscription right and does not exercise such subscription right, (i) the eligible member should recognize a corresponding loss upon the expiration or lapse of such member's unexercised subscription right, (ii) the amount of that loss should equal the gain previously recognized upon receipt of the unexercised subscription right, and (iii) if the common stock that an eligible member would have received upon exercise of the lapsed subscription right would have constituted a capital asset in the hands of that eligible member, the resulting loss upon expiration of the subscription right should constitute a capital loss (and in all likelihood, a short-term loss).

Tax Basis in Membership Interests. The IRS has traditionally asserted that the basis of a taxpayer, such as an eligible member, in its membership interest in a mutual company such as Members Mutual equals zero. The general view of the IRS in this regard is that the payment by a policyholder of a mutual insurance company of the premiums called for by the underlying insurance policy represents payment for the cost of insurance, rather than for the membership interest aspect of the policyholder's interest. As a result, the policyholder's basis in the membership interest is deemed to be zero.

We call to your attention, however, that there is a conflict among the courts as to whether a policyholder has a tax basis in membership rights that gets transferred to shares of stock received by the policyholder in the course of a demutualization of an insurance company. In Fisher v. United States, 82 Fed. Cl. 780 (Fed. Cl. 2008), *aff'd* 333 Fed. Appx. 572 (Fed. Cir. 2009), the United States Court of Federal Claims held that a policyholder of a mutual insurance company that, in the course of a demutualization that constituted a reorganization under the Code, (a) exchanged its membership interest in the insurer for shares of the common stock of a new holding company and (b) later sold such shares, did not realize any income for federal income tax purposes on the sale of such shares, because the amount realized by the policyholder on such sale was less than the policyholder's cost basis in its insurance policy as a whole. The opinion in the Fisher case is contrary to the long-

standing published position of the IRS that the basis of stock received by a policyholder in the course of a mutual insurance company's demutualization in a series of transactions that constitute a reorganization within the meaning of Section 368(a) of the Code is zero. The Fisher decision is also based upon facts that may be peculiar to that case. The Ninth Circuit Court of Appeals in the case of Dorrance v. United States, 808 F.3d 479 (9th Cir. 2015), ruled that a taxpayer owning insurance policies in a mutual insurance company had a zero tax basis in the attendant membership rights which accompanied such policy ownership, affirming the position of the IRS. The Ninth Circuit in Dorrance overturned a taxpayer-friendly district court decision, which had held that the basis in the underlying policies should be equitably apportioned between the insurance aspect of the policy and the membership interest aspect of such policy. In addition, another case which had held that a portion of the taxpayer's premium payments should not be allocated to shares received in a demutualization was affirmed on appeal. Reuben v. United States, 111 AFTR 2d 2013-620 (C.D. Cal. 2013), *aff'd*, 117 AFTR 2d 2016-333 (9th Cir. 2016). The IRS also expressed its disagreement with the holding of Fisher. Info. Letters, IRS INFO 2011-0054 (June 24, 2011) ("The IRS does not agree with Fisher. The IRS view is that a taxpayer realizes income to the extent that the stock sales proceeds exceed the taxpayer's payments (cost basis), if any, for the equity interest. The taxpayer has the burden of proving the amount paid for the equity interest. Because the IRS disagrees with the Fisher holding, the IRS will continue to litigate the issue.").

The legal precedents regarding whether a policyholder has a tax basis in membership rights are complex and conflicting, and may depend upon the facts applicable to the particular situation. Furthermore, the plan of conversion and the law considered by the courts in the above cases are potentially distinguishable from Members Mutual's plan of conversion and the corresponding law of Illinois. Nevertheless, if the principles articulated by the court in Fisher, rather than those articulated by the court in Dorrance (and traditionally by the IRS), were determined to be applicable to the subscription offering, an eligible member could have a tax basis in its membership rights from premium payments made by the eligible member, and that tax basis would (a) reduce any gain attributable to the fair market value of the subscription rights received by the eligible member, and (b) be added to the basis of the shares of our common stock purchased by an eligible member pursuant to the exercise of subscription rights.

Eligible members should consult with their tax advisors regarding their ability to reflect a basis in their membership interests in calculating the amount of their gain or loss on the exchange of such interests for the subscription rights hereunder.

Value of Subscription Rights. Boenning & Scattergood, Inc. has advised us that it believes the subscription rights will not have any fair market value. Boenning & Scattergood, Inc. has noted that the subscription rights will be granted at no cost, will be nontransferable, nonnegotiable and of short duration, and will provide the recipient with the right only to purchase shares of our common stock at a price that is equal to the estimated pro forma market value of the Company, which will be the same price at which any unsubscribed shares will be sold to the standby purchaser. Boenning & Scattergood, Inc. cannot assure us, however, that the Internal Revenue Service will not challenge Boenning & Scattergood, Inc.'s determination or that such challenge, if made, would not be successful. If the subscription rights do have value, we note that there also exists uncertainty regarding the determination of the number of subscription rights deemed issued to each eligible member because such calculation depends on the number of eligible members who ultimately exercise subscription rights, how many subscription rights each eligible member exercises and how much the eligible members' subscription rights may be cut back in the event of an oversubscription. Eligible members are encouraged to consult with their tax advisors about the U.S. federal, state, local and non-U.S. income and other tax consequences of the receipt, exercise, and lapse of subscription rights to purchase shares of our common stock in the subscription offering.

Basis and Holding Period of Stock Acquired through Exercise of a Subscription Right. The adjusted tax basis of a share of our common stock purchased by an eligible member pursuant to the exercise of a subscription right will equal the sum of the amount of cash paid for such share plus the basis, if any, of the subscription right that is exercised to purchase such share, taking into account the income and gain, if any, recognized by such eligible member on the receipt of such subscription right. The holding period of a share of our common stock purchased by an eligible member through the exercise of a subscription right will begin on the date on which the subscription right is exercised.

Tax Consequences of Subscription Rights to Directors and Officers

We believe, and intend to take the position, that the grant of subscription rights to the directors and officers of Members Mutual does not constitute a taxable event for the recipients of such rights. Instead, we believe that the grant of such rights should be treated as the grant of an option to acquire our common stock pursuant to Section 83 of the Code, and that such option should not be treated at grant as having a "readily ascertainable fair market value" within the meaning of this provision. As such, directors and officers of Members Mutual that are entitled to subscription rights should be treated as

realizing income upon the exercise of such rights, in an amount equal to the excess of the value of our shares received upon such exercise over the purchase price for such shares. Any income so realized should be treated as compensation income for federal income tax purposes and potentially subject to the withholding and reporting rules applicable to compensation income. Directors and officers of Members Mutual should consult with their tax advisors with respect to the potential tax consequences to them of the receipt and exercise or lapse of subscription rights based on their particular circumstances.

DUE TO THE INDIVIDUAL AND SOMETIMES UNCERTAIN NATURE OF THE FEDERAL INCOME TAX CONSEQUENCES ASSOCIATED WITH THE RECEIPT, EXERCISE, AND EXPIRATION OF THE SUBSCRIPTION RIGHTS HEREUNDER, EACH ELIGIBLE MEMBER AND EACH DIRECTOR AND OFFICER OF MEMBERS MUTUAL IN THIS OFFERING IS URGED TO CONSULT HIS OR HER TAX AND FINANCIAL ADVISOR REGARDING SUCH TAX CONSEQUENCES, AS WELL AS ANY STATE, LOCAL, OR OTHER NON-FEDERAL TAX CONSEQUENCES.

MANAGEMENT

Directors and Executive Officers

The table below provides information about the directors and executive officers of Vericity as of the closing of this offering.

<u>Name</u>	<u>Age</u>	<u>Position</u>
James E. Hohmann	62	Director, Chief Executive Officer, and President
James Harkensee	60	President and Chief Operating Officer of Fidelity Life
Chris Kim	47	Chief Financial Officer and Treasurer
John Buchanan	48	Executive Vice President, General Counsel and Corporate Secretary
Chris Campbell	48	President and Chief Operating Officer of Efinancial
Laura Zimmerman	60	Executive Vice President and Chief Marketing Officer
[●]	[●]	Director and Chairman Nominee
[●]	[●]	Director Nominee
[●]	[●]	Director Nominee
[●]	[●]	Director Nominee
Richard A. Hemmings	71	Director
James W. Schacht	76	Director

Directors

We believe our board of directors should be composed of individuals with sophistication and experience in many substantive areas that impact our business. In this regard, we believe experience, qualifications or skills in the following areas are the most important: the life insurance industry; insurance company operations; legal/regulatory matters relating to life insurance companies; marketing; direct distribution and technology. We seek to select individuals who possess the personal and professional qualifications necessary for service on our board. Set forth below is biographical information for our directors:

Richard A. Hemmings has served as the Chairman of the board of directors of Members Mutual since its formation in 2007. From 2007 until 2014, Mr. Hemmings also served as the President and Chief Executive Officer of Members Mutual. Mr. Hemmings also served as the Chairman of the board of directors, Chief Executive Officer (and prior to 2012, President) of Fidelity Life, positions held by him from 2005 to 2014. Mr. Hemmings became a director of Fidelity Life in 2002. Mr. Hemmings was elected to the board of directors of Vericity in 2013. Prior to joining Fidelity Life in 2005, Mr. Hemmings was a partner in the Chicago law firm of Lord, Bissell & Brook LLP and was associated with the firm for 25 years. Mr. Hemmings also serves on the board of First MetLife Investors Insurance Company (NY), a position he has held for over 20 years. Fidelity Life does not do business in the State of New York, and First MetLife conducts its insurance business only in the State of New York.

Mr. Hemmings was selected to serve on our board of directors because of his experience in the life insurance industry; his knowledge of the legal and regulatory matters affecting our operations; and his executive experience with Members Mutual and Fidelity Life.

James E. Hohmann has served as a director, President, and Chief Executive Officer of Members Mutual, and as a director and Chief Executive Officer of Vericity since September 2014. Prior thereto, Mr. Hohmann served as a director, President, and Chief Executive Officer of FBL Financial Group, an individual life insurance and annuity products company from April 2009 until June 2012. From January 2007 until January 2009, Mr. Hohmann was President and Chief Executive Officer of Allstate Financial. From December 2004 until December 2006, Mr. Hohmann was President and Chief Operating Officer of Conseco, Inc. Earlier, he worked for nearly 13 years as a management consultant, first for KPMG Peat Marwick, followed by Tillinghast/Towers Perrin (now Willis Towers Watson) where he was Managing Principal of the Chicago Life Practice.

Mr. Hohmann is a former member of the Board of Directors of American Council of Life Insurers and the Board of Governors for the Property Casualty Insurance Association of America. He also currently serves on the Board of Directors of Bankers Trust (non-public). He is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

Mr. Hohmann was selected to serve on our board of directors because of his executive leadership experience, his expertise in insurance and financial services, and his actuarial background.

James W. Schacht is the President of The Schacht Group, Inc., which advises national and international clients with respect to insurance and regulatory matters. Prior to founding The Schacht Group in 2008, Mr. Schacht was for thirteen years a Managing Director at two international consulting firms. Mr. Schacht has over 45 years of broad-based experience in the insurance industry and all areas of insurance regulation. Mr. Schacht has served as an expert consultant and witness on a variety of insurance, reinsurance, and regulatory issues in litigation, and advises clients on new insurance products, organizing insurance companies, financial and reporting requirements, and securing regulatory approval for a variety of transactions. Mr. Schacht served as the Director of the Illinois Department of Insurance on three occasions. Mr. Schacht has served on the board of directors of Members Mutual since 2007. Mr. Schacht was elected to the board of directors of Vericity in 2013.

Mr. Schacht was selected to serve on our board of directors because of his experience in the insurance industry and his knowledge of legal and regulatory matters affecting our operations.

Executive Officers

Set forth below is biographical information for our executive officers (except for Mr. Hohmann, whose biographical information is set forth above):

James Harkensee has served as President and Chief Operating Officer of Fidelity Life since November 2012. From July 1, 2013 to August 4, 2014, Mr. Harkensee served as Interim Chief Financial Officer of Members Mutual. Prior to that, Mr. Harkensee served in various capacities at Fidelity Life, including most recently as Vice President of Product and Corporate Development and prior to that as President of America Direct Insurance Agency, Inc., a subsidiary of Fidelity Life, which he joined in 2005. He was formerly President of Zurich Direct, a direct marketing insurance agency. Mr. Harkensee began his career at Bankers Life & Casualty in 1980, later joining Zurich Life, where he was promoted to Chief Actuary. He is a Fellow of the Society of Actuaries.

Chris Kim has served as Chief Financial Officer of Vericity and Members Mutual since August 2014. Prior thereto, Mr. Kim served as Chief Accounting Officer of Members Mutual since June 2013. Mr. Kim has over twenty years of experience in public accounting and controllership with a focus on property and casualty and life insurers. He has extensive experience in advising public companies on accounting and financial reporting matters related to capital raising activities and advising clients on complex accounting matters. Prior to joining Members Mutual, he was employed by PricewaterhouseCoopers LLC for a total of seventeen years within the audit and transaction services practice in Kansas City, Chicago, and New York, from 1995-2002 and again from 2004-2013. From 2002-2004, Mr. Kim held the position of Assistant Controller with Employers Reinsurance Corporation, a subsidiary of GE Capital.

John Buchanan has served as Executive Vice President, General Counsel and Corporate Secretary of Vericity and Members Mutual since February 19, 2016. Prior thereto, Mr. Buchanan served in various legal roles during a twenty year career at Allstate Insurance Company. Among other positions at Allstate, Mr. Buchanan led several legal teams within Allstate's P&C and life insurance operations, including acting as lead counsel for Allstate Life of New York. He also served as lead counsel to Allstate's Chief Marketing Officer, Chief Counsel to Allstate's Agency Operations team and Lead Counsel to Allstate's Eastern Region President. Mr. Buchanan served as Secretary on NJ Life and Health Guaranty Fund boards. Mr. Buchanan began his career as a trial attorney with dozens of jury and bench trials on insurance matters.

Chris Campbell has served as President and Chief Operating Officer of Efinancial since July 2017. Mr. Campbell has over 25 years of experience in the insurance industry. Prior to joining Efinancial, he was SVP Marketing and Communications at CNO Financial, where he led initiatives that improved productivity and increased ROI, including the company's transformation from print to digital marketing. He also previously served as Director of Strategy and Business Development at Allstate Financial. He began his career in management consulting, where he developed competitive and growth strategies for Fortune 1000 firms.

Laura Zimmerman has served as Executive Vice President and Chief Marketing Officer of Vericity and Members Mutual since February 12, 2016. Prior thereto, Ms. Zimmerman served as Vice President, Chief Marketing Officer, Group Worksite, at The Guardian Life Insurance Company of America from July 2014 to February 2016. Prior thereto, Ms. Zimmerman served as the Managing Director at Bridgestar Solutions, LLC from July 2013 to June 2014. Prior thereto, Ms. Zimmerman served as Senior Vice President for Aon Hewitt from November 2011 to June 2012. Before joining Aon Hewitt, Ms. Zimmerman served as Managing Director, Head of Marketing and Product at Legg Mason Global Asset Management from June 2010 to June 2011. Prior thereto, Ms. Zimmerman served in various positions during a thirteen year career at Allstate Insurance Company. Among other positions at Allstate, Ms. Zimmerman served as Chief Strategy Officer for Allstate's financial services division.

Corporate Governance

Overview of Our Board Structure

If the eligible members and the directors and officers of Members Mutual do not collectively purchase in the subscription offering a majority of the shares offered at the minimum of the offering range, the standby purchaser will be obligated to purchase a number of shares that will represent a majority of our outstanding shares of common stock. If more than a majority of the shares offered at the minimum of the offering range, but less than a majority at the maximum of the offering range, are purchased in the subscription offering, the standby purchaser may also acquire a majority of our outstanding shares of common stock by purchasing additional shares above the offering minimum but not more than the offering maximum. In that event, we would qualify as a “controlled company” within the meaning of the corporate governance rules of Nasdaq. “Controlled companies” under those rules are companies of which more than 50% of the voting power is held by an individual, a group or another company.

If we become a “controlled company” upon the completion of the offerings, we will avail ourselves of the “controlled company” exception under the Nasdaq rules and will not be subject to the Nasdaq listing requirements that would otherwise require us to have a board of directors comprised of a majority of independent directors, compensation of our executive officers determined by a majority of the independent directors or a compensation committee composed solely of independent directors and director nominees selected, or recommended for the board of director’s selection, either by a majority of the independent directors or a nominating committee composed solely of independent directors.

The standby purchase agreement and/or our bylaws contain provisions regarding our corporate governance and board structure, including:

- the board of directors shall consist of designees appointed by the standby purchaser (the “standby purchaser designees”) and designees appointed by Vericity (the “company designees”). The number of company designees shall not exceed six or at any time be less than two, and the number of standby purchaser designees at any given time shall be one more than the number of company designees, but in no event less than three, provided that the standby purchaser may designate the minimum additional number of designees as necessary to comply with SEC and Nasdaq Stock Market rules relating to the number of independent directors serving on the board of directors or any committee of the board;
- the compensation payable to the company designees may not be decreased without the consent of a majority of the company designees, and may not be increased without the consent of a majority of the standby purchaser designees;
- in the event of any vacancy in the office of any standby purchaser designee or company designee, a majority of the remaining designees, as applicable, will have the right to designate a replacement to fill the vacancy, provided that in the case of a vacancy of a company designee, the standby purchaser may elect to reduce the size of the board of directors by two so long as one of the standby purchaser designees resigns, and provided further that in the event that there are no remaining company designees to designate a replacement, the advisory board shall have the right to designate a replacement company designee;
- at any election of directors of Vericity, a majority of the standby purchaser designees will have the right to nominate the successors of the standby purchaser designees, and a majority of the company designees will have the right to nominate the successors of the company designees, provided that in the event that there are no remaining company designees to designate successors, the advisory board shall have the right to designate successor company designees; and
- any transaction between the standby purchaser or any of its affiliates, on the one hand, and Vericity or any of its subsidiaries, on the other hand, shall be subject to approval by the company designees, other than ordinary course transactions on arm’s length terms.

If the eligible members and the directors and officers of Members Mutual collectively purchase in the subscription offering a majority of the shares offered at the maximum of the offering range, we will not be a “controlled company”.

Director Independence

We have undertaken a review of the composition of our board of directors and considered whether any director or director nominee has a relationship with us that could compromise that director or director nominee’s independent judgment in carrying out his or her responsibilities and all other facts and circumstances that the board of directors deemed relevant in

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determining their independence. Prior to the completion of this offering, we will confirm that among the company designees and the standby purchaser designees there are enough independent directors to comply with the independence requirements under the rules of the SEC and Nasdaq.

If we are a controlled company, our board of directors is not required to consist of a majority of directors who meet the definition of independent under the Nasdaq listing requirements, but the Audit Committee will be required to consist of directors meeting the Nasdaq standards for independent audit committee members.

There are no family relationships among any of our directors, director nominees or executive officers.

Committees of the Board of Directors

We will have the following committees of our board of directors in place upon the completion of this offering: the audit committee; the compensation committee; and the nominating and governance committee. Each of these committees will operate under a committee charter to be approved by our board of directors and available on our website at www.vericity.com. The composition, duties and responsibilities of our committees are as set forth below:

Audit Committee

The audit committee is responsible for the oversight of the integrity of our consolidated financial statements, our systems of internal control over financial reporting, our risk management, the qualifications and independence of our independent registered public accounting firm, the performance of our internal auditor and independent auditor and our compliance with applicable legal and regulatory requirements. The audit committee has the sole authority and responsibility to select, determine the compensation for, evaluate and, when appropriate, replace our independent registered public accounting firm. All audit and non-audit services, other than *de minimis* non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our audit committee. The audit committee also approves related-party transactions.

Our audit committee will be composed of [●] (chair), and [●]. Our board of directors has determined that each of the members of the audit committee meets the definition of “independent director” for purposes of serving on the audit committee under Rule 10A-3 and the Nasdaq Marketplace Rules. In addition, the board of directors has determined that [●] qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) under Regulation S-K.

Compensation Committee

The compensation committee is responsible for annually reviewing and approving the corporate goals and objectives relevant to the compensation of our Chief Executive Officer and evaluating our Chief Executive Officer’s performance in light of these goals; reviewing the compensation of our executive officers and other appropriate officers; reviewing and reporting to the board of directors on compensation of directors and board committee members; and administering our incentive and equity-based compensation plans.

Our compensation committee will be composed of [●] (chair), and [●]. If we are not a controlled company under the Nasdaq Marketplace Rules, each of the members of the compensation committee will be required to meet the definition of an “independent director” under the Nasdaq Marketplace Rules and the Exchange Act.

Nominating and Governance Committee

Our nominating and corporate governance committee will be composed of [●] (chair), and [●]. The nominating and governance committee will be responsible for identifying and recommending candidates for election to our board of directors and each committee of our board of directors, developing and recommending corporate governance guidelines to the board of directors and overseeing performance reviews of the board of directors, its committees and the individual members of the Board. If we are not a controlled company under the Nasdaq Marketplace Rules, each of the members of the nominating and governance committee will meet the definition of “independent director” under the Nasdaq Marketplace Rules and the Exchange Act.

Code of Ethics

We have adopted a code of business conduct and ethics applicable to our principal executive, financial and accounting officers and all persons performing similar functions. A copy of that code will be available on our website at

www.vericity.com. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions, on our website to the extent required by applicable rules and exchange requirements. The inclusion of our website address anywhere in this prospectus does not incorporate by reference the information on or accessible through our website into this prospectus.

Advisory Board

Upon completion of the offerings, we will establish an advisory board to provide general policy advice to the board of directors. Advisory board members are entitled to attend meetings of the board of directors but shall not vote. Members of the advisory board shall have the right to nominate individuals to be company designees in the event that there are no then-serving company designees. Members of the advisory board will receive the same compensation provided to company designees serving on the board of directors of Vericity. Advisory board members will serve until the earlier of the sale of Vericity to a third party, the fifth anniversary of the closing of this offering or a member's death, resignation or removal for cause. The advisory board shall consist of former directors of Members Mutual who are not serving as directors of Vericity. The initial advisory board shall consist of Lynda Bynoe, John Fibiger and Steven Groot.

Set forth below is biographical information for the members of the advisory board:

Linda Walker Bynoe is the President and Chief Executive Officer of Telemat Ltd., a project management and consulting firm based in Chicago, Illinois. Ms. Bynoe has served in that position since 1995. From 1989 to 1995, Ms. Bynoe was the Chief Operating Officer of Telemat Ltd. From 1978 to 1989, Ms. Bynoe worked in executive capacities with the capital markets division of Morgan Stanley, serving as Vice President since 1985. Ms. Bynoe serves on the board of directors of Anixter International Inc., Prudential Retail Mutual Funds and the Northern Trust Corporation, and as a Trustee of Equity Residential. Ms. Bynoe became a director of Fidelity Life in 2002 and of Members Mutual in 2007.

John A. Fibiger served in various positions, including President, Chief Financial Officer and Chairman of the board of directors, of the Transamerica Life Companies, based in Los Angeles, California. Prior to his association with the Transamerica Life Companies, Mr. Fibiger served in various positions with New England Mutual Life Insurance Company, including as its President from 1982 to 1989. He recently served as an independent trustee with the following mutual fund complexes associated with Genworth Financial, Inc.: GPS Funds II (10 portfolios); since 2004, Genworth Financial Asset Management Funds (10 portfolios); and from 2008 to 2011, Genworth Variable Insurance Trust (20 portfolios). He served as a trustee of the Menninger Foundation, Houston, TX (formerly located in Topeka, KS) and was Chairman of the Menninger Fund.

Mr. Fibiger has been a member since 1956 and a Fellow since 1959 of the Society of Actuaries. He has been a Member since 1963 of the American Academy of Actuaries and served as its President from 1987 to 1988. He is also a trustee of the Austin Symphony Orchestra and a life trustee of the Museum of Science, Boston, Massachusetts. Mr. Fibiger became a director of Fidelity Life in 2004 and of Members Mutual in 2007.

Steven Groot held a series of actuarial and executive management positions during a thirty-plus year career with Allstate Insurance Company. Among other positions at Allstate, Mr. Groot served as President of Allstate Insurance Companies of Canada, President of Allstate Indemnity, President of Allstate International and President of Allstate's direct distribution and e-commerce business. He was a member of the Allstate Insurance Company board of directors from 1994 to 2002 and served on the investment and executive committees of the Allstate Insurance Company board of directors.

Mr. Groot is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries and also a member of the California State Bar Association. He currently serves as a member of the Board of Directors of CEM Insurance Company, a privately held property and casualty insurer, and was a life trustee of Lawrence Hall Youth Services in Chicago, Illinois. Since 2006, Mr. Groot has served on the board of directors of American Safety Insurance Holdings, Ltd., a specialty commercial insurer that was sold in 2013. Mr. Groot became a director of Fidelity Life in 2006 and of Members Mutual in 2007.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows the compensation information for our Chief Executive Officer, the President and Chief Operating Officer of Fidelity Life and our Chief Financial Officer based on compensation earned for the year ended December 31, 2017 (our “named executive officers”).

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Non-Equity Incentive Plan Compensation (\$)(1)</u>	<u>All Other Compensation(\$)(2)</u>	<u>Total (\$)</u>
James Hohmann President and Chief Executive Officer	2017	675,000	719,792	35,990	1,430,782
James Harkensee President and Chief Operating Officer of Fidelity Life	2017	410,000	289,300	26,815	726,115
Chris Kim Chief Financial Officer	2017	332,500	215,193	29,519	577,212

- (1) Includes the following amounts earned under the short-term incentive program based on 2017 performance: Mr. Hohmann \$518,535; Mr. Harkensee \$230,953; and Mr. Kim \$177,987. Also includes the following amounts paid in 2017 pursuant to outstanding awards under the Long-Term Incentive Plan (“LTIP”) based on an LTIP unit value as of December 31, 2016 of \$7.05: Mr. Hohmann, \$201,257; Mr. Harkensee, \$58,347; and Mr. Kim, \$37,206. See “Executive Compensation—Short-Term Incentive Program” and “Executive Compensation—Long-Term Incentive Plan” below for additional information.
- (2) All other compensation consists of the following: (i) company portion of health, dental, life, disability and vision insurance premiums and (ii) 401(k) company matching contributions.

Short-Term Incentive Program

Under the annual bonus program, the compensation committee established 2017 annual bonus opportunities. Mr. Hohmann’s annual bonus opportunity was 0% to 140% of his base salary, with his target bonus opportunity equal to 80% of base salary. The bonus opportunity for each of Messrs. Harkensee and Kim was 0% to 96.25% of their base salary, with the target bonus opportunity equal to 55% of their respective base salaries. The amount of bonus paid depended on achievement of performance measures recommended by management and approved by the compensation committee.

The performance award for each of our named executive officers was based on the following performance categories:

- Corporate (adjusted pre-tax earnings, affinity partnership policyholder growth, and execution of a plan for the subscription rights conversion);
- Fidelity Life (pre-tax statutory operating income, pre-tax income, new business growth, and a new redundant reserve solution); and
- Efinancial (pre-tax net income, increases in certain sales and revenues as compared to marketing expenses).

Mr. Hohmann’s bonus opportunity was weighted 50% Corporate, 20% Fidelity Life, and 30% Efinancial. Mr. Harkensee’s bonus opportunity was weighted 20% Corporate, 60% Fidelity Life, and 20% Efinancial. Mr. Kim’s bonus opportunity was weighted 60% Corporate, 20% Fidelity Life and 20% Efinancial.

In 2017, we achieved 97.3% of target for Corporate, 110.2% for Fidelity Life, and 84.4% for Efinancial. Based on this performance, 2017 annual bonuses for our named executive officers were as follows: Mr. Hohmann \$518,535; Mr. Harkensee \$230,953; and Mr. Kim \$177,967. On average, our named executive officers achieved approximately 97.8% of their target bonus.

Long-Term Incentive Plan

The compensation committee also approved 2015, 2016 and 2017 grants to our named executive officers under the Vericity Holdings, Inc. Long-Term Incentive Plan as amended and restated January 1, 2015 (the “LTIP”). The LTIP is a

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cash-based incentive plan. LTIP participants include the members of our board of directors and our executive management and certain key employees. Each LTIP unit was deemed to have a value of \$7.05 as of December 31, 2016. The LTIP unit value is adjusted as of the end of each subsequent fiscal year based on the percentage increase or decrease in the GAAP book value per share of notional stock of the Company over such year. The LTIP unit value as of or following the conversion will be the per share offering price of \$10.00.

The LTIP unit awards for 2015, 2016, and 2017 for our named executive officers were as follows: Mr. Hohmann, 55,556, 66,851, and 70,922 units; Mr. Harkensee, 15,432, 20,055, and 21,277 units; and Mr. Kim, 9,259, 13,370, and 14,184 units. Each LTIP award has a three year performance period beginning on January 1st of the year of grant. Thirty percent of the units under each award will vest upon completion of the conversion if the conversion is completed within the applicable performance period and the executive remains an employee on the date of the conversion. The remaining seventy percent of these units vest in three equal annual installments commencing in March of the year following the award date, subject to acceleration upon the closing of the conversion. In March of 2017, 28,562, 8,280 and 5,280 units vested for Messrs. Hohmann, Harkensee and Kim respectively. The LTIP units shall vest in the event of a Change in Control of the Company (as defined in the LTIP) or the death or disability of the executive. In the event an executive is terminated by the Company without Cause (as defined in the LTIP), the unvested units shall vest pro rata based on the date of termination.

In February 2018, our compensation committee granted LTIP awards to our executive officers as follows: Mr. Hohmann, 73,529 units; Mr. Harkensee, 22,059 units; and Mr. Kim, 14,706 units. The 2018 LTIP awards have a three year performance period beginning on January 1, 2018. Thirty percent of the 2018 LTIP units will vest upon completion of the conversion if the conversion is completed within this performance period and the executive remains an employee on the date of the conversion. In addition, this thirty percent of the 2018 LTIP units are eligible for vesting as of December 31, 2018 and 2019 based on the satisfaction of other performance metrics. These other performance metrics for the 2018 LTIP awards include the introduction of a new product, customer approval, acceptance and pilot program launch of an expanded product offering and the marketing of a Fidelity Life product offering. The remaining seventy percent of the 2018 LTIP units vest in three equal annual installments commencing on March 15, 2019, subject to acceleration upon the closing of the conversion.

The LTIP unit value upon completion of the conversion will be the per share offering price of \$10.00. As of March 31, 2018, our named executive officers had the following cumulative non-vested LTIP unit balances representing LTIP awards made in 2016, 2017 and 2018, valued at the \$10.00 per share offering price:

	Non-vested units ⁽¹⁾	Payout value upon completion of this offering
James Hohmann	163,556	\$1,635,560
James Harkensee	49,068	490,680
Chris Kim	32,712	327,120
Total	242,334	\$2,423,340

- (1) Includes (a) awards made by the compensation committee to our executive officers in February 2018 as follows: Mr. Hohmann, 73,529 units; Mr. Harkensee, 22,059 units; and Mr. Kim, 14,706 units, and (b) awards made by the compensation committee to our executive officers in February 2016 which will expire if the conversion is not completed by December 31, 2018 as follows: Mr. Hohmann, 20,055 units; Mr. Harkensee, 6,017 units; and Mr. Kim, 4,011 units. Does not include awards that are expected to be made by the compensation committee to our executive officers in February 2019. These awards will vest and become payable upon completion of this offering.

Deferred Compensation Plan

We offer a non-qualified deferred compensation plan to our named executive officers, directors and certain other executive officers. Deferred compensation plan participants can elect to defer a portion of their annual compensation into the deferred compensation plan, with the deferrals generally not subject to current income tax. Deferred compensation plan balances are credited with interest, computed monthly, using the yield rate that we earn on our invested assets (approximately 3.92% in 2017). Realized investment gains and losses are not considered in determining earnings on deferred compensation accounts. The deferred compensation plan currently does not include a matching contribution or any additional compensation to its participants. Ms. Linda Bynoe participates in this plan. At December 31, 2017, Ms. Bynoe had an account balance of \$517,778 and was credited accrued interest of \$34,301.

Employment Agreements

We have entered into employment agreements with Messrs. Hohmann, Harkensee, Kim, Buchanan, Campbell and with Ms. Zimmerman. The employment agreements provide for a base salary, subject to increase as determined by the Company. Pursuant to the employment agreements, these executives are eligible to participate in all employee profit sharing and welfare benefit plans for executives as well as our annual cash incentive program, Change in Control Plan and Long Term Incentive Plan. The employment agreements require the Company to indemnify any executive who is made a party or is threatened to be made a party to any action, suit or proceeding because he or she is or was a director or officer of the Company, subject to certain conditions. In such case, the Company will provide for the advancement of certain expenses.

Under the employment agreements, the agreement and an executive's employment thereunder may be terminated due to (i) death; (ii) total disability; (iii) by the Company for Cause; (iv) by the Company at any time without Cause; (v) or by an executive on at least thirty days' notice. In the event an executive is terminated by the Company without Cause and there has not been a Change in Control under the Company's Change in Control Plan, the executive will be entitled to the following (x) an amount equal to eighteen months of executive's then current base salary; (y) an amount equal to the executive's target bonus percentage for the current year multiplied by the amount payable pursuant to (x); and (z) COBRA coverage for eighteen months provided the executive makes the appropriate election and continues to pay the relevant premiums at the same level as when employed. The amounts payable pursuant to (x) and (y) shall be paid in monthly installments. Pursuant to the employment agreements, the executives are subject to certain restrictions regarding confidential information and trade secrets. In addition, for a period of up to eighteen months, the executives are prohibited from soliciting the Company's customers and employees and from engaging in certain activities which compete with the Company.

Change in Control Severance Benefits Plan

Our named executive officers, among others, participate in the Vericity Holdings Change in Control Severance Benefits Plan (the "CIC plan"). The CIC plan provides for the payment of severance benefits to certain eligible employees whose employment is terminated without Cause or who voluntarily terminates for Good Reason following a Change in Control as those terms are defined in the CIC plan. If the standby purchaser acquires more than 50% of our common stock sold in the offerings, this offering will constitute a Change in Control under the CIC plan.

Pursuant to the CIC Plan, if our named executive officers are terminated without Cause or voluntarily terminate their employment due to Constructive Termination within 12 months of a Change in Control, they would be entitled to receive 24 months of base salary. Also, our named executive officers would receive payment of a bonus computed as the average of their short-term annual bonus as a percentage of base salary for the past three complete years in which a bonus plan was in effect. The annual bonus payout would be multiplied to be consistent with the period covered by the base salary award (2 times for 24 months). Base salary payments would continue to be paid on the same frequency as before the termination, while the bonus payment would be made in a lump sum. Following the termination of employment, we would pay the employee's share of any health insurance premiums as were paid before the termination if the employee elects to continue coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for the continuation period under COBRA. The Company would also reimburse the named executive officer the cost of obtaining comparable life and long-term disability insurance coverage that the employee was provided before the termination for 24 months. In addition, our named executive officers would be entitled to receive the immediate payment of all outstanding (vested and un-vested) awards under the Company's incentive and bonus plans, including the annual bonus program.

In the event that any payments made under the CIC plan would cause our named executive officers to be considered the recipient of an excess parachute payment within the meaning of Section 280G(b) of the Code, the amount of such payments would be reduced to an amount necessary to avoid application of Section 280G(b) of the Code.

Apex Holdco Equity Incentive Plan

In connection with completion of the offering, the Apex Holdco L.P. 2018 Equity Incentive Plan, or the EI Plan, will be established under the terms of the amended and restated limited partnership agreement of the standby purchaser (the "LP Agreement"). The EI Plan is intended to promote the long-term growth and profitability of the standby purchaser by providing employees, directors and service providers who are or will be involved in our growth with an opportunity to acquire an ownership interest in the standby purchaser, thereby encouraging such persons to contribute to and participate in our success. Under the EI Plan, the general partner of the standby purchaser may grant awards of Class B units to employees, directors and service providers of the standby purchaser and/or Vericity. Class B units are non-voting profits interests in the standby purchaser that entitle the holders thereof to participate in the appreciation in the value of the standby purchaser above an applicable threshold and to thereby share in our future growth.

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Under the EI Plan, Class B units representing 20% of the fully diluted units of the standby purchaser at the closing will be reserved for issuance in accordance with the terms of the LP Agreement. Of this amount, 20% of the Class B units will be issuable to the non-employee directors of Vericity and 80% will be issuable to employees and service providers of Vericity. The grants of Class B units vest ratably over five years, subject to forfeiture under certain conditions. The grants to the directors of Vericity are not subject to forfeiture. The grant of equity-based awards to the participants under the EI Plan, including our named executive officers, officers and directors of Vericity, in the form of Class B units was intended to encourage the creation of long-term value for the standby purchaser and all of our stockholders by helping to align the interests of the participants under the EI Plan with those of our stockholders and to promote employee retention and ownership, all of which serve our overall compensation objectives.

Director Compensation

In 2017, each of our non-employee directors, other than Mr. Hemmings, received an annual retainer of \$45,000. In addition, each committee chair received an additional retainer of \$10,000. Mr. Groot received an additional \$10,000 retainer for serving as the chairman of the board of Efinancial. Ms. Bynoe was the Committee Chair for two Committees and therefore received \$20,000. Each of our non-employee directors received a fee of \$1,500 for each board meeting attended and a fee of \$1,500 per committee meeting attended. Each director also received a cash payment for vested grants received under the LTIP. In April 2017, Mr. Hemmings resigned as executive chairman of the board and became a non-employee director. For 2017, he received a salary of \$50,000 for his service as executive chairman for the first quarter of 2017 and a retainer of \$75,000 for his services as a non-employee director for the remaining three quarters of 2017. Mr. Hemmings also received a fee of \$1,500 for each board meeting attended.

The table below summarizes the total compensation earned from Members Mutual by our non-employee directors for the fiscal year ended December 31, 2017.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Non-Equity Incentive Plan Compensation⁽¹⁾</u>	<u>Total</u>
Linda Walker Bynoe	\$ 119,000	\$ 15,099	\$134,099
John Fibiger	103,000	15,099	118,099
Richard Hemmings	147,500	31,710	179,210
Steven Groot	103,000	15,099	118,099
James Schacht	109,000	15,099	124,099

- (1) Represents amounts paid in 2017 pursuant to outstanding awards under the LTIP based on an LTIP unit value as of December 31, 2016 of \$7.05. See "Executive Compensation—Long-Term Incentive Plan."

Mr. Hemmings received an LTIP award of 9,259 units and each other non-employee director received an LTIP award of 3,086 units on December 18, 2015. In addition, Mr. Hemmings received an LTIP award of 10,028 units and each other non-employee director received an LTIP award of 3,343 units on August 2, 2016. Further, Mr. Hemmings received an LTIP award of 6,856 units and all of our other non-employee directors received an LTIP award of 4,965 units on February 13, 2017. The LTIP units vest in three equal annual installments commencing in March of the following year. In March of 2017, 4,500 units vested for Mr. Hemmings and 2,143 units vested for each of our other non-employee directors. The LTIP units shall vest in the event of a Change in Control of the Company (as defined in the LTIP) or the death or disability of the director. In the event the director is terminated as a director by the Company without Cause (as defined in the LTIP), the unvested units shall vest pro rata based on the date of termination.

Upon completion of this offering, the compensation committee will terminate the LTIP and all awards will be payable to the participants based on the per share offering price. As of March 31, 2018, our directors had the following non-vested LTIP balances representing LTIP awards made in 2016, 2017 and 2018 valued at the \$10.00 per share offering price.

	<u>Non-vested Units⁽¹⁾</u>	<u>Payout value upon completion of this offering</u>
Linda Walker Bynoe	9,571	\$ 95,710
John Fibiger	9,571	95,710
Richard Hemmings	15,065	150,650
Steven Groot	9,571	95,710
James Schacht	9,571	95,710
Total	<u>53,349</u>	<u>\$533,490</u>

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- 1) Includes an award of 5,147 units to each of our non-employee directors in February 2018. These awards will vest and become payable upon completion of this offering.

Limitations of Liability and Indemnification Matters

Our charter, as it will be in effect upon the closing of this offering, will limit the liability of our directors to the fullest extent permitted by the DGCL and provide that we will indemnify our directors and officers to the fullest extent permitted by the DGCL, and that we will indemnify our advisory board members as third-party indemnitees and not as fiduciaries.

In addition, we have entered into separate indemnification agreements with our directors and executive officers, and will enter into such agreements with the standby purchaser designees, which will require us, among other things, to indemnify each of these individuals against all expenses (including reasonable attorneys' fees, retainers, court costs, fees of experts and witnesses, travel costs and costs and expenses incurred as a witness), judgments, penalties, fines, and amounts paid in settlement reasonably paid or incurred in connection with any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or other proceeding by reason of the fact that such person is or was a director, officer, employee, agent or fiduciary of Vericity or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at our express written request. We also will enter into separate third-party indemnification agreements with our advisory board members. The indemnification agreements also require us, if requested, to advance to an indemnified person all costs and expenses eligible for indemnification within 30 days of a request for indemnification, provided that the recipient undertakes to return any such advance if it is ultimately determined that the recipient is not entitled to indemnification for the amounts advanced.

We are not required to provide indemnification under our indemnification agreements for certain matters, including (i) indemnification beyond that permitted by the DGCL, (ii) indemnification in connection with certain proceedings or claims initiated by the person seeking indemnification, unless the board of directors authorized the proceeding prior to its initiation or Vericity provides the indemnification in its sole discretion, (iii) indemnification related to an accounting of profits under Section 16(b) of the Exchange Act or similar provisions of state law, (iv) indemnification for liabilities for which payment has actually been made to or on behalf of the indemnified person under any insurance policy or other indemnity provision (other than with respect to the standby purchaser designees, for whom Vericity is the indemnitor of first resort), or (v) indemnification where a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

We also maintain director and officer liability insurance.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of certain rights of holders of our common stock and related provisions of our charter and bylaws, as they will be in effect upon the closing of this offering. The following summary does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of our charter and bylaws, each of which is included as an exhibit to the registration statement of which this prospectus is a part, and by the provisions of applicable law.

Authorized Capital Stock

Our authorized capital stock consists of 30,000,000 shares of common stock, par value \$0.001 per share. Prior to the completion of this offering, Members Mutual will be the only record holder of our common stock. For additional detail regarding our ownership and structure prior to and following the closing of this offering, see “Prospectus Summary—Our Structure Prior to the Conversion” and “Prospectus Summary—Our Structure Following the Conversion.” Upon completion of this offering we will have a minimum of 14,875,000 shares and a maximum of 20,125,000 shares of common stock outstanding.

Common Stock

Voting Rights. Holders of our common stock will be entitled to one vote per share on all matters submitted to a vote of stockholders, including the election of directors. Holders of our common stock will not be entitled to cumulative voting in the election of directors. Directors of the Company will be elected by a plurality of the shares of our common stock present in person or by proxy and entitled to vote thereon. Other than for the election of directors, matters to be voted on by stockholders must generally be approved by the affirmative vote of the majority of the shares of our common stock present in person or by proxy and entitled to vote thereon.

Dividends. Holders of our common stock will be entitled to receive ratably, on a per share basis, the dividends, if any, as may be declared from time to time by our board of directors out of funds legally available therefor. See “Dividend Policy.”

Transfer. The common stock issued in this offering will be freely transferable under the Securities Act of 1933. However, the transfer of shares purchased by our directors and officers pursuant to subscription rights granted to them will be restricted for a period of one year from the effective date of the conversion pursuant to the plan of conversion and Section 59.1(7)(a)(iii) of the Illinois Insurance Code. The directors and executive officers of Vericity also are subject to additional resale restrictions under Rule 144 of the Securities Act of 1933. Any shares issued to the directors and officers of Vericity as a stock dividend, stock split or otherwise with respect to restricted stock will be subject to the same restrictions. Shares acquired by the directors and executive officers after the completion of this offering will be subject to the requirements of Rule 144. The shares purchased by the standby purchaser will be restricted securities and subject to trading limitations under applicable law and the standby purchase agreement. We will give instructions to the transfer agent for the common stock regarding these transfer restrictions.

Liquidation. If there is a liquidation, dissolution or winding up of Vericity, holders of our common stock would be entitled to share in our assets remaining after the payment of liabilities, ratably on a per share basis.

Other Characteristics. Holders of our common stock have no preemptive or conversion rights or other subscription rights, and no redemption or sinking fund provisions will apply to our common stock. All shares of our common stock to be issued in this offering will be, when issued, fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may authorize and designate in the future.

Special Meetings of Stockholders

Our charter and bylaws will generally provide that special meetings of our stockholders may be called only by order of the board of directors or by stockholders holding together at least a majority of all of the outstanding voting shares of Vericity. At any special meeting of our stockholders, only such business will be conducted as has been specified in the notice of meeting given by or at the direction of our board of directors or otherwise properly brought before the special meeting by or at the direction of our board of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our bylaws provide that stockholders seeking to bring business before a meeting of stockholders, or to nominate candidates for election as directors at a meeting of shareholders, must provide timely notice of their intent in writing. To be

timely, a shareholder's notice must be delivered to our principal executive offices not less than 90 days nor more than 120 days prior to the one-year anniversary of the date of the preceding year's annual meeting of stockholders. Our bylaws also specify certain requirements as to the form and content of a stockholder's notice, including the stockholder's ownership of the Company, synthetic equity transactions engaged in by the stockholder related to the Company, any proxies or voting agreements pursuant to which such stockholder has a right to vote shares of the Company, any stock borrowing agreements entered into by the stockholder related to the Company, any performance-related fees the stockholder is entitled to based on changes in the value of the stock of the Company and any other information that would be required to be made in connection with a solicitation of proxies by such stockholder pursuant to Section 14(a) of the Exchange Act. Our bylaws also require that such stockholder provide information concerning each item of business proposed by the stockholder and individuals nominated for election as a director, as applicable. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders.

Anti-takeover Effects of Provisions of Our Charter, Bylaws, Delaware Law and Illinois Law

Anti-takeover provisions contained in our charter and bylaws, as they will be in effect upon the closing of this offering, as well as provisions of Delaware and Illinois law, contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms. For additional information about these provisions, see "Risk Factors—Risks Relating to Ownership of Our Common Stock—Anti-takeover provisions contained in our amended and restated certificate of incorporation, which we refer to as our charter, and our amended and restated bylaws, which we refer to as our bylaws, as they will be in effect upon completion of this offering, as well as provisions of Delaware and Illinois law, may render more difficult or discourage takeover attempts on Vericity that you may believe are in your best interests or that might result in a substantial profit to you."

Delaware Anti-Takeover Statute

We will be subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the time the person became an interested stockholder unless: (i) prior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding certain shares; or (iii) at or subsequent to such time, the business combination is approved by the board and by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting securities. The standby purchaser's acquisition of more than 15% of our common stock was approved by the board of directors and therefore is not subject to this restriction.

Stockholder Action by Written Consent

Our charter and bylaws will not prohibit action by written consent of our stockholders, and therefore any action required or permitted to be taken by our stockholders may be taken by written consent. If the standby purchaser acquires a majority of our shares in the standby offering, the standby purchaser will be able to approve most corporate actions by written consent without a duly-noticed and duly-held meeting of stockholders.

Waiver of Corporate Opportunities

Section 122(17) of the DGCL permits a Delaware corporation to renounce in its certificate of incorporation or by action of its board of directors any interest or expectancy of the corporation in certain opportunities. In order to address potential

conflicts of interest between Vericity and the standby purchaser designees, our charter contains provisions renouncing any interest or expectancy of Vericity in, or in being offered an opportunity to participate in, any business opportunities that are presented to one or more of our directors or stockholders who are, at the time, associated with or nominated by, or serving as such as representatives of, the standby purchaser or its affiliates, other than those directors or stockholders who are employees of Vericity or its subsidiaries, unless such opportunity is presented to, acquired, created or developed by, or otherwise comes into the possession of, any such director in such director's capacity as a director of Vericity.

Illinois Insurance Law

We are subject to provisions of Illinois insurance law that regulate a change of control. Illinois law requires the Illinois Department of Insurance's prior approval of a change of control of an insurance holding company. Under Illinois law, the acquisition of 10% or more of the outstanding voting stock of an insurer or its holding company is presumed to be a change in control. Approval by the Illinois Department of Insurance may be withheld even if the transaction would be in the stockholders' best interest if the Illinois Department of Insurance determines that the transaction would be detrimental to policyholders. In addition to the limitations set forth above, no person or group of persons acting in concert (other than the standby purchaser) may acquire, directly or indirectly, in this offering or any public offering, more than 5% of the capital stock of Vericity for a period of five years from the effective date of the conversion without the approval of the Illinois Director of Insurance.

Forum for Adjudication of Disputes

Our bylaws provide that unless we otherwise consent in writing to the selection of an alternative forum, the sole and exclusive forum for any actions asserting claims brought against or on behalf of the Company, including any derivative action, any action for breach of fiduciary duty owed to the Company or the Company's stockholders, any action arising under the DGCL, our charter or bylaws, or any action governed by the internal affairs doctrine, shall be a state or federal court located within the State of Delaware, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants. Any purchaser acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision of our bylaws.

Limitation of Liability and Indemnification Matters

As permitted by the DGCL, we have adopted provisions in our certificate of incorporation that limit or eliminate the personal liability of our directors for a breach of their fiduciary duty as a director, including the duty of care. The duty of care generally requires that, when acting on behalf of the corporation, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted under Delaware law. Delaware law currently does not permit the limitation or elimination of personal liability for (i) any breach of the director's duty of loyalty to us or our stockholders; (ii) any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law; (iii) any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or (iv) any transaction from which the director derived an improper personal benefit.

Our charter also authorizes us to indemnify our officers, directors and other agents to the fullest extent permitted under Delaware law, and we may advance expenses to our directors, officers and employees in connection with a legal proceeding, subject to limited exceptions. As permitted by the DGCL, our charter provides that:

- we will indemnify our directors and officers to the fullest extent permitted by the DGCL, subject to limited exceptions; and
- we may purchase and maintain insurance on behalf of our current and former directors, officers, employees or agents against any liability asserted against them and incurred by them in any such capacity, or arising out of their status as such.

In addition, we have entered into indemnification agreements with each of our executive officers and directors pursuant to which each executive officer and director will be indemnified as described above and will be advanced costs and expenses subject to delivery of an undertaking to repay any advanced amounts if it is ultimately determined that such executive officer or director is not entitled to indemnification for such costs and expenses. We will enter into similar indemnification agreements with the standby purchaser designees upon completion of this offering. We will also enter into an agreement with each of our advisory board members addressing indemnification, confidentiality and other matters.

Certain Restrictions Contained in the Standby Purchase Agreement, our Charter and Bylaws

The standby purchase agreement contains covenants and agreements by the standby purchaser with respect to, among other things:

- the composition of the board of directors, and the standby purchaser’s voting of its shares with respect thereto;
- director compensation;
- related party transactions;
- establishment of an advisory board;
- standstill provisions; and
- amendments to our charter and bylaws, and the standby purchaser’s voting of its shares with respect thereto.

As provided in the standby purchase agreement, many of these provisions are reflected in our charter and bylaws. For a more detailed description of these covenants and agreements, see “The Conversion and Offering—Description of the Standby Purchase Agreement—Post-Closing Covenants” and “Management—Corporate Governance—Overview of our Board Structure.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is [●].

Listing

We intend to apply to have our common stock approved for listing on the NASDAQ Capital Market under the symbol “VERY.”

LEGAL MATTERS

The legality of our common stock will be passed upon for us by Locke Lord LLP, Chicago, Illinois. Certain legal matters will be passed upon for Raymond James by Stevens & Lee, P.C., Reading, PA.

EXPERTS

The consolidated financial statements included in this prospectus and the related schedules included elsewhere in the Registration Statement as of December 31, 2017 and 2016 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the Registration Statement. Such consolidated financial statements and consolidated financial statement schedules are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

Boenning & Scattergood, Inc. has consented to the publication in this document of the summary of its report to us setting forth its opinion as to the estimated consolidated pro forma market value of converted Members Mutual, as determined on the basis of an independent evaluation.

We retained Milliman, Inc., an independent actuarial consulting firm, to advise us in connection with actuarial matters involved in the allocation of subscription rights and the establishment of the individual maximum purchase limitations. The opinion of Steven Schreiber, an independent consulting actuary associated with Milliman, dated July 31, 2018, relating to the proposed allocation of subscription rights among eligible members in consideration for the extinguishment of their membership interests in Members Mutual, states (in reliance upon the matters described in such opinion) that the principles and methodology for allocating consideration among the eligible members and for allocating shares in the event of an over subscription, each as set forth in the plan of conversion, are fair and equitable from an actuarial point of view. The opinion of Steven Schreiber is an exhibit to the registration statement of which this prospectus is a part, and is available for inspection in the manner set forth in the section titled "Additional Information." A copy of the actuarial opinion is also on file and available for inspection at our principal executive offices.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933 with respect to the shares of our common stock offered in this document. As permitted by the rules and regulations of the SEC, this prospectus does not contain all the information set forth in the registration statement. Such information can be examined without charge at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, D.C. 20549, and copies of such material can be obtained from the SEC at prescribed rates. The public may obtain more information on the operations of the Public Reference Room by calling the SEC at 1-800-732-0330. The registration statement also is available through the SEC's world wide web site on the internet at <http://www.sec.gov>. The statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit to the registration statement are, of necessity, brief descriptions thereof and are not necessarily complete.

In connection with this offering, we will register our common stock with the SEC under Section 12(b) of the Securities Exchange Act of 1934, and, upon such registration, we and the holders of our stock will become subject to the proxy solicitation rules, reporting requirements and restrictions on stock purchases and sales by directors, officers and stockholders with 10% or more of the voting power, the annual and periodic reporting requirements and certain other requirements of the Securities Exchange Act of 1934.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Vericity Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Members Mutual Holding Company and subsidiaries (the “Company”) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows, for the years then ended, and the related notes and the supplemental schedules of (I) summary of investments other than investments in related parties as of December 31, 2017, (II) condensed financial information of registrant (parent company) as of and for the years ended December 31, 2017 and 2016, (III) supplementary insurance information as of and for the years ended December 31, 2017 and 2016, (IV) reinsurance as of and for the years ended December 31, 2017 and 2016, and (V) valuation and qualifying accounts for the years ended December 31, 2017 and 2016 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Deloitte + Touche LLP

Chicago, Illinois

April 17, 2018

We have served as the Company’s auditor since 2005.

Members Mutual Holding Company
Consolidated Balance Sheets
(dollars in thousands)

	December 31,	
	2017	2016
ASSETS:		
Investments:		
Fixed maturities—available-for-sale-at fair value (amortized cost, \$318,966 and \$323,556)	\$337,668	\$339,075
Equity security—available-for-sale-at fair value (cost, \$109 and \$379)	109	379
Equity securities—trading-at fair value (cost, \$6,184 and \$5,947)	5,596	5,908
Mortgage loans (net of valuation allowances of \$268 and \$490)	42,852	32,295
Limited partnership interests	899	1,557
Policyholder loans	5,936	5,776
Total investments	393,060	384,990
Cash and cash equivalents	11,766	19,422
Accrued investment income	3,323	3,346
Reinsurance recoverable (net of allowance of \$0 and \$0)	143,915	146,004
Deferred policy acquisition costs	82,319	81,233
Commissions and agent balances (net of allowances of \$830 and \$1,850)	2,034	1,093
Intangible assets	1,880	2,043
Deferred income tax assets, net	4,925	3,463
Other assets	23,192	12,800
Total assets	<u>666,414</u>	<u>654,394</u>
LIABILITIES AND EQUITY:		
Liabilities:		
Future policy benefits and claims	302,782	290,500
Policyholder account balances	98,899	103,884
Other policyholder liabilities	36,011	30,530
Policy dividend obligations	11,097	9,652
Reinsurance liabilities and payables	7,468	4,753
Other liabilities	13,954	12,092
Total liabilities	<u>470,211</u>	<u>451,411</u>
Commitments and contingencies	—	—
Equity:		
Retained earnings	188,405	196,646
Accumulated other comprehensive income (net of taxes of \$4,278 and \$3,682)	7,798	6,337
Total equity	<u>196,203</u>	<u>202,983</u>
Total liabilities and equity	<u>\$666,414</u>	<u>\$654,394</u>

See notes to consolidated financial statements

Members Mutual Holding Company
Consolidated Statements of Operations
(dollars in thousands)

	Year Ended December 31,	
	2017	2016
REVENUES:		
Net insurance premiums	\$ 82,873	\$ 78,138
Net investment income	15,119	15,957
Net realized investment gains (losses):		
Total other-than-temporary impairment losses	—	282
Portion of (loss) recognized in other comprehensive income	—	(308)
Net other-than-temporary impairment loss recognized in earnings	—	(26)
Sales and other realized investment gains	571	556
Total net realized investment gains	571	530
Earned commissions	11,514	11,375
Insurance lead sales	5,523	6,714
Other income	270	285
Total revenue	<u>115,870</u>	<u>112,999</u>
BENEFITS AND EXPENSES:		
Life, annuity, and health claim benefits	56,035	59,536
Interest credited to policyholder account balances	3,776	3,914
Operating costs and expenses	55,912	58,538
Amortization of deferred policy acquisition costs	10,926	13,018
Other expenses	163	164
Total benefits and expenses	<u>126,812</u>	<u>135,170</u>
Loss from operations before income taxes	(10,942)	(22,171)
Income tax benefit	(2,701)	(6,833)
Net (loss)	<u>\$ (8,241)</u>	<u>\$ (15,338)</u>

See notes to consolidated financial statements

Members Mutual Holding Company
Consolidated Statements of Comprehensive Income (Loss)
(dollars in thousands)

	Year Ended December 31,	
	2017	2016
Net (loss)	\$(8,241)	\$(15,338)
Other comprehensive income (loss):		
Net unrealized (losses) on investment with other-than-temporary impairments, net of taxes, of \$0 and \$7	—	(13)
Net unrealized gains (losses) on other investments, net of taxes of \$(597) and \$(996)	1,461	1,852
Total other comprehensive income, net of taxes of \$(597) and \$(989)	1,461	1,839
Total comprehensive (loss)	<u>\$(6,780)</u>	<u>\$(13,499)</u>

See notes to consolidated financial statements

Members Mutual Holding Company
Consolidated Statements of Changes in Equity
(dollars in thousands)

	Year Ended December 31,	
	2017	2016
RETAINED EARNINGS:		
Balance—beginning of period	\$ 196,646	\$ 211,984
Net (loss) attributable to Members Mutual Holding Company	(8,241)	(15,338)
Balance—end of period	188,405	196,646
ACCUMULATED OTHER COMPREHENSIVE INCOME:		
Balance—beginning of period	6,337	4,498
Other comprehensive income attributable to Members Mutual Holding Company	1,461	1,839
Balance—end of period	7,798	6,337
TOTAL EQUITY:	<u>\$ 196,203</u>	<u>\$ 202,983</u>

See notes to consolidated financial statements

Members Mutual Holding Company
Consolidated Statements of Cash Flows
(dollars in thousands)

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (8,241)	\$(15,338)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization and other non-cash items	818	676
Interest credited to policyholder account balances	3,776	3,914
Deferred income taxes	(2,060)	(7,706)
Realized investment gains and losses	(571)	(530)
Change in:		
Trading securities	(297)	(1,266)
Accrued investment income	23	217
Reinsurance recoverable	2,089	(1,786)
Deferred acquisition costs	(1,086)	5,256
Commission and agent balance receivable	(940)	499
Other assets	(6,691)	(3,176)
Insurance liabilities	18,084	16,346
Other liabilities	4,576	(10,703)
Net cash provided (used) by operating activities	<u>9,480</u>	<u>(13,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales, maturities and repayments of:		
Fixed maturity securities	82,158	65,119
Equity securities	269	—
Limited partnerships	868	367
Mortgage loans	3,831	2,255
Purchases of:		
Fixed maturity securities	(77,107)	(38,370)
Limited partnerships	(66)	—
Mortgage loans	(14,174)	(5,102)
Change in policy loans, net	(160)	977
Other investments, net	(4,169)	(2,569)
Net cash (used) provided by investing activities	<u>(8,550)</u>	<u>22,677</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deposits to policyholder account balances	588	1,825
Withdrawals from policyholder account balances	(9,174)	(8,310)
Net cash used by financing activities	<u>(8,586)</u>	<u>(6,485)</u>
Net (decrease) increase in cash and cash equivalents	(7,656)	2,595
Cash and cash equivalents—Beginning of year	19,422	16,827
Cash and cash equivalents—End of year	<u>\$ 11,766</u>	<u>\$ 19,422</u>
Supplemental Cash flow information		
Income taxes paid	\$ 937	\$ 67
Non-cash transactions:		
Mortgage loans transferred to limited partnerships	\$ 66	\$ —

See notes to consolidated financial statements

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 1—Summary of Significant Accounting Policies

Description of Business

Members Mutual Holding Company (Members Mutual) is an Illinois-domiciled mutual insurance holding company. Members Mutual was formed in 2007 in connection with the conversion of Fidelity Life Association, a Legal Reserve Life Insurance Company (Fidelity Life), from a mutual insurance company into a stock insurance company. The members' interests in Fidelity Life were transferred to Members Mutual as part of the reorganization. In addition, Fidelity LifeCorp, Inc. (Fidelity LifeCorp), a Delaware general business corporation, was formed as part of the reorganization. In 2011, the name of Fidelity LifeCorp was changed to LifeStory Interactive, Inc. In 2014, the name of LifeStory Interactive, Inc. was changed to Vericity Holdings, Inc. (Vericity). The aforementioned companies are collectively referred to as the "Company."

Members Mutual and Vericity operate as holding companies and currently have no other business operations. Fidelity Life is an Illinois-domiciled life insurance company that was founded in 1896. Fidelity Life markets life insurance products through independent and affiliated distributors and is licensed in the District of Columbia and all states, except New York and Wyoming. Efinancial, LLC (Efinancial) markets life and other products for non-affiliated insurance companies and sells life products for Fidelity Life.

The accompanying consolidated financial statements present the accounts of Members Mutual and subsidiaries as of December 31, 2017 and 2016, and for the years ended December 31, 2017 and 2016.

Basis of Presentation

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The more significant estimates employed in the preparation of the consolidated financial statements include the determination of the valuation of investments in fixed maturities and equity securities, investment impairments, the valuation of deferred tax assets, future policy benefits and other policyholder liabilities.

Fixed Maturities and Equity Securities

Fixed maturities and equity securities classified as available-for-sale are reported at fair value. Changes in fair value are reported as unrealized gains or losses as discussed below. Fixed maturity securities that are classified as available-for-sale securities include bonds, residential mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities.

Equity securities that are classified as trading securities include master limited partnerships. Securities that are classified as trading are also reported at fair value with changes in fair value reported as realized gains or losses in the Consolidated Statements of Operations.

Fair value is based on quoted market prices, when available. When quoted market prices are not available, fair value is estimated by discounting fixed maturity securities cash flows to reflect interest rates currently being offered on similar terms to borrowers of similar credit quality, by quoted market prices of comparable instruments, and by independent pricing sources. See Note 12 for further discussion on inputs and assumptions used to estimate fair value.

Unrealized gains and losses on available-for-sale securities are reported as a component of accumulated other comprehensive income (AOCI), net of applicable deferred income taxes.

The amortized cost of fixed maturity securities is determined based on cost, adjustments for previously recorded other-than-temporary impairment (OTTI) losses, and the cumulative effect of amortization of premiums and accretion

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 1—Summary of Significant Accounting Policies (Continued)

of discounts using the interest method. Such amortization and accretion are included in net investment income. For mortgage-backed and asset-backed securities, the Company considers estimates of future prepayments in the calculation of the effective yield used to apply the interest method. If a difference arises between the anticipated prepayments and the actual prepayments, the Company recalculates the effective yield based on actual prepayments and the currently anticipated future prepayments. The amortized costs of such securities are adjusted to the amount that would have resulted had the recalculated effective yields been applied since the acquisition of the securities with a corresponding charge or credit to net investment income. Interest income on lower rated asset-backed securities is determined using the prospective yield method. Prepayment estimates are based on the structural elements of specific securities, interest rates, and generally recognized prepayment speed indices.

For OTTI losses on debt securities, credit losses are recognized in earnings and losses resulting from factors other than credit of the issuer are recognized in other comprehensive income. See Note 2 for further information on factors reviewed to assess OTTIs.

Mortgage Loans

Mortgage loans are held on commercial real estate and are stated at the aggregate unpaid principal balances, net of any write-downs and valuation allowances. The Company identifies loans for evaluation of impairment primarily based on the collection experience of each loan. Mortgage loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect principal or interest amounts according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral. Impairments are included in realized investment gains and losses.

Interest income from mortgage loans is recognized on an accrual basis using the effective yield method. Accrual of income is generally suspended for mortgage loans that are in default or when full and timely collection of principal and interest payments is not probable.

Limited Partnerships

Limited partnerships consist of investments in hedge funds that are of a passive nature in that the Company does not take an active role in the management of the limited partnerships. The Company's carrying value of investments in limited partnerships is the Company's proportionate share of the net asset value of each partnership, as determined by the general partner. Certain partnerships for which results are not available on a timely basis are reported on a lag, generally one month. Changes in net asset values are accounted for under the equity method and recorded as realized investment gains and losses or net investment income on a monthly basis in the Consolidated Statement of Operations.

Policyholder Loans

Policyholder loans are carried at the aggregate of the unpaid balance. Interest income on such loans is recorded as earned in net investment income using the contractually agreed-upon interest rate.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks and highly liquid investments that are both readily convertible into known amounts of cash and have maturities of three months or less at the time of acquisition such that they present insignificant risk of changes in value due to changing interest rates and lack of credit exposure. The carrying value of these securities approximates their fair value.

Reinsurance

The Company enters into reinsurance agreements to diversify risk and limit its overall financial exposure. Although these reinsurance agreements contractually obligate the reinsurers to reimburse the Company, they do not discharge the

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 1—Summary of Significant Accounting Policies (Continued)

Company from its primary liability and obligation to policyholders. Risk transfer criteria are reviewed for each reinsurance contract to determine if the contract will be accounted for as reinsurance or under the deposit method of accounting.

The Company estimates the amount of uncollectible reinsurance recoverables based on periodic evaluations of balances due from reinsurers, reinsurer solvency, and management's experience. Changes in the estimated amounts for uncollectible reinsurance recoverables are presented as a component of life, annuity, and health claim benefits in the Consolidated Statements of Operations. Amounts owed by reinsurers are considered past due based on the terms of the reinsurance contract. Reinsurance recoverables and any related allowance are written off after collection efforts have been exhausted or a negotiated settlement is reached with the reinsurer.

Deferred Policy Acquisition Costs (DAC)

Incremental direct costs of acquiring new business, principally commissions on sales, underwriting, policy issuance and processing, and medical inspection costs, are deferred for successfully placed contracts. DAC for the life insurance business is amortized over the life of the business; for traditional life products, the DAC is amortized as a level percentage of gross premiums; for universal life (UL) products, the DAC is amortized as a level percentage based on estimated gross profits (EGPs). DAC for the assumed block of deferred annuities is amortized over 20 years. For UL and the deferred annuities, amortization amounts are adjusted when revisions are made to the estimates of current or future EGPs. DAC balances are evaluated periodically to assess whether there are sufficient gross margins or gross profits to recover the remaining unamortized balances.

Intangible Assets

Intangible assets with definite lives are amortized over their expected useful lives using a method that best reflects the pattern in which the economic benefits of the intangible assets will be consumed or on a straight line basis ranging from four to ten years. Software intangible assets are amortized over four years using an accelerated amortization method. Intangible assets with indefinite useful lives are not amortized.

Future Policy Benefits, Policyholder Account Balances, and Other Policyholder Liabilities

Future policy benefits represent the reserve for traditional life insurance policies and annuities in payout status. Reserves for traditional life insurance policies are computed using the net level premium method on the basis of actuarial assumptions at the issue date of the contracts, including mortality, policy lapse assumptions, and rates of interest. The reserves for annuities in payout status (structured settlements) represent the present value of assumed future payment based on contract terms for the future payouts and can include assumptions for mortality. To the extent that unrealized gains on available-for-sale fixed income securities would result in a premium deficiency had those gains actually been realized, an increase in reserves for certain immediate annuities with life contingencies is recorded net of tax as a reduction of unrealized capital gains included in AOCI. For years ended December 31, 2017 and 2016, this adjustment, net of tax, was \$470 and \$273, respectively.

Policyholder account balances include the liability for assumed deferred annuity and universal life contracts and the liabilities for policy dividends and death benefits on life insurance contracts that have been left on deposit with the Company. These liabilities represent the account value of the policyholder as there are no other benefits due. This liability is equal to the balance that accrues to the benefit of the policyholder, which includes the accumulation of deposits, plus interest credited, less withdrawals.

Other policyholder liabilities include the amounts estimated for claims that have been reported but not settled and estimates for claims incurred but not reported.

Income Taxes

The Company files a consolidated federal income tax return. The consolidated group is composed of Members Mutual, Vericity, Inc., Vericity Holdings, Inc., LSI.com, Efinancial, Fidelity Life, America Direct Insurance Agency, Inc., iFramework, Inc. and eCoverage.com, LLC.

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 1—Summary of Significant Accounting Policies (Continued)

The current receivable for federal income tax is recognized based on the estimated amounts to be reflected on the filed tax returns. Federal income tax expense or benefit is recognized based on amounts reported in the consolidated financial statements and using the applicable current federal income tax rate. Income taxes are allocated to operations and other comprehensive income based on the source of the taxable event. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effects of changes in tax rates or laws are recognized in the period that includes the enactment date. If necessary, a valuation allowance is established to reduce the carrying amount of deferred tax assets to amounts that are more likely than not to be realized. See Note 5, Income Taxes, for further detail.

Revenue Recognition

Life and health insurance contract premiums are recognized as income when due from policyholders. Deposits on deposit-type contracts are entered directly as a liability when cash is received.

Commission revenue from the sale of insurance products by Efinancial is recognized once the insurance policy is issued by the insurance company and accepted by the customer (policy placement) and recorded as commission receivable, net of any advances received. Provision is made for commission revenue that, based on experience, will ultimately not be earned due to the customer discontinuing the underlying insurance policy. Commission revenue that Efinancial earns from the sale of insurance products where Efinancial acts as the general agent (wholesale distribution) is recorded net of related commission expense paid to the writing agency.

Insurance lead sales include the sale of potential life insurance customer leads to outside parties including agencies and unaffiliated insurers. Sales of leads are recorded at the time the lead data is transferred to the customer and recorded as a receivable, net of allowance for returns.

Investment Income and Realized Investment Gains and Losses

Investment income consists primarily of interest and dividends. Interest is recognized on an accrual basis and reflects amortization of premiums and accretion of discounts on an effective yield basis, based on expected cash flows. Dividends are recorded on the ex-dividend date. Realized investment gains and losses, resulting from sales or calls of investments and representing the difference between the net proceeds and the carrying value of investments sold, are determined on a specific identification basis. Realized investment losses are also recognized when declines in the fair value of invested assets are considered to be other-than-temporary. Changes in value reported for investments accounted for using the equity method of accounting are classified within realized investment gains and losses.

Policyholder Dividend Obligation

Dividends payable to policyholders are determined annually based on the experience of the Closed Block policies and are payable only upon declaration by the Board of Directors of Fidelity Life. At December 31, 2017 and 2016, a provision has been made for dividends expected to be paid in the following calendar year of \$1,203 and \$1,245, respectively. The provision is recorded in other policyholder liabilities on the Consolidated Balance Sheets.

The Company also establishes a policyholder dividend obligation when cumulative actual earnings of the Closed Block are in excess of the cumulative expected earnings that were determined at the inception of the Closed Block. See Note 9 for further discussion.

Accounting Standards Pending Adoption

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The guidance is effective for interim and annual periods beginning after December 15, 2018. The core principal of the updated guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 1—Summary of Significant Accounting Policies (Continued)

for those goods or services. The standard also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments, changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The standard excludes from its scope the accounting for insurance contracts, financial instruments, and certain other agreements that are governed under other GAAP guidance. The implications on the Company's revenue from adopting the new standard is primarily related to the commissions and fees earned by our agency operation for sales of unaffiliated carrier products.

In January 2016, the FASB issued Accounting Standards Update 2016-01, *Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (the ASU). The updated guidance requires changes to the current financial instruments reporting model and is effective for interim and annual periods beginning after December 15, 2018. The Company expects that the primary effects of the new guidance will be around the accounting for equity investments. All equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. There will no longer be an available-for-sale classification for changes in fair value reported in other comprehensive income for equity securities with readily determinable fair values. Under the new guidance, changes in the fair value of equity securities will be reported as net realized investment gains (losses) in the Company's Consolidated Statement of Operations. The impact is not expected to be material to the Company's results of operations or financial position.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842): Accounting for Leases*. The guidance is effective for interim and annual periods beginning after December 15, 2019. The new guidance requires a lessee to recognize "right-of-use" assets and liabilities for leases with lease terms of more than 12 months including those historically accounted for as operating leases. As the Company continues to evaluate the overall effects of the new guidance on its consolidated financial statements, it is expected that assets and liabilities will increase for the present value of remaining lease payments for leases in place at the adoption date; however, the impact is not expected to be material to the Company's results of operations or financial position.

Note 2—Investments

The Company continuously monitors its investment strategies and individual holdings with consideration of current and projected market conditions, the composition of the Company's liabilities, projected liquidity and capital investment needs, and compliance with investment policies and state regulatory guidelines.

Available-for-Sale Securities

The amortized cost, gross unrealized gains, gross unrealized losses, fair value, and OTTI loss included in AOCI of fixed maturities and equity securities available-for-sale as of December 31, 2017 and 2016 are as follows:

	December 31, 2017				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value	OTTI Losses
Fixed Maturities, Available-for-Sale					
U.S. government and agencies	\$ 14,312	\$ 1,526	\$ (24)	\$ 15,814	\$ —
U.S. agency mortgage-backed	34,728	670	(167)	35,231	—
State and political subdivisions	17,733	1,013	(29)	18,717	—
Corporate and miscellaneous	188,784	15,209	(180)	203,813	—
Foreign government	132	31	—	163	—
Residential mortgage-backed securities	4,064	503	(19)	4,548	(159)
Commercial mortgage-backed securities	12,715	127	(74)	12,768	—
Asset-backed securities	46,498	217	(101)	46,614	—
Total Fixed Maturities, Available-for-Sale	<u>\$318,966</u>	<u>\$ 19,296</u>	<u>\$ (594)</u>	<u>\$337,668</u>	<u>\$(159)</u>
Equity Security, Available-for-Sale					
Corporate and miscellaneous	<u>\$ 109</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 109</u>	<u>\$ —</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 2—Investments (Continued)

	December 31, 2016				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value	OTTI Losses
Fixed Maturities, Available-for-Sale					
U.S. government and agencies	\$ 11,906	\$ 1,534	\$ —	\$ 13,440	\$ —
U.S. agency mortgage-backed	40,360	990	(300)	41,050	—
State and political subdivisions	10,707	721	(26)	11,402	—
Corporate and miscellaneous	195,642	12,665	(380)	207,927	—
Foreign government	132	16	—	148	—
Residential mortgage-backed securities	4,958	400	(33)	5,325	(225)
Commercial mortgage-backed securities	10,876	108	(50)	10,934	—
Asset-backed securities	48,975	158	(284)	48,849	—
Total Fixed Maturities, Available-for-Sale	<u>\$323,556</u>	<u>\$ 16,592</u>	<u>\$ (1,073)</u>	<u>\$339,075</u>	<u>\$(225)</u>
Equity Security, Available-for-Sale					
Corporate and miscellaneous	<u>\$ 379</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 379</u>	<u>\$ —</u>

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Maturities of mortgage-backed and asset-backed securities may be substantially shorter than their contractual maturity because they may require monthly principal installments and such loans may prepay principal. The amortized cost and fair value of fixed maturities available-for-sale at December 31, 2017, by contractual maturity, are presented in the following table:

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 18,748	\$ 18,975
Due after one year through five years	63,495	65,808
Due after five years through ten years	45,615	47,514
Due after ten years	90,703	103,749
Securities not due at a single maturity date—primarily mortgage and asset-backed securities	100,405	101,622
Total fixed maturities, available-for-sale	<u>\$318,966</u>	<u>\$337,668</u>

Fixed maturities with a carrying value of \$4,736 and \$4,737 were on deposit with governmental authorities as required by law at December 31, 2017 and 2016, respectively.

The Company's fixed maturities portfolio was primarily composed of investment grade securities, defined as a security having a rating of Aaa, Aa, A, or Baa from Moody's, AAA, AA, A, or BBB from Standard & Poor's, or National Association of Insurance Commissioners (NAIC) rating of NAIC 1 or NAIC 2. Investment grade securities comprised 90.7% and 82.8% of the Company's total fixed maturities portfolio at December 31, 2017 and 2016, respectively.

Mortgage Loans

The Company makes investments in commercial mortgage loans through trust certificates. Through these trusts, the Company, along with other investors, owns a pro rata share of each loan in the trust. The Company participates in 25 such trusts with ownership shares ranging from 5.1% to 30.0% of the trust at December 31, 2017. Through the trusts,

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 2—Investments (Continued)

the Company owns a share of 230 mortgage loans with a loan average balance of \$187 and a maximum exposure related to any single loan of \$555. Mortgage loan holdings are diversified by geography and property type as follows:

	December 31, 2017		December 31, 2016	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
Property Type:				
Retail	\$14,248	33.0%	\$11,903	36.3%
Office	9,931	23.0%	6,588	20.1%
Industrial	7,041	16.3%	5,291	16.1%
Mixed use	6,176	14.3%	4,197	12.8%
Apartments	2,860	6.6%	2,714	8.3%
Medical office	2,422	5.6%	1,784	5.4%
Other	442	1.2%	308	1.0%
Gross carrying value of mortgage loans	<u>43,120</u>	<u>100.0%</u>	<u>32,785</u>	<u>100.0%</u>
Valuation allowance	(268)		(490)	
Net carrying value of mortgage loans	<u>\$42,852</u>		<u>\$32,295</u>	

	December 31, 2017		December 31, 2016	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
U.S. Region:				
West South Central	\$10,630	24.7%	\$ 7,334	22.4%
East North Central	9,236	21.3%	6,977	21.3%
South Atlantic	11,074	25.7%	6,458	19.7%
West North Central	3,148	7.3%	4,535	13.8%
Mountain	3,398	7.9%	3,009	9.2%
Middle Atlantic	2,093	4.9%	1,891	5.8%
East South Central	2,751	6.4%	1,618	4.9%
New England	400	0.9%	488	1.5%
Pacific	390	0.9%	475	1.4%
Gross carrying value of mortgage loans	<u>43,120</u>	<u>100.0%</u>	<u>32,785</u>	<u>100.0%</u>
Valuation allowance	(268)		(490)	
Net carrying value of mortgage loans	<u>\$42,852</u>		<u>\$32,295</u>	

During 2017 and 2016, \$14,174 and \$5,102 of new mortgage loans were made, which did not include second lien mortgage loans. There were no taxes, assessments, or any amounts advanced that were not included in the mortgage loan balances at December 31, 2017 and 2016. As of December 31, 2017 and 2016, the Company had 7 and 10 mortgage loans with a total carrying value of \$704 and \$1,256 that were in a restructured status, respectively. As of December 31, 2017 and 2016, the Company had 0 and 1 mortgage loan with a total carrying value of \$0 and \$66 that were in process of foreclosure, respectively. There were no material impairments associated with these mortgage loans in 2017 or 2016.

The changes in the valuation allowance for commercial mortgage loans were as follows:

	2017	2016
Beginning balance	\$ 490	\$545
Net decrease in valuation allowance	(222)	(55)
Ending balance	<u>\$ 268</u>	<u>\$490</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 2—Investments (Continued)

At December 31, 2017 and 2016, the Company had no mortgage loans that were on nonaccrual status, respectively.

As of December 31, 2017 and 2016, the Company had a commitment to make investments in mortgage loan partnership trusts in the amount of \$2,095 and \$3,243, respectively.

Limited Partnerships

The carrying value of limited partnerships as of December 31, 2017 and 2016 was \$899 and \$1,557, respectively, which includes undistributed earnings of \$(96) and \$(152) as of December 31, 2017 and 2016, respectively. The Company's maximum exposure to loss related to these equity method investments is limited to the carrying value of these investments plus unfunded commitments of \$119 and \$119 as of December 31, 2017 and 2016, respectively.

As of December 31, 2017 and 2016, the Company's limited partnerships holdings included one hedge fund of funds investment, respectively, which consists of a diversified group of managers with multiple strategies being employed.

Net Investment Income

The sources of net investment income for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Interest from:		
Fixed maturity securities	\$13,933	\$14,931
Policy loans	226	365
Mortgage loans	1,989	1,565
Cash equivalents	90	26
Dividends on equity securities	456	362
Gross investment income	<u>16,694</u>	<u>17,249</u>
Investment expense	(1,575)	(1,292)
Net investment income	<u>\$15,119</u>	<u>\$15,957</u>

Investment expenses include investment management fees, some of which include incentives based on market performance, custodial fees and internal costs for investment-related activities.

Realized Investment Gains (Losses)

Realized investment gains (losses) for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Sales of investments:		
Fixed maturity securities, available-for-sale	\$ 843	\$ 34
Limited partnerships	89	78
OTTI losses on fixed maturity securities, available-for-sale—net	—	(26)
Trading securities—gains and (losses):		
Equity securities	(609)	619
Investment expenses	(22)	(39)
Mortgage loans	214	55
Equity method—limited partnerships	56	(191)
Total net realized investment gains	<u>\$ 571</u>	<u>\$ 530</u>

Other-Than-Temporary Declines in Fair Value

The Company regularly reviews its investments portfolio for factors that may indicate that a decline in the fair value of an investment is other-than-temporary. A fixed maturity security is other-than-temporarily impaired if the fair value of

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 2—Investments (Continued)

the security is less than its amortized cost basis and the Company either intends to sell the fixed maturity security or it is more likely than not the Company will be required to sell the fixed maturity security before recovery of its amortized cost basis. For all other securities in an unrealized loss position in which the Company does not expect to recover the entire amortized cost basis, the security is deemed to be other-than-temporarily impaired for credit reasons.

Significant judgment is required in the determination of whether an OTTI loss has occurred for a security. The Company has developed a consistent methodology and has identified significant inputs for determining whether an OTTI loss has occurred. Some of the factors considered in evaluating whether a decline in fair value is other-than-temporary are the financial condition and prospects of the issuer, payment status, the probability of collecting scheduled principal and interest payments when due, credit ratings of the securities, and the duration and severity of the decline.

The credit loss component of a fixed maturity security impairment is calculated as the difference between amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate of cash flows discounted at the effective rate implicit to the security at the date of purchase or prior impairment. The methodology and assumptions for estimating the cash flows vary depending on the type of security. For mortgage-backed and asset-backed securities, cash flow estimates, including prepayment assumptions, are based on data from widely accepted third-party sources or internal estimates. In addition to prepayment assumptions, cash flow estimates vary based on assumptions regarding the underlying collateral characteristics, expectations of delinquency and default rates, and structural support, including subordination and guarantees. If the present value of the modeled expected cash flows equals or exceeds the amortized cost of a security, no credit loss exists and the security is considered to be temporarily impaired. If the present value of the expected cash flows is less than amortized cost, the security is determined to be other-than-temporarily impaired for credit reasons and is recognized as an OTTI loss in earnings. The non-credit component, determined as the difference between the adjusted amortized cost basis and fair value, is recognized as OTTI in other comprehensive income.

A roll forward of the cumulative credit losses on fixed maturity securities as of December 31, 2017 and 2016 is as follows:

	2017	2016
Beginning balance of credit losses on fixed maturity securities	\$828	\$802
Additional credit losses for which an OTTI was not previously recognized	—	14
Additional credit losses for which an OTTI was previously recognized	—	12
Ending balance of credit losses on fixed maturity securities	<u>\$828</u>	<u>\$828</u>

Unrealized Losses for Fixed Maturities and Equity Securities

The Company's fair value and gross unrealized losses for fixed maturities and equity securities available-for-sale, aggregated by investment category and length of time that individual securities have been in a continuous gross unrealized loss position as of December 31, 2017 and 2016 are as follows:

<u>December 31, 2017</u>	<u>Less than 12 months</u>		<u>12 months or longer</u>		<u>Total</u>	
	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>
Fixed Maturity Securities						
U.S. government and agencies	\$ 3,092	\$ (24)	\$ —	\$ —	\$ 3,092	\$ (24)
U.S. agency mortgage-backed	11,544	(71)	3,705	(96)	15,249	(167)
State and political subdivision	2,452	(29)	—	—	2,452	(29)
Corporate and miscellaneous	14,322	(178)	385	(2)	14,707	(180)
Residential mortgage-backed	728	(18)	10	(1)	738	(19)
Commercial mortgage-backed	2,795	(31)	1,701	(43)	4,496	(74)
Asset-backed securities	7,151	(47)	2,434	(54)	9,585	(101)
Total Fixed Maturities	<u>\$ 42,084</u>	<u>\$ (398)</u>	<u>\$ 8,235</u>	<u>\$ (196)</u>	<u>\$ 50,319</u>	<u>\$ (594)</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
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Note 2—Investments (Continued)

<u>December 31, 2016</u>	<u>Less than 12 months</u>		<u>12 months or longer</u>		<u>Total</u>	
	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>
Fixed Maturity Securities						
U.S. government and agencies	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. agency mortgage-backed	13,658	(300)	—	—	13,658	(300)
State and political subdivision	1,010	(26)	—	—	1,010	(26)
Corporate and miscellaneous	22,659	(296)	1,490	(84)	24,149	(380)
Residential mortgage-backed	2,209	(32)	13	(1)	2,222	(33)
Commercial mortgage-backed	3,244	(49)	—	—	3,244	(49)
Asset-backed securities	17,464	(171)	10,155	(113)	27,619	(284)
Total Fixed Maturities	\$ 60,244	\$ (874)	\$ 11,658	\$ (198)	\$ 71,902	\$ (1,072)

The indicated gross unrealized losses in all categories decreased from \$1,072 at December 31, 2016 to \$594 at December 31, 2017. Based on the Company's current evaluation of its fixed maturities in an unrealized loss position in accordance with our impairment policy, and the Company's current intentions regarding these securities, the Company concluded that these securities were not other-than-temporarily impaired.

Information and concentrations related to fixed maturities and equity securities in an unrealized loss position are included below. The tables below include the number of fixed maturities and equity securities in an unrealized loss position for greater than and less than 12 months and the percentage that were investment grade at December 31, 2017.

	Unrealized Losses less than 12 months				Percent Investment Grade
	Number of Securities				
	Total	Impairment is Less than 10% of Amortized Cost	Impairment is between 10% and 20% of Amortized Cost	Impairment is Greater than 20% of Amortized Cost	
Fixed Maturity Securities					
U.S. government and agencies	3	3	—	—	100%
U.S. agency mortgage-backed	14	14	—	—	100%
State and political subdivision	9	9	—	—	100%
Corporate and miscellaneous	44	44	—	—	27%
Residential mortgage-backed	3	3	—	—	100%
Commercial mortgage-backed	2	2	—	—	100%
Asset-backed securities	15	15	—	—	100%
Total Fixed Maturities	90	90	—	—	

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 2—Investments (Continued)

	Unrealized Losses greater than 12 months				
	Number of Securities				
	Total	Impairment is Less than 10% of Amortized Cost	Impairment is between 10% and 20% of Amortized Cost	Impairment is Greater than 20% of Amortized Cost	Percent Investment Grade
Fixed Maturity Securities					
U.S. agency mortgage-backed	6	6	—	—	100%
Corporate and miscellaneous	2	2	—	—	0%
Residential mortgage-backed	1	1	—	—	0%
Commercial mortgage-backed	1	1	—	—	100%
Asset-backed securities	5	5	—	—	60%
Total Fixed Maturities	15	15	—	—	

Note 3—Intangible Assets, Net

Intangible assets, net, as of December 31, 2017 and 2016 consist of the following:

Classification	Gross Carrying Amount		Accumulated Amortization		Intangible Assets, Net	
	2017	2016	2017	2016	2017	2016
Trademark	\$ 1,635	\$ 1,635	\$ —	\$ —	\$ 1,635	\$ 1,635
Technology	5,095	5,095	(4,850)	(4,687)	245	408
Customer relationships	560	560	(560)	(560)	—	—
Other	605	605	(605)	(605)	—	—
	<u>\$ 7,895</u>	<u>\$ 7,895</u>	<u>\$ (6,015)</u>	<u>\$ (5,852)</u>	<u>\$ 1,880</u>	<u>\$ 2,043</u>

At December 31, 2017, the estimated amortization expense for intangible assets for the next five years is as follows:

2018	\$163
2019	82
2020	—
2021	—
2022	—
Thereafter	—
Total	<u>\$245</u>

Amortization expense for the years ended December 31, 2017 and 2016 was \$163 and \$164, respectively.

Note 4—Deferred Acquisition Costs

Policy acquisition costs deferred primarily consist of commissions on sales, policy underwriting and issuance costs, and variable sales and marketing costs. Annually, the Company reviews the assumptions and experience underlying the expected gross margins for policies accounted for as investment contracts, which may or may not result in the recognition of unlocking adjustments.

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 4—Deferred Acquisition Costs (Continued)

The deferred policy acquisition costs and changes thereto for the years ended December 31, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 81,233	\$ 86,490
Acquisition costs deferred	12,012	7,761
Amortization	(10,926)	(13,018)
Ending balance	<u>\$ 82,319</u>	<u>\$ 81,233</u>

Note 5—Income Taxes

The components of income tax (benefit) for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Income tax applicable to:		
Current	\$ (641)	\$ 873
Deferred (net of (decrease) in valuation allowance: 2017—\$(6,795), 2016—\$(44))	(2,060)	(7,706)
Ending balance	<u>\$(2,701)</u>	<u>\$(6,833)</u>

On December 22, 2017, the Tax Cut and Jobs Act Bill “H.R.1” was enacted, which, among other things, reduced the federal tax rate for corporations to 21% and eliminated net operating loss carrybacks effective January 1, 2018. Upon enactment, the Company reduced its net deferred tax asset by \$9,608 and decreased the valuation allowance by \$6,559 resulting in a write-down of the net deferred tax asset through a charge to income tax expense in 2017 of \$3,049.

Reconciliations between income taxes based on the combined federal and state income tax rates and the effective tax rate for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Loss before income taxes	\$(10,942)	\$(22,171)
Statutory rate	34%	35%
Income tax benefit at statutory rate	(3,720)	(7,760)
Effect of:		
(Decrease) in the valuation allowance	(237)	(44)
Change related to tax rate on ending net deferred tax assets	3,049	—
Other	(1,793)	971
Income tax (benefit)	<u>\$ (2,701)</u>	<u>\$ (6,833)</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 5—Income Taxes (Continued)

The components of the net deferred income tax assets as of December 31, 2017 and 2016 are as follows:

	2017	2016
Deferred tax assets:		
Net operating loss carryforward attributable to Non-life companies:	\$ 12,961	\$ 19,292
Reinsurance assets	41,962	65,118
Policyholder dividend obligation	2,330	3,378
Basis difference—investments	—	43
Policyholder dividends	253	436
Commission receivable allowance	65	74
Incentive compensation	162	366
Other	3,060	5,035
Total deferred tax assets	60,793	93,742
Valuation allowance	(10,595)	(17,390)
Net deferred tax assets	50,198	76,352
Deferred tax liabilities:		
Life insurance reserves	29,753	47,239
Deferred policy acquisition costs	10,288	17,788
Net unrealized investment gains	4,052	5,782
Intangible assets	395	695
Basis difference—investments	321	—
Due premiums—net	74	110
Other	390	1,275
Total deferred tax liabilities	45,273	72,889
Net deferred income tax assets	<u>\$ 4,925</u>	<u>\$ 3,463</u>

The Company established a valuation allowance for the net deferred tax assets of the companies included in the non-life sub-group because management believes that it is more likely than not that the deductions will not be recognized for tax purposes based on the current history of tax losses for the non-life sub-group.

The Company's net operating loss carryforwards as of December 31, 2017 are as follows:

	Life Sub-Group	Non-Life Sub-Group	Total
<u>Year net operating loss expires</u>			
2020	\$ —	\$ 1,229	\$ 1,229
2021	—	5,249	5,249
2022	—	5,057	5,057
2023	—	3,061	3,061
2024	—	1,708	1,708
2025	—	8,121	8,121
2026	—	5,361	5,361
2027	—	2,539	2,539
2028	—	1,099	1,099
2029	—	13,526	13,526
2030	—	5,311	5,311
2031	—	5,267	5,267
2032	—	4,193	4,193
	<u>\$ —</u>	<u>\$ 61,721</u>	<u>\$61,721</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 5—Income Taxes (Continued)

For 2017, the Company generated \$983 of taxable income which, to the extent possible, was offset by net operating loss carryforwards arising in prior years. For 2016, the Company generated \$3,994 of taxable income which was offset by a reduction of net operating loss carryforwards arising in prior years.

The Company has no unrecognized tax benefits for the years ended December 31, 2017 and 2016, and the Company does not expect the unrecognized tax benefits to increase in the next 12 months. The Company records penalties and interest related to unrecognized tax benefits within income tax expense.

The statute of limitations for the Company's consolidated Federal income tax return is closed for all tax years up to and including 2009.

Note 6—Policy Liabilities**Future Policy Benefits**

Future policy benefits represent the reserve for direct and assumed traditional life insurance policies and annuities in payout status.

In 2016, a \$1,690 after-tax charge was recognized relating to a premium deficiency on an assumed term life block of business. The December 31, 2016 gross premium valuation for this block of business indicated a premium deficiency of \$2,600. The indicated premium deficiency necessitated a charge to income in the insurance segment that was affected by an increase in future policy benefit and claims of \$2,600.

The annuities in payout status are certain structured settlement contracts. The policy liability for structured settlement contracts of \$18,099 and \$17,641 as of December 31, 2017 and 2016, respectively, is computed as the present value of contractually specified future benefits. The amount included in the policy liability for structured settlements that are life contingent at December 31, 2017 and 2016, is \$12,812 and \$12,130, respectively.

To the extent that unrealized gains on fixed income securities would result in a premium deficiency had those gains actually been realized, a premium deficiency reserve is recorded. A liability of \$3,643 and \$2,976 is included as part of the liability for structured settlements with respect to this deficiency as of December 31, 2017 and 2016, respectively. The offset to this liability is recorded as a reduction of the unrealized capital gains included in AOCI.

Participating life insurance in force was 29.5% and 34.8% of the face value of total life insurance in force at December 31, 2017 and 2016, respectively.

Note 7—Reinsurance

The Company uses reinsurance to mitigate exposure to potential losses, provide additional capacity for growth, and provide greater diversity of business. For ceded reinsurance, the Company remains liable to the extent that reinsuring companies may not be able to meet their obligations under the reinsurance agreements. To manage the risk from failure of a reinsurer to meet its obligations, the Company periodically evaluates the financial condition of all of its reinsurers. No amounts have been recorded in 2017 and 2016 for amounts anticipated to be uncollectible or for the anticipated failure of a reinsurer to meet its obligations under the contracts.

Reinsurance recoverable as of December 31, 2017 and 2016 is comprised as follows:

	2017	2016
Ceded future policy benefits	\$ 116,923	\$ 119,205
Claims and other amounts recoverable	26,992	26,799
Ending balance	<u>\$ 143,915</u>	<u>\$ 146,004</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 7—Reinsurance (Continued)

The reconciliation of direct premiums to net premiums for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Direct premiums	\$142,823	\$138,598
Assumed premiums	19,032	14,425
Ceded premiums	(78,982)	(74,885)
Net insurance premiums	<u>\$ 82,873</u>	<u>\$ 78,138</u>

Net policy charges on universal life products were \$176 and \$172 for the years ended December 31, 2017 and 2016, respectively, and are included in other income.

As of December 31, 2017 and 2016, reserves related to fixed-rate annuity deposits assumed from a former affiliate company amounted to approximately \$88,724 and \$93,168, respectively, and are included with policyholder account balances in the Consolidated Balance Sheets.

Note 8—Retirement and Executive Compensation Plans

The Company sponsors a defined contribution 401(k) plan covering substantially all employees. For the years ended December 31, 2017 and 2016, Members Mutual expenses were \$582 and \$572, respectively.

The Company has established a nonqualified deferred compensation plan under which participants can elect to defer a portion of current compensation. Eligible participants are members of the Company's Board of Directors and certain members of the Company's management.

The Vericity long term incentive plan (LTIP) covers certain members of management and the Company's Board of Directors and provides that annual grants of award units can be made to the plan participants. The form of the specific grant, the performance requirements to earn the awards, the vesting period, and other key terms are specified in the annual grant agreement. All grants under the LTIP are approved by the Board of Directors.

The value of award units at each measurement date is determined by dividing the initial units (as defined in the LTIP) into the adjusted book value of Vericity at the measurement date. This formula is used to determine the estimated value of the outstanding award units and to determine the amount of bonus compensation for the period or the amount of any bonus payments to be made.

The LTIP awards are settled in cash and require the fair value of unsettled or unvested awards to be re-measured at the end of each reporting period and accordingly, the liability and corresponding expense are adjusted until the award is settled.

For the years ended December 31, 2017 and 2016, the Company recorded compensation expense related to the LTIP grants of \$625 and \$545, respectively.

In 2017 and 2016, the Company paid out grant awards in the amount of \$950 and \$707, respectively. As of December 31, 2017 and 2016, the liability for unpaid awards that had vested was \$712 and \$985, respectively.

The LTIP award activity for the year ended December 31, 2017, is as follows (in thousands, except unit value and grant unit

	Grant Units	Unit Value	Value of Grants
Outstanding at January 1, 2017	175,054	8.27	\$ 1,448
Awards granted	184,870	7.05	1,303
Vested grants	(110,662)	6.87	(760)
Unit Value Adjustment	—	—	(297)
Outstanding at December 31, 2017	<u>249,262</u>		<u>\$ 1,694</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 9—Closed Block

The Closed Block was formed as of October 1, 2006 and contains all participating policies issued or assumed by Fidelity Life. The assets and future net cash flows of the Closed Block are available only for purposes of paying benefits, expenses and dividends of the Closed Block and are not available to the Company, except for an amount of additional funding that was established at the inception of the Closed Block. The additional funding was designed to protect the block against future experience, and if the funding is not required for that purpose, is subject to reversion to the Company in the future. Any reversion of Closed Block assets to the Company must be approved by the Illinois Department of Insurance (IDOI).

In October 2011, the IDOI approved a reversion of a portion of the initial funding that the Company had determined was not required to fund the Closed Block. The carrying value of the assets transferred from the Closed Block on October 31, 2011, the date of transfer, was \$4,397.

The assets and liabilities within the Closed Block are included in the Company's consolidated financial statements on the same basis as other accounts of the Company. The maximum future earnings and accumulated other comprehensive income to be recognized from Closed Block assets and liabilities represent the estimated future Closed Block profits that will accrue to the Company and is calculated as the excess of Closed Block liabilities over Closed Block assets. Included in Closed Block assets at December 31, 2017 and 2016 is \$9,229 and \$8,963 of additional Closed Block funding, plus accrued interest, that is eligible for reversion to the Company if not needed to fund Closed Block experience.

The Closed Block was funded based on a model developed to forecast the future cash flows of the Closed Block, which is referred to as the actuarial calculation. The actuarial calculation projected the anticipated future cash flows of the Closed Block as established at the initial funding. We compare the actual results of the Closed Block to expected results from the actuarial calculation as part of the annual assessment of the current level of policyholder dividends. The assessment of policyholder dividends includes projections of future experience of the Closed Block. The review of Closed Block experience also includes consideration of whether a policy dividend obligation should be recorded to reflect favorable Closed Block experience that has not yet been reflected in the dividend scales.

As of December 31, 2017 and 2016, the Company recognized a policyholder dividend obligation of \$11,097 and \$9,652, respectively, resulting from the excess of actual cumulative earnings over the expected cumulative earnings, and from accumulated net unrealized investment gains that have arisen subsequent to the establishment of the Closed Block.

The impacts on the Company's comprehensive income from recognizing a policyholder dividend obligation for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Actual cumulative (loss) earnings over expected cumulative earnings	\$(8,621)	\$(7,635)
Income tax benefit	2,931	2,672
Net (loss) impact	<u>(5,690)</u>	<u>(4,963)</u>
Accumulated net unrealized investment gains	(2,476)	(2,017)
Income tax benefit	842	706
Other comprehensive income impact	<u>(1,634)</u>	<u>(1,311)</u>
Comprehensive income impact	<u><u>\$(7,324)</u></u>	<u><u>\$(6,274)</u></u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 9—Closed Block (Continued)

Information regarding the Closed Block liabilities and assets designated to the Closed Block as of December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Closed Block Liabilities		
Future policy benefits and claims	\$ 74,540	\$ 93,811
Policyholder account balances	8,655	9,307
Other policyholder liabilities	5,837	4,030
Policyholder dividend obligation	11,097	9,652
Other liabilities	5,014	4,661
Total Closed Block liabilities	<u>105,143</u>	<u>121,461</u>
Assets Designated to the Closed Block		
Investments		
Fixed maturity securities—Available-for-Sale (amortized cost \$36,080 and \$39,67, respectively)	39,763	42,717
Policyholder loans	1,490	1,585
Total investments	41,253	44,302
Cash and cash equivalents	3,330	1,317
Premiums due and uncollected	4,655	1,280
Accrued investment income	475	527
Reinsurance recoverables	54,933	70,319
Deferred income tax assets	5,783	9,190
Total assets designated to the Closed Block	<u>110,429</u>	<u>126,935</u>
Excess of Closed Block assets over liabilities	5,286	5,474
Amounts included in accumulated other comprehensive income:		
Unrealized investment gains, net of income tax	2,430	2,009
Allocated to policyholder dividend obligation, net of income tax	(1,634)	(1,331)
Total amounts included in accumulated other comprehensive income	<u>796</u>	<u>678</u>
Maximum future earnings and accumulated other comprehensive income to be recognized from		
Closed Block assets and liabilities	<u>\$ (4,490)</u>	<u>\$ (4,796)</u>

Information regarding the policyholder dividend obligation is as follows:

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 9,652	\$7,428
Impact from earnings allocable to policyholder dividend obligation	987	1,334
Change in net unrealized investment gains allocated to policyholder dividend obligation	458	890
Ending Balance	<u>\$11,097</u>	<u>\$9,652</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 9—Closed Block (Continued)

Information regarding the Closed Block revenues and expenses is as follows:

	Years ended December 31,	
	2017	2016
Revenues:		
Life insurance premiums	\$ 4,889	\$ 6,283
Net investment income	1,734	2,157
Realized investment gains	161	118
Total revenues	<u>6,784</u>	<u>8,558</u>
Benefits and expenses:		
Life and annuity benefits—including policyholders dividends of \$2,081 in 2017 and \$2,532 in 2016	3,692	6,754
Interest credited to policyholder account balances	223	239
General operating expenses	(2,125)	(1,355)
Total expenses	<u>1,790</u>	<u>5,638</u>
Revenues, net of expenses before provision for income tax expense	<u>4,994</u>	<u>2,920</u>
Income tax expense	5,143	993
Revenues, net of expenses and provision for income tax expense	<u>\$ (149)</u>	<u>\$ 1,927</u>

The following table presents the amortized cost and fair value of the Closed Block fixed maturity securities portfolio at December 31, 2017, by contractual maturity. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 624	\$ 637
Due after one year through five years	11,353	11,771
Due after five years through ten years	6,963	7,181
Due after ten years	15,449	18,456
Securities not due at a single maturity date—primarily Mortgage and Asset-Backed Securities	<u>1,691</u>	<u>1,718</u>
Total Fixed Maturities	<u>\$ 36,080</u>	<u>\$ 39,763</u>

Note 10 —Regulatory Matters
Minimum Capital and Surplus Requirements

Members Mutual and Fidelity Life are required to comply with the provisions of state insurance statutes in the jurisdictions in which they do business. These statutes include minimum capital and surplus requirements. At December 31, 2017, Members Mutual and Fidelity Life exceeded the minimum capital and surplus level of \$2,000 required by Illinois, their state of domicile.

Risk-Based Capital Requirements

The NAIC established a standard for assessing the solvency of insurance companies using a formula for determining each insurer's risk-based capital (RBC). At December 31, 2017, the RBC of the Company's insurance subsidiary, Fidelity Life, exceeded the levels at which certain regulatory corrective actions would be initiated. Members Mutual, as a mutual insurance holding company, is not subject to the NAIC's RBC requirements.

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 10 —Regulatory Matters (Continued)

Dividend Limitations

The maximum amount of dividends that can be paid by Illinois life insurance companies to shareholders without 30 days prior notice to the Director of the IDOI is the greater of (i) statutory net income for the preceding year or (ii) 10% of statutory surplus as of the preceding year-end. However, under State of Illinois insurance statutes, dividends may be paid only from surplus, excluding unrealized appreciation in value of investments without prior approval. All dividends paid by Fidelity Life must be reported to the IDOI prior to payment.

During 2017, the Company declared and paid dividends in the amount of \$7,000. During 2016, Fidelity Life declared no dividends and \$13,000 was paid out in installments of \$3,000, \$2,000 and \$8,000 in March, May and June of 2016, respectively, related to dividends declared in 2015.

Members Mutual has an unassigned deficit at December 31, 2017, and, as a result, is unable to pay dividends without prior approval of the IDOI. There were no dividends approved or paid during the twelve months ended December 31, 2017 and 2016.

Statutory Accounting Practices

Members Mutual and Fidelity Life prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the IDOI. The IDOI requires that insurance companies domiciled in Illinois prepare their statutory-basis financial statements in accordance with the NAIC's Accounting Practices and Procedures Manual, as modified by the IDOI. In addition, the IDOI has a right to permit other specific practices that may deviate from prescribed practices. Fidelity Life adopted a practice permitted by the IDOI that increased surplus by \$2,000 as of December 31, 2017 and 2016. The permitted practice allows Fidelity Life to carry a guarantee fund note receivable from Members Mutual as an admitted asset, rather than non-admitting the note as required by the NAIC statutory accounting principles.

Statutory Financial Information

The statutory capital and surplus and net income (loss) for Fidelity Life and Members Mutual, as determined in accordance with statutory accounting practices prescribed or permitted by the IDOI, as of December 31, 2017 and 2016, and for the years ended December 31, 2017 and 2016, are as follows:

	Years ended December 31,	
	2017	2016
Capital and Surplus		
Fidelity Life	\$127,605	\$132,225
Members Mutual	2,020	2,026
	Years ended December 31,	
	2017	2016
Net Income (Loss)		
Fidelity Life	\$ 1,018	\$ 5,236
Members Mutual	(6)	(10)

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 11—Commitments and Contingencies**Leases**

Minimum future operating lease payments, including lease payments for real estate, vehicles, computers and office equipment as of December 31, 2017 are:

2018	\$1,181
2019	1,225
2020	1,268
2021	787
2022	705
Thereafter	59
Total	<u>\$5,225</u>

Lease expense for the years ended December 31, 2017 and 2016 was \$1,516 and \$1,537, respectively.

Litigation

The Company is subject to legal and regulatory actions in the ordinary course of its business. Management does not believe such litigation will have a material impact on the Company's financial statements. The Company establishes accruals for litigation and regulatory matters when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. For litigation and regulatory matters where a loss may be reasonably possible but not probable, or is probable but not reasonably estimable, no accrual is established, but the matter, if material, is disclosed. The Company is not aware of any legal or regulatory matters threatened or pending against Members Mutual or any of its subsidiaries.

Debt

The Company is a member of the Federal Home Loan Bank of Chicago (FHLBC). As a member, the Company is able to borrow on a collateralized basis from FHLBC which can be used as an alternative source of liquidity. FHLBC membership requires the Company to own member stock. At December 31, 2017 the Company held \$109 of FHLBC common stock which allows the Company to borrow up to \$2,433. Interest on borrowed funds is charged at variable rates established from time to time by FHLBC and depending on the borrow option selected at the time of the borrowing. No amounts have been borrowed from the FHLBC as of December 31, 2017 and 2016.

Note 12—Assets and Liabilities Measured at Fair Value

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company attempts to establish fair value as an exit price consistent with transactions taking place under normal market conventions. The Company utilizes market observable information to the extent possible and seeks to obtain quoted market prices for all securities. If quoted market prices in active markets are not available, the Company uses a number of methodologies to establish fair value estimates including discounted cash flow models, prices from recently executed transactions of similar securities, or broker/dealer quotes.

Fair values for the Company's fixed maturities and equity securities are determined by management, utilizing prices obtained from third party pricing services. Management reviews on an ongoing basis the reasonableness of the methodologies used by the pricing services to ensure prices received represent a reasonable estimate of fair value and to confirm representations regarding whether inputs are observable or unobservable. The main procedure the Company employs in fulfillment of this objective includes back-testing transactions, where past fair value estimates are compared to actual transactions executed in the market on similar dates.

The Company's assets and liabilities have been classified into a three-level hierarchy based on the priority of the inputs to the respective valuation technique. The hierarchy gives the highest ranking to fair values determined using unadjusted

Members Mutual Holding Company
Notes to Consolidated Financial Statements
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Note 12—Assets and Liabilities Measured at Fair Value (Continued)

quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Level 1 and Level 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets in active markets the Company can access. Level 1 assets include securities that are traded in an active exchange market.

Level 2 – This level includes fixed maturities priced principally by independent pricing services using observable inputs other than Level 1 prices, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments on inactive markets; and model-derived valuations for which all significant inputs are observable market data. Level 2 instruments include most corporate debt securities and U.S. government and agency mortgage-backed securities that are valued by models using inputs that are derived principally from or corroborated by observable market data. Level 2 instruments also include a private placement equity fund.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are unobservable. Level 3 instruments include less liquid assets for which significant inputs are unobservable in the market, such as structured securities and private placement bonds that require significant management assumptions or estimation in the fair value measurement.

This hierarchy requires the use of observable market data when available.

Certain assets are not carried at fair value on a recurring basis, including investments such as mortgage loans, intangible assets, future policy benefits excluding term life reserves and policyholder account balances. Accordingly, such investments are only included in the fair value hierarchy disclosure when the investment is subject to re-measurement at fair value after initial recognition (for example, when there is evidence of impairment) and the resulting re-measurement is reflected in the consolidated financial statements at the reporting date.

Recurring and Non-Recurring Fair Value Measurements

The Company's assets and liabilities that are carried at fair value on a recurring and non-recurring basis as of December 31, 2017 and 2016, by fair value hierarchy level, are as follows:

<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Recurring Fair Value Measurements				
Financial instruments recorded as assets:				
Fixed Maturities, Available-for-Sale:				
U.S. government and agencies	\$ —	\$ 15,814	\$ —	\$ 15,814
U.S. agency mortgage-backed	—	35,231	—	35,231
State and political subdivision	—	18,717	—	18,717
Corporate and miscellaneous	1,934	179,589	22,290	203,813
Foreign government	—	163	—	163
Residential mortgage-backed securities	—	4,548	—	4,548
Commercial mortgage-backed securities	—	12,768	—	12,768
Asset-backed securities	—	45,614	1,000	46,614
Total Fixed Maturities Available-for-Sale	1,934	312,444	23,290	337,668
Equity Security, Available-for-Sale	—	109	—	109
Equity Securities, trading	5,596	—	—	5,596
Total recurring assets	<u>\$7,530</u>	<u>\$312,553</u>	<u>\$23,290</u>	<u>\$343,373</u>

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 12—Assets and Liabilities Measured at Fair Value (Continued)

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Recurring Fair Value Measurements				
Financial instruments recorded as assets:				
Fixed Maturities, Available-for-Sale:				
U.S. government and agencies	\$ —	\$ 13,440	\$ —	\$ 13,440
U.S. agency mortgage-backed	—	41,050	—	41,050
State and political subdivision	—	11,402	—	11,402
Corporate and miscellaneous	504	178,379	29,044	207,927
Foreign government	—	148	—	148
Residential mortgage-backed securities	—	5,325	—	5,325
Commercial mortgage-backed securities	—	10,934	—	10,934
Asset-backed securities	—	48,849	—	48,849
Total Fixed Maturities Available-for-Sale	504	309,527	29,044	339,075
Equity Security, Available-for-Sale	—	379	—	379
Equity Securities, trading	5,908	—	—	5,908
Total recurring assets	<u>\$6,412</u>	<u>\$309,906</u>	<u>\$29,044</u>	<u>\$345,362</u>

Summary of Significant Valuation Techniques for Assets and Liabilities on a Recurring Basis

Level 1 securities include principally exchange-traded funds that are valued based on quoted market prices for identical assets. All the fair values of the Company's fixed maturities and equity securities within Level 2 are based on prices obtained from independent pricing services. All of the Company's prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type and region of the world, based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type and region. For fixed maturities that do not trade on a daily basis, the pricing services prepare estimates of fair value measurements using their pricing applications which incorporate a variety of inputs including, but not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, and U.S. Treasury curves. Specifically, for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data. Securities with validated quotes from pricing services are reflected within Level 2 of the fair value hierarchy, as they generally are based on observable pricing for similar assets or other market significant observable inputs.

Level 3 fair value classification consists primarily of investments in private placement securities where the fair value of security is determined by a pricing service using spread matrix pricing which incorporates a discounted cash flow model where one or more of the significant inputs is unobservable in the market place. The remaining securities in Level 3 consist of corporate bonds whose fair values are determined by pricing models where there is a lack of transparency to one or more significant inputs, or broker/dealer quotes. The fair value of a broker-quoted asset is based solely on the receipt of an updated quote from a single market maker or a broker-dealer recognized as a market participant. The Company does not adjust broker quotes when used as the fair value measurement for an asset. As of December 31, 2017, the Company held 1 security priced using a broker/dealer quote that was within Level 3. The fair value of Level 3 liabilities is estimated on the discounted cash flow of contractual payments.

If the Company believes the pricing information received from third party pricing services is not reflective of market activity or other inputs observable in the market, the Company may challenge the price through a formal process with the pricing service. Historically, the Company has not challenged or updated the prices provided by third-party pricing services. However, any such updates by a pricing service to be more consistent with the presented market observations, or any adjustments made by the Company to prices provided by third-party pricing services would be reflected in the balance sheet for the current period.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, a Level 3 fair value measurement may include inputs that are observable (Level 1 or Level 2) and

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 12—Assets and Liabilities Measured at Fair Value (Continued)

unobservable (Level 3). Net transfers in and/or out of Level 3 are reported as having occurred at the beginning of the period and are based on observable inputs received from pricing sources; therefore, all realized and unrealized gains and losses on these securities for the period are reflected in the table that follows. A summary of changes in fair value of Level 3 assets held at fair value on a recurring basis for the years ended December 31, 2017 and 2016 is as follows:

	Balance at January 1, 2017	Total gains (losses) included in:					Net Transfers	Balance at December 31, 2017
		Net Income	OCI	Purchases	Sales	Settlements		
2017								
Financial Assets								
Fixed maturities, available-for-sale								
Corporate and miscellaneous	\$ 29,044	\$ 23	\$ (577)	\$ —	\$ (280)	\$ (7,170)	\$ 1,250	\$ 22,290
Asset-backed	—	—	—	1,000	—	—	—	1,000
Total assets	\$ 29,044	\$ 23	\$ (577)	\$ 1,000	\$ (280)	\$ (7,170)	\$ 1,250	\$ 23,290
2016								
Financial Assets								
Fixed maturities, available-for-sale								
Corporate and miscellaneous	\$ 33,638	\$ —	\$ (390)	\$ —	\$ —	\$ (4,204)	\$ —	\$ 29,044
Asset-backed	6,761	—	—	—	—	—	(6,761)	—
Total assets	\$ 40,399	\$ —	\$ (390)	\$ —	\$ —	\$ (4,204)	\$ (6,761)	\$ 29,044
Liabilities								
Noncontrolling interest liability	\$ 5,826	\$ 99	\$ —	\$ —	\$ —	\$ (5,925)	\$ —	\$ —

The total change in unrealized investment gains (losses) presented in the preceding table represents unrealized gains (losses) only for the current year during which the applicable financial instruments were classified as Level 3. Securities classified as Level 3 may be transferred in or out of Level 3 based on the availability of observable market information used to determine the fair value of the security. There was one transfer out of Level 2 into Level 3 based on a single broker quote obtained from pricing sources in 2017. There were six transfers out of Level 3 into Level 2 based on observable inputs obtained from pricing sources in 2016. There were no transfers between Level 1 and Level 2 in 2017 or 2016.

The following presents quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurements of Level 3 assets. Valuations for assets and liabilities not presented in the tables below are primarily based on broker/dealer quotes for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of these unobservable inputs is neither provided nor reasonably available to the Company.

	Fair Value	Valuation Technique	Unobservable Input(s)	Range (Weighted Average)
December 31, 2017				
Fixed Maturities, Available-for-Sale:				
Corporate	\$ 21,040	Matrix pricing	Spreads off benchmark yields	58 – 148 bps (83 bps)
December 31, 2016				
Fixed Maturities, Available-for-Sale:				
Corporate	\$ 29,044	Matrix pricing	Spreads off benchmark yields	76 – 194 bps (110 bps)

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 12—Assets and Liabilities Measured at Fair Value (Continued)

For the fixed maturities, an increase in spreads off benchmark yields would result in a lower fair value measurement.

Valuation for Level 3 securities not presented in the table above are primarily based on valuation models or a single broker/dealer quote for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of these unobservable inputs is neither provided nor reasonably available to the Company.

Financial Instruments not Measured at Fair Value

The carrying amount and estimated fair values of the Company's financial instruments that are not measured at fair value on the Consolidated Balance Sheets as of December 31, 2017 and 2016 are as follows:

	Carrying Value	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
December 31, 2017					
Financial instruments recorded as assets:					
Mortgage loans	\$ 42,852	\$ —	\$ —	\$ 41,784	\$ 41,784
Policy loans	5,936	—	—	7,766	7,766
Cash and cash equivalents	11,766	11,766	—	—	11,766
Financial instruments recorded as liabilities:					
Future policy benefits, excluding term life reserves	20,605	—	—	19,047	19,047
Policyholder account balances	\$ 98,899	\$ —	\$ —	\$ 100,007	\$ 100,007
	Carrying Value	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
December 31, 2016					
Financial instruments recorded as assets:					
Mortgage loans	\$ 32,295	\$ —	\$ —	\$ 32,785	\$ 32,785
Policy loans	5,776	—	—	7,562	7,562
Cash and cash equivalents	19,422	19,422	—	—	19,422
Financial instruments recorded as liabilities:					
Future policy benefits, excluding term life reserves	22,691	—	—	20,452	20,452
Policyholder account balances	\$ 103,884	\$ —	\$ —	\$ 100,099	\$ 100,099

The following methods and assumptions were used to estimate the fair value of these financial assets and liabilities.

Mortgage Loans—Fair value was based on the discounted value of future cash flows for all first mortgage loans adjusted for specific loan risk. The discount rate was based on the rate that would be offered for similar loans at the reporting date.

Policyholder Loans—Fair value of policyholder loans are estimated using discounted cash flows using risk-free interest rates with no adjustment for borrower credit risk as these loans are fully collateralized by the cash value of the underlying insurance policy.

Future Policy Benefits and Policyholder Account Balances—For deposit liabilities with interest rate guarantees greater than one year or with defined maturities, the fair value was estimated by calculating an average present value of expected cash flows over a broad range of interest rate scenarios using the current market risk-free interest rates adjusted for spreads required for publicly traded bonds issued by comparably rated insurers. For deposit liabilities with interest rate guarantees of less than one year, the fair value was based on the amount payable on demand at the reporting date.

The carrying amounts reported on the Consolidated Balance Sheets for accrued investment income and certain other assets and other liabilities approximate fair value due to the short-term nature of these items. These assets and liabilities are not listed in the tables above.

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 13—Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income, net of taxes as of December 31, consist of the following:

	Net Unrealized Gains (Losses) on Investments with OTTI Losses	Net Unrealized Gains (Losses) on Other Investments	Total
Balance at January 1, 2017	\$ 362	\$ 5,975	\$6,337
Other comprehensive income before reclassifications	—	2,058	2,058
Income tax (expense)	—	(597)	(597)
Other comprehensive loss after tax	—	1,461	1,461
Balance at December 31, 2017	<u>\$ 362</u>	<u>\$ 7,436</u>	<u>\$7,798</u>

	Net Unrealized Gains (Losses) on Investments with OTTI Losses	Net Unrealized Gains (Losses) on Other Investments	Total
Balance at January 1, 2016	\$ 375	\$ 4,123	\$4,498
Other comprehensive income before reclassifications	(10)	3,126	3,116
Unrealized investment gains reclassified from accumulated other comprehensive income	(10)	(278)	(288)
Income tax (expense)	7	(996)	(989)
Other comprehensive loss after tax	(13)	1,852	1,839
Balance at December 31, 2016	<u>\$ 362</u>	<u>\$ 5,975</u>	<u>\$6,337</u>

Note 14—Business Segments

As of December 31, 2017, the Company's current operations were organized into three segments: Insurance, Agency, and Corporate.

The Insurance segment is composed of three broad lines consisting of Direct Life, Closed Block, and Assumed Life and Annuities. Direct Life and the Closed Block are distinct operations; the assumed business and the small amount of structured settlements are all blocks in runoff from a prior management arrangement.

The Agency segment includes the insurance distribution operations of the Company and includes commission revenue from the sale of Fidelity Life products.

The Corporate segment includes certain expenses that are corporate expenses or that will benefit the overall organization and are not allocated to a segment.

All intercompany accounts and transactions have been eliminated in consolidation, including any profit or loss from the sale of Insurance segment products through the Agency segment.

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 14—Business Segments (Continued)

The segment results for the years ended December 31, 2017 and 2016 are as follows:

2017	Insurance	Agency	Corporate	Eliminations	Total
Net insurance premiums	\$ 82,873	\$ —	\$ —	\$ —	\$ 82,873
Net investment income	15,215	—	210	(306)	15,119
Net realized investment gains	571	—	—	—	571
Earned commissions from external customers	—	11,514	—	—	11,514
Intersegment earned commissions	—	23,282	—	(23,282)	—
Other income	264	5,529	—	—	5,793
Total revenues	98,923	40,325	210	(23,588)	115,870
Life and annuity benefits	59,811	—	—	—	59,811
Operating costs and expenses	21,368	40,786	4,923	(11,165)	55,912
Amortization of deferred policy acquisition costs	15,401	—	—	(4,475)	10,926
Amortization of intangible assets	—	163	—	—	163
Total benefits and expenses	96,580	40,949	4,923	(15,640)	126,812
(Loss) income before income taxes	\$ 2,343	\$ (624)	\$ (4,713)	\$ (7,948)	\$ (10,942)

2016	Insurance	Agency	Corporate	Eliminations	Total
Net insurance premiums	\$ 78,138	\$ —	\$ —	\$ —	\$ 78,138
Net investment income	16,032	—	174	(249)	15,957
Net realized investment gains	530	—	—	—	530
Earned commissions from external customers	—	11,375	—	—	11,375
Intersegment earned commissions	—	23,872	—	(23,872)	—
Other income	276	6,723	—	—	6,999
Total revenues	94,976	41,970	174	(24,121)	112,999
Life and annuity benefits	63,450	—	—	—	63,450
Operating costs and expenses	19,401	42,780	4,767	(8,410)	58,538
Amortization of deferred policy acquisition costs	18,605	—	—	(5,587)	13,018
Amortization of intangible assets	—	164	—	—	164
Total benefits and expenses	101,456	42,944	4,767	(13,997)	135,170
(Loss) before income taxes	\$ (6,480)	\$ (974)	\$ (4,593)	\$ (10,124)	\$ (22,171)

2017	Insurance	Agency	Corporate	Total
Cash and investments	\$400,715	\$ 594	\$ 3,517	\$404,826
Commissions and agent balances	(5,061)	7,095	—	2,034
Deferred policy acquisition costs	82,319	—	—	82,319
Intangibles assets	—	1,880	—	1,880
Reinsurance recoverable	143,915	—	—	143,915
Deferred income tax assets, net	(10,802)	—	15,727	4,925
Other	19,172	1,421	5,922	26,515
Total assets	\$630,258	\$10,990	\$ 25,166	\$666,414

2016	Insurance	Agency	Corporate	Total
Cash and investments	\$400,383	\$ 1,584	\$ 2,445	\$404,412
Commissions and agent balances	(614)	1,707	—	1,093
Deferred policy acquisition costs	81,233	—	—	81,233
Intangibles assets	—	2,043	—	2,043
Reinsurance recoverable	146,004	—	—	146,004
Deferred income tax assets, net	(17,079)	—	20,542	3,463
Other	11,125	1,638	3,383	16,146
Total assets	\$621,052	\$ 6,972	\$ 26,370	\$654,394

Members Mutual Holding Company
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 14—Business Segments (Continued)

The Company's investment in equity method investees and the related equity income is attributable to the corporate segment.

All the Company's significant revenues and long-lived assets are located in the United States, which is the Company's country of domicile.

Note 15—Subsequent Events

Management has evaluated subsequent events up to and including April 17, 2018, the date these Consolidated Financial Statements were issued and determined there were no reportable subsequent events.

MEMBERS MUTUAL HOLDING COMPANY
Schedule I
Summary of Investments Other Than Investments in Related Parties
As of December 31, 2017
(in thousands)

<u>Type of Investment</u>	<u>Cost</u>	<u>Value</u>	<u>Balance Sheet</u>
Fixed maturities:			
Bonds:			
U.S. Government and agencies	\$ 14,312	\$ 15,814	\$ 15,814
U.S. Agency Mortgage Backed	34,728	35,231	35,231
State and political subdivisions	17,733	18,717	18,717
Corporate and miscellaneous	188,784	203,813	203,813
Foreign government	132	163	163
Residential mortgage backed securities	4,064	4,548	4,548
Commercial mortgage backed securities	12,715	12,768	12,768
Asset backed securities	46,498	46,614	46,614
Total fixed maturity securities	<u>318,966</u>	<u>337,668</u>	<u>337,668</u>
Equity securities:			
Common stock	6,293	5,705	5,705
Mortgage loans	42,852		42,852
Limited partnership interests	899		899
Policy loans	5,936		5,936
Total investments	<u>\$374,946</u>		<u>\$393,060</u>

MEMBERS MUTUAL HOLDING COMPANY
Schedule II
Condensed Financial Information of Registrant (Parent Company)
As of and for the Years Ended December 31, 2017 and 2016
(in thousands)

Members Mutual Holding Company
Condensed Statement of Operations and Comprehensive Income

<u>Years Ended December 31</u>	<u>2017</u>	<u>2016</u>
Revenues		
Net investment income	20	20
Total revenue	20	20
Expenses		
Administrative and general	26	53
Total Expenses	26	53
(Loss) before income taxes	(6)	(33)
Income tax (benefit)	(3)	(7)
Net (loss) before equity in net loss of subsidiary	(3)	(26)
Equity in net loss of subsidiary	(8,238)	(15,312)
Net loss	(8,241)	(15,338)
Other comprehensive (loss) income	(5)	4
Equity in other comprehensive income of subsidiary	1,466	1,835
Total Comprehensive (Loss)	<u><u>\$ (6,780)</u></u>	<u><u>\$ (13,499)</u></u>

Members Mutual Holding Company
Condensed Balance Sheets

<u>Years Ended December 31</u>	<u>2017</u>	<u>2016</u>
Assets		
Investment in subsidiary	\$ 196,180	\$ 202,949
Fixed maturities, available-for-sale	1,596	1,595
Cash and cash equivalents	436	488
Accrued investment income	2	2
Other assets	8	7
Total assets	<u><u>\$ 198,222</u></u>	<u><u>\$ 205,041</u></u>
Liabilities and equity		
Liabilities:		
Due to subsidiaries	\$ 2,019	\$ 2,056
Other liabilities	—	2
Total liabilities	<u><u>2,019</u></u>	<u><u>2,058</u></u>
Equity:		
Retained earnings	188,405	196,646
Other comprehensive income	7,798	6,337
Total equity	<u><u>196,203</u></u>	<u><u>202,983</u></u>
Total liabilities and equity	<u><u>\$ 198,222</u></u>	<u><u>\$ 205,041</u></u>

Members Mutual Holding Company
Condensed Statements of Cash Flows

Years Ended December 31	2017	2016
Cash Flows from Operating Activities		
Net Loss	\$(8,241)	\$(15,338)
Adjustments to reconcile net income to net cash provided by (used for) operations:		
Equity in earnings of subsidiaries	8,238	15,312
Accretion of bond discount	(6)	(6)
Change in:		
Due to subsidiaries	(37)	8
Current income taxes payable	(3)	—
Other liabilities	(2)	2
Other assets	(1)	(3)
Net cash (used by) operating activities	<u>(52)</u>	<u>(25)</u>
Cash Flows from Investing Activities		
Purchase of fixed maturity securities	—	—
Proceeds from fixed maturity securities—maturities	—	—
Net cash flows (used by) investing activities	—	—
Net (Decrease) in Cash	(52)	(25)
Cash at beginning of year	488	513
Cash at end of year	<u>\$ 436</u>	<u>\$ 488</u>

MEMBERS MUTUAL HOLDING COMPANY
Schedule III
Supplementary Insurance Information
As of and for the Years Ended December 31, 2017 and 2016
(in thousands)

<u>Segment</u>	<u>Deferred Policy Acquisition Costs</u>	<u>Future Policy Benefits Losses and Expenses</u>	<u>Other Policy Claims and Benefits Payable</u>	<u>Premium Revenue</u>	<u>Net Investment Income</u>	<u>Benefits, Claims, Losses and Settlement Expenses</u>	<u>Amortization of DAC</u>	<u>Other Operating Expenses</u>
2017								
Agency								40,949
Insurance	82,319	302,782	146,007	82,873	15,215	59,811	15,401	21,368
Corporate and Other					210			4,923
Eliminations	—	—	—	—	(306)	—	(4,475)	(11,165)
Total	<u>82,319</u>	<u>302,782</u>	<u>146,007</u>	<u>82,873</u>	<u>15,119</u>	<u>59,811</u>	<u>10,926</u>	<u>56,075</u>
2016								
Agency								42,944
Insurance	81,233	290,500	144,066	78,138	16,032	63,450	18,605	19,401
Corporate and Other					174			4,767
Eliminations	—	—	—	—	(249)	—	(5,587)	(8,410)
Total	<u>81,233</u>	<u>290,500</u>	<u>144,066</u>	<u>78,138</u>	<u>15,957</u>	<u>63,450</u>	<u>13,018</u>	<u>58,702</u>

MEMBERS MUTUAL HOLDING COMPANY
Schedule IV
Reinsurance
As of and for the Years Ended December 31, 2017 and 2016
(in thousands)

	<u>Gross Amount</u>	<u>Ceded to Other Companies</u>	<u>Assumed From Other Companies</u>	<u>Net Amount</u>	<u>Percentage of Amount Assumed to Net</u>
2017					
Life insurance face amount in force	\$29,217,109	\$25,015,778	\$1,812,083	\$6,013,414	30.1%
Premiums					
Life insurance	\$ 141,848	\$ 78,717	\$ 19,032	\$ 82,163	23.2%
Accident and Health	975	265	—	710	0.0%
Total premiums	<u>\$ 142,823</u>	<u>\$ 78,982</u>	<u>\$ 19,032</u>	<u>\$ 82,873</u>	<u>23.0%</u>
2016					
Life insurance face amount in force	\$28,056,717	\$25,311,214	\$1,597,939	\$4,343,442	36.8%
Premiums					
Life insurance	\$ 137,435	\$ 74,567	\$ 14,425	\$ 77,293	18.7%
Accident and Health	1,163	318	—	845	0.0%
Total premiums	<u>\$ 138,598</u>	<u>\$ 74,885</u>	<u>\$ 14,425</u>	<u>\$ 78,138</u>	<u>18.5%</u>

MEMBERS MUTUAL HOLDING COMPANY
Schedule V
Valuation and Qualifying Accounts
For the Years Ended December 31, 2017 and 2016
(in thousands)

	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Other		
2017					
Allowance for losses on commercial mortgage	\$ 490	\$ —	\$ —	\$ 222	\$ 268
Allowance for uncollectible receivables	1,850	—	—	1,020	830
Valuation allowance on deferred tax asset	17,390	142	6,649	288	23,893
	<u>\$ 19,730</u>	<u>\$ 142</u>	<u>\$6,649</u>	<u>\$ 1,530</u>	<u>\$24,991</u>
2016					
Allowance for losses on commercial mortgage	\$ 545	\$ —	\$ —	\$ 55	\$ 490
Allowance for uncollectible receivables	1,850	—	—	—	1,850
Valuation allowance on deferred tax asset	17,434	\$ —	—	44	17,390
	<u>\$ 19,829</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 99</u>	<u>\$19,730</u>

You should rely only on the information contained in this prospectus. We have not, and Raymond James has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and Raymond James is not, making an offer to sell these securities to any person in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our web site is not part of this prospectus.

The table of contents is located on the inside of the front cover of this prospectus.



VERICITY, INC.

UP TO 20,125,000 SHARES COMMON STOCK

PROSPECTUS

RAYMOND JAMES

[]

Until [, 2018] all dealers effecting transactions in Vericity, Inc. common stock may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to any unsold allotments or subscriptions.

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution.**

The table below sets forth the costs and expenses payable by us in connection with the issuance and distribution of the securities being registered. All amounts are estimated, except for the SEC registration fee. All costs and expenses are payable by us.

SEC Registration Fee	\$[●]
Printing, Postage and Mailing Expenses	\$[●]
FINRA Filing Fees	\$[●]
NASDAQ Listing Fee	\$[●]
Legal Fees and Expenses	\$[●]
Accounting Fees and Expenses	\$[●]
Valuation Expenses	\$[●]
Transfer and Offering Agent Fees and Expenses	\$[●]
Underwriters' Expense Reimbursement	\$[●]
Blue Sky Fees and Expenses	\$[●]
Miscellaneous Expenses	\$[●]
Total	\$ *

Item 14. Indemnification of Directors and Officers.

Section 145 of the DGCL authorizes a court to award, or a corporation's board of directors to grant, indemnity to officers, directors and other corporate agents in terms sufficiently broad to permit such indemnification under certain circumstances and subject to certain limitations.

Our charter and bylaws, as they will be in effect upon the completion of this offering, provide that we will indemnify our directors and officers, and may indemnify our employees and agents, to the fullest extent permitted by Delaware law, including in circumstances in which indemnification is otherwise discretionary under Delaware law.

In addition, we intend, prior to this offering, to enter into separate indemnification agreements with our directors and executive officers which will require us, among other things, to indemnify them against certain liabilities which may arise by reason of their status as directors or officers. We will also maintain director and officer liability insurance.

These indemnification provisions may be sufficiently broad to permit indemnification of our officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

In addition, the employment agreements that we have entered into require the Company to indemnify any executive who is made a party or is threatened to be made a party to any action, suit or proceeding because he or she is or was a director or officer of the Company, subject to certain conditions. In such case, the Company will provide for the advancement of expenses.

Item 15. Recent Sales of Unregistered Securities.

None.

Item 16. Exhibits and Financial Statement Schedules.

(a) *List of Exhibits.* See the Exhibit Index filed as part of this Registration Statement.

(b) *Financial Statement Schedules.* The following financial statement schedules are filed as a part of this registration statement beginning on page F-36 of the prospectus: Schedule I—Summary of Investments Other Than Investments in Related Parties; Schedule II—Condensed Financial Information of Registrant; Schedule III—Supplementary Insurance Information; Schedule IV—Reinsurance; and Schedule V—Valuation and Qualifying Accounts.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any fact or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof;

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of this offering;

(4) to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser;

(5) that, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective; and

(6) that, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the forgoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Chicago, State of Illinois, on [, 2018].

VERICITY, INC.

By: _____
James E. Hohmann
Chairman of the Board,
President and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James E. Hohmann and John Buchanan, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ James E. Hohmann	President and Chief Executive Officer (Principal Executive Officer)	[, 2018]
_____ Chris Kim	Chief Financial Officer (Principal Financial Officer)	[, 2018]
_____ Linda Walker Bynoe	Director	[, 2018]
_____ John A. Fibiger	Director	[, 2018]
_____ Steven Groot	Director	[, 2018]
_____ James Schacht	Director	[, 2018]
_____ Richard A. Hemmings	Director	[, 2018]

EXHIBIT INDEX

In reviewing the agreements included as exhibits to this registration statement, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us, our subsidiaries or other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;*
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;*
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and*
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.*

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading. Additional information about us may be found elsewhere in the prospectus included in this registration statement.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
1.1	Form of Agency Agreement between Vericity, Inc. and Raymond James & Associates, Inc. *
2.1	Members Mutual Holding Company Plan of Conversion from Mutual Holding Company to Stock Form adopted July 31, 2018, as amended and restated on September 16, 2018
3.1	Certificate of Incorporation of Vericity, Inc., as amended
3.2	Form of Amended and Restated Certificate of Incorporation of Vericity, Inc.
3.3	Bylaws of Vericity, Inc.
3.4	Form of Amended and Restated Bylaws of Vericity, Inc.
4.1	Form of Stock Certificate of Vericity, Inc.*
5.1	Opinion of Locke Lord LLP regarding legality of stock of Vericity, Inc. being issued*
10.1	Fidelity Life Association Deferred Compensation Plan
10.2	Form of Executive Employment Agreement
10.3	Vericity Holdings, Inc. Change in Control Severance Benefits Plan
10.4	Form of Indemnification Agreement for Directors and Certain Officers of Vericity, Inc.
10.5	Automatic Coinsurance Agreement dated as of January 1, 2012 between Fidelity Life Association and Hannover Life Reassurance Company of America (as amended by Amendment I effective January 20, 2014 and Amendment II effective January 1, 2015)
10.6	Indemnity Reinsurance Agreement (Combined Block) effective as of October 1, 2012 by and between Combined Insurance Company of America and Fidelity Life Association
10.7	Indemnity Reinsurance Agreement (Transition Block) effective as of October 1, 2012 by and between Combined Insurance Company of America and Fidelity Life Association (as amended by Amendment Number One dated August 27, 2013 and Amendment Number Two effective January 1, 2014.)
10.8	License Agreement dated October 1, 2012 by and between Fidelity Life Association, James Harkensee and Combined Insurance Company of America
10.9	Amended and Restated Reinsurance Agreement effective July 1, 2016 between Fidelity Life Association and Hannover Life Reassurance Company of America
10.10	Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement between Fidelity Life Association and Swiss Re Life and Health America Inc. effective June 1, 2013 (including Amendment 1 dated September 22, 2014, Amendment 2 dated December 23, 2014, Amendment 3 dated March 31, 2015, Amendment 4 dated April 7, 2015, Amendment 5 January 29, 2016, Amendment 6 dated March 23, 2016, and Amendment 7 dated March May 16, 2016)

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<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.11	Automatic Self-Administered Coinsurance Reinsurance Agreement effective February 21, 2014 between Fidelity Life Association and Swiss Re Life & Health America Inc.
10.12	Amended and Restated Purchase and Sale Agreement dated as of April 20, 2018 by and between Hannover Life Reassurance Company of America (Bermuda) LTD., Fidelity Life Association, and Efinancial, LLC
10.13	Standby Stock Purchase Agreement dated as of October 5, 2018 by and among Apex Holdco L.P., Vericity, Inc., Members Mutual Holding Company, and Fidelity Life Association
10.14	Guaranty dated October 5, 2018 by J.C. Flowers IV L.P. in favor of Members Mutual Holding Company and Vericity, Inc.
10.15	Form of Escrow Agreement*
21.1	Subsidiaries of Vericity, Inc.
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of Boenning & Scattergood, Inc.*
23.4	Consent of Milliman, Inc.*
23.4	Consent of Locke Lord LLP (contained in Exhibit 5.1)*
24.1	Power of Attorney (contained on signature page)
99.1	Stock Order Form and Instructions*
99.2	Question and Answer Brochure*
99.3	Letters and statements to prospective purchasers of stock in offering*
99.4	Form of Members Mutual Holding Company Member Proxy Materials*
99.5	Pro Forma Valuation Appraisal Report of Members Mutual Holding Company, dated as of April 11, 2018, from Boenning & Scattergood, Inc.
99.6	Letter dated April 13, 2018 to Members Mutual Holding Company from Boenning & Scattergood, Inc. regarding fair value of subscription rights.
99.7	Actuarial Opinion of Steven Schreiber
99.8	Consent to be Named Director*

* To be filed by amendment

FIRST AMENDED AND RESTATED
MEMBERS MUTUAL HOLDING COMPANY
PLAN OF CONVERSION
FROM MUTUAL HOLDING COMPANY TO STOCK FORM

Adopted by the Board of Directors on July 31, 2018

and

Amended and Restated on September 16, 2018

MEMBERS MUTUAL HOLDING COMPANY
PLAN OF CONVERSION
FROM MUTUAL HOLDING COMPANY TO STOCK FORM

1. BACKGROUND AND REASONS FOR CONVERSION.

Members Mutual Holding Company (“Members Mutual”) believes that the state of the life insurance business in the United States currently presents it with the opportunity to extend its reach into its target market and provide affordable, accessible life insurance solutions to this market. With the development of its “**RAPID**Decision®” product portfolio and distribution processes that typically permit underwriting to be completed immediately or within 24 to 48 hours after the initial call, Members Mutual has sought to make the sale of life insurance simpler and more efficient. Following its conversion into a mutual holding company structure in 2007, Members Mutual has examined ways to increase its access to capital in order to pursue increased marketing, acquisitions and organic growth of distribution and sales of life insurance to the middle market. In furtherance of this objective, Members Mutual acquired Efinancial, LLC, a call center-based insurance agency, in 2009. Since then, Members Mutual has considered various alternatives ranging from maintenance of the status quo, mergers with other mutuals, expansion or acquisition of other lines of business or companies and various forms of demutualization of Members Mutual permitted by Illinois law, and has actively pursued certain of these alternatives at various times. However, none of those prior efforts resulted in a consummated transaction.

After careful study and consideration, Members Mutual has concluded that the subscription rights method of demutualization, backstopped by a standby purchaser that will commit to purchase enough unsubscribed shares in the subscription rights conversion to ensure the successful completion of the conversion offering, best suits Members Mutual’s circumstances. In reaching this conclusion, the Board of Directors of Members Mutual considered the difficulty Members Mutual would have executing a stand-alone subscription rights conversion and existing as a stand-alone public company over the next several years, given its history and outlook of reported GAAP losses. In addition, the Board considered that a standby purchaser may bring synergies that could be beneficial to the Company in helping it achieve its long term business objectives, including developing a profitable controlled distribution platform. Members Mutual also considered, among other things, that a subscription rights demutualization backstopped by a standby purchaser would:

- permit Members Mutual to undertake a substantial capital raising transaction;
- with additional capital from the conversion and an improved ability to access future capital as a publicly traded stock company, enable Members Mutual to seek to achieve scale and position it to execute against its middle market opportunity;
- substantially mitigate the risk of an unsuccessful offering because of the standby purchaser’s commitment;
- enhance corporate flexibility for future strategic options;

- afford members an opportunity to participate in the success of Members Mutual through the purchase of stock; and
- improve the visibility of the Fidelity Life and Efinancial brands.

Members Mutual believes that capital raised in a subscription rights demutualization transaction could be used for, among other initiatives, (i) to allocate capital to Fidelity Life in support of its risk-based capital and financial strength rating as needed to support ongoing new business growth; (ii) to deploy capital in order to reduce current reserve financing; (iii) to reduce the use of reinsurance to finance growth, while continuing to emphasize risk management; (iv) to make investments to strengthen infrastructure, including IT platforms; and (v) to selectively deploy new capital to acquire and bolster talent in key areas of competency linked to competitive advantage.

On July 31, 2018 (the “Adoption Date”), the Board of Directors of Members Mutual, after due deliberation, unanimously adopted the Members Mutual Holding Company Plan Of Conversion From Mutual Holding Company To Stock Form, under which Members Mutual proposes to convert from a mutual holding company to stock form in a subscription rights conversion under Section 59.1 of the Illinois Insurance Code. Members Mutual has organized Vericity, Inc., a Delaware corporation (“Vericity”), for the purpose of holding all the stock of Members Mutual after its conversion to stock form (“Converted Members Mutual”), and to offer and sell shares of common stock, par value \$.001 per share, of Vericity (the “Common Stock”) in the Offerings as described herein (capitalized terms not defined herein have the meanings given them in Section 2 hereof). The shares of Common Stock will be offered and sold in the Offerings first to qualifying offerees under the Subscription Offering and then, if applicable, to the Standby Purchaser, which will commit to purchase such number of shares that will permit Members Mutual to complete the Conversion, as more fully described below. On September 16, 2018, the Board unanimously adopted this First Amended and Restated Members Mutual Holding Company Plan Of Conversion From Mutual Holding Company To Stock Form that amends and restates the plan adopted on July 31, 2018 (this “Plan”).

The conversion of Members Mutual from mutual holding company to stock form pursuant to this Plan must be approved by the Illinois Director pursuant to the applicable provisions of the Illinois Insurance Code and the 2007 Order approving the reorganization transaction by which the Company’s current mutual holding company structure was created. Accordingly, and in order to ensure that the allocation of subscription rights under this Plan is fair to members of Members Mutual, as a condition to the Offerings, Members Mutual will obtain the approval of the Illinois Director of this Plan and any related transactions contemplated hereby.

This Plan is subject to the approval of the Eligible Members in accordance with Section 59.1(4)(c)(i) of the Illinois Insurance Code.

2. DEFINITIONS.

As used in this Plan, the terms set forth below have the following meanings:

2.1. “Adoption Date” has the meaning specified in Section 1 hereof.

2.2. “Application” means the documents filed with the Illinois Director pursuant to Section 59.1(3)(b) of the Illinois Insurance Code constituting Members Mutual’s application for approval to convert from mutual holding company to stock form.

2.3. “Associate” when used to indicate a relationship with any Person, means (i) a corporation or organization (other than the Company or a majority-owned subsidiary of the same) of which such Person is a director, officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities; (ii) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person; and (iv) any Person acting in concert with any of the Persons or entities specified in clauses (i) through (iii) above.

2.4. “Boenning” means Boenning & Scattergood Inc., an independent investment banking firm experienced in the evaluation of insurance companies and their affiliates that has been retained by the Company to determine the Valuation Range.

2.5. “Closed Block” has the meaning specified in Section 15 hereof.

2.6. “Code” means the Internal Revenue Code of 1986, as amended.

2.7. “Collateral” has the meaning specified in Section 12 hereof.

2.8. “Common Stock” means the common stock, par value \$.001 per share, of Vericity, to be offered and sold in the Offerings.

2.9. “Company” means Members Mutual, individually, or together with Vericity Holdings, Fidelity Life, Efinancial and their respective subsidiaries, as the context requires.

2.10. “Conversion” means (i) the conversion of Members Mutual into stock form in a subscription rights conversion pursuant to Section 59.1 of the Illinois Insurance Code, (ii) the acquisition by Vericity of all the stock of Converted Members Mutual; and (iii) the offer and sale of Common Stock by Vericity in the Offerings, all in accordance with the terms of this Plan.

2.11. “Converted Members Mutual” means Members Mutual after its conversion to stock form pursuant to the terms of this Plan, with Vericity as its sole shareholder.

2.12. “Converted Members Mutual Charter” means the amended and restated articles of incorporation for Converted Members Mutual substantially in the form of Exhibit A hereto.

2.13. “Efinancial” means Efinancial, LLC, an insurance agency organized as a Washington limited liability company, with Vericity Holdings as its sole member.

2.14. “Effective Date” means the date that this Plan shall become effective, which shall be the date, after this Plan has been approved by the Illinois Director, on which the Eligible Members have approved this Plan and the Converted Members Mutual Charter has been adopted in accordance with 59.1(5) of the Illinois Insurance Code.

2.15. **“Eligibility Record Date”** means the Adoption Date.

2.16. **“Eligible Member”** means a Person who is a Member as of the Eligibility Record Date.

2.17. **“Form A”** means the statement regarding the acquisition of control of a domestic insurer that Standby Purchaser shall file with the Illinois Director in connection with the Standby Purchaser’s agreement to purchase of shares of Common Stock in the Standby Offering as provided in Section 6 hereof.

2.18. **“Fidelity Life”** means Fidelity Life Association, a Legal Reserve Life Insurance Company organized as an Illinois stock life insurance company, which is a direct and wholly-owned subsidiary of Vericity Holdings.

2.19. **“Fidelity Life MHC Conversion Plan”** means the plan of conversion adopted by the Board of Directors of Fidelity Life on February 6, 2006 under Section 59.2 of the Illinois Insurance Code pursuant to which Fidelity Life was converted from mutual to stock form.

2.20. **“Fixed Component”** has the meaning given in Section 2.24.

2.21. **“Illinois Director”** means the Illinois Director of Insurance.

2.22. **“Individual Management Maximum Purchase Limit”** means the number of Subscription Rights allocated to each director and officer of the Company based on factors including years of service, positions held and compensation.

2.23. **“Individual Maximum Purchase Limit”** means the maximum purchase limit printed on the stock order form that is mailed to each Eligible Member. The maximum purchase limit is based on an allocation of (i) a minimum number (100) of Subscription Rights (the “Fixed Component”), regardless of the number of Qualifying Policies owned by such Eligible Member in the same capacity , plus (ii) a variable number of Subscription Rights (the “Variable Component”), if any, determined based on actuarial formulas that take into account the past and anticipated future contributions to Fidelity Life’s surplus of all of the Eligible Members’ Qualifying Policies that were in force on the Adoption Date. Such allocations are done in accordance with the Actuarial Contribution Principles and Methodology memorandum that is attached as Exhibit B to this Plan and the Actuarial Contribution Memorandum that will be attached as Exhibit C to, and made a part of, this Plan prior to this Plan’s approval by the Illinois Director. Notwithstanding the Individual Maximum Purchase Limit applicable to any Eligible Member, no Eligible Member shall be entitled to purchase more than five percent (5%) of the total shares of Common Stock sold in the Offerings.

2.24. **“Management Participant”** means a director or officer of Members Mutual.

2.25. **“Maximum of the Valuation Range”** has the meaning given in Section 3(a).

2.26. “Member” means a Person who is the owner of an in-force policy of insurance issued by Fidelity Life, as provided under the bylaws of Members Mutual. Under a group policy, the Member shall be the holder of the master policy, and the holder of any certificate or contract issued subordinate to such master policy shall not be a Member unless such subordinate certificate or subordinate contract shall make specific provision of such membership. For the avoidance of doubt, a Person who is a party to a reinsurance agreement with Fidelity Life is not a Member by virtue thereof.

2.27. “Members Mutual” means Members Mutual Holding Company, an Illinois mutual insurance holding company, which is the holding company for Vericity Holdings and its direct and indirect subsidiaries.

2.28. “Minimum of the Valuation Range” has the meaning given in Section 3(a).

2.29. “Offerings” means the offering of shares of Common Stock pursuant to this Plan in the Subscription Offering and the Standby Offering.

2.30. “Order Form” means the form provided to a Person on behalf of Vericity, containing all such terms and provisions as set forth in Section 8 hereof by which Common Stock may be ordered in the Subscription Offering.

2.31. “Participant” means a Person to whom Common Stock is offered under the Subscription Offering.

2.32. “Person” means any corporation, partnership, association, limited liability company, trust, or any other entity or a natural person.

2.33. “Plan” means this First Amended and Restated Members Mutual Holding Company Plan Of Conversion From Mutual Holding Company To Stock Form (including all Exhibits hereto), as adopted by the Members Mutual Board of Directors on the Adoption Date and amended and restated on September 16, 2018.

2.34. “Prospectus” means the one or more documents to be used in offering the Common Stock in the Subscription Offering.

2.35. “Purchase Price” means the price per share at which the Common Stock is ultimately sold by Vericity to Persons in the Offerings in accordance with the terms hereof.

2.36. “Qualifying Policy” means a policy of insurance issued by Fidelity Life and in force as of the close of business on the Eligibility Record Date. For the avoidance of doubt, a reinsurance agreement to which Fidelity Life is a party is not a Qualifying Policy.

2.37. “Registration Statement” means the registration statement on Form S-1 to be filed by Vericity with the SEC to register the shares of Common Stock to be offered and sold in the Subscription Offering under the Securities Act of 1933, as amended.

2.38. “SEC” means the United States Securities and Exchange Commission.

2.39. **“Special Meeting”** has the meaning given in Section 11 hereof.

2.40. **“Standby Offering”** means a private offering of Common Stock to the Standby Purchaser, to be completed concurrently with the closing of the Subscription Offering, of such number of shares that will permit Members Mutual to complete the Conversion, and such additional shares as the Standby Purchaser may be entitled to purchase under the Standby Purchase Agreement.

2.41. **“Standby Purchaser”** means, as permitted under Section 59.1(6)(e) of the Illinois Insurance Code, a Person that enters into a Standby Purchase Agreement with the Company and Vericity to purchase Common Stock in the Standby Offering.

2.42. **“Standby Purchase Agreement”** means the standby stock purchase agreement entered into by the Company, Vericity and the Standby Purchaser pursuant to which the Standby Purchaser has agreed to purchase any shares not subscribed for in the Subscription Offering up to the Minimum of the Valuation Range, and may purchase additional shares up to 51% of the shares sold in the Offerings, provided that no shares in excess of the Maximum of the Valuation Range may be sold in the Offerings.

2.43. **“Subscription Offering”** means the offering of the Common Stock that is described in Section 5 hereof.

2.44. **“Subscription Rights”** means non-transferable rights to subscribe for Common Stock in the Subscription Offering granted to Participants pursuant to the terms of this Plan.

2.45. **“Trust Agreement”** means the Trust Agreement dated as of April 30, 2007 between Members Mutual and the Trustee (or any successor trust agreement that Members Mutual may enter into with the consent of the Illinois Director).

2.46. **“Trustee”** means The Northern Trust Company, a national banking association (or any successor trustee as may be appointed with the consent of the Illinois Director), acting not in its individual capacity but solely as trustee for the benefit of the Fidelity Life policyholders under the Trust Agreement.

2.47. **“Valuation Range”** means the range of the value of the total number of shares of Common Stock to be issued in the Offerings, as determined by Boenning in accordance with Section 3 hereof, based on the estimated aggregate pro forma market value of Converted Members Mutual determined in accordance with Section 59.1(6)(f) of the Illinois Insurance Code.

2.48. **“Vericity”** means Vericity, Inc., the Delaware corporation organized and initially owned by Members Mutual for the purpose of holding all the stock of Converted Members Mutual and serving as the ultimate parent holding company for Converted Members Mutual, Vericity Holdings, Fidelity Life, Efinancial and their respective subsidiaries, and which, upon completion of the Conversion, will be owned by the Persons that purchase Common Stock in the Offerings.

2.49. “Vericity Holdings” means Vericity Holdings, Inc., a Delaware corporation that is the intermediate holding company for Fidelity Life and Efinancial and which, immediately upon completion of the Conversion, will be wholly owned by Converted Members Mutual, which in turn will be wholly owned by Vericity.

2.50. “2007 Order” means the Order of the Illinois Director dated January 30, 2007, approving the Fidelity Life MHC Conversion Plan under which the Company’s current mutual holding company structure was created.

3. TOTAL NUMBER OF SHARES AND PURCHASE PRICE OF COMMON STOCK.

The number of shares of Common Stock required to be offered and sold by Vericity in the Offerings will be determined as follows:

(a) Independent Appraiser. Boenning has been retained by the Company to determine the Valuation Range. The Valuation Range consists of a midpoint valuation, a valuation fifteen percent (15%) above the midpoint valuation (the “Maximum of the Valuation Range”) and a valuation fifteen percent (15%) below the midpoint valuation (the “Minimum of the Valuation Range”). The Valuation Range is based upon the financial condition and results of operations of the Company, a comparison of the Company with comparable publicly-held companies, and such other factors as Boenning deemed to be relevant, including that value which Boenning estimated to be necessary to attract a full subscription for the Common Stock. Boenning has submitted to Members Mutual the Valuation Range and a related report that describes the data and methodology used to determine the Valuation Range.

(b) Purchase Price. The Purchase Price in the Offerings will be \$10.00 per share and will be uniform as to all purchasers in the Offerings.

(c) Number of Shares of Common Stock to be Offered. The maximum number of shares of Common Stock to be offered in the Offerings shall be equal to the Maximum of the Valuation Range divided by the Purchase Price.

(d) Issuance of Shares. Immediately following the completion of the Subscription Offering, the following steps will be taken:

(i) *Subscription Offering Meets or Exceeds Maximum*. If the number of shares to which Eligible Members subscribe in the Subscription Offering multiplied by the Purchase Price is equal to or greater than the Maximum of the Valuation Range, then Vericity on the Effective Date, or as promptly as possible thereafter, shall issue shares of Common Stock to the subscribing Eligible Members; provided, however, that the number of shares of Common Stock issued shall not exceed the number of shares of Common Stock offered in the Subscription Offering. In the event of an oversubscription in the Subscription Offering by Eligible Members, shares of Common Stock shall be allocated among the subscribing Participants as provided in Section 5(a) below; provided, however, that no fractional shares of Common Stock shall be issued.

(ii) *Subscription Offering Meets or Exceeds Minimum.* If the number of shares of Common Stock subscribed for by Participants in the Subscription Offering multiplied by the Purchase Price is equal to or greater than the Minimum of the Valuation Range, but less than the Maximum of the Valuation Range, then Vericity on the Effective Date, or as promptly as possible thereafter, shall issue shares of Common Stock to the subscribing Participants in an amount sufficient to satisfy the subscriptions of such Participants in full. To the extent that shares of Common Stock remain unsold after the subscriptions of all Participants in the Subscription Offering have been satisfied in full, then Vericity shall issue to the Standby Purchaser the number of shares that the Standby Purchaser may request to purchase pursuant to the terms set forth in the Standby Purchase Agreement; provided, however, that the total number of shares of Common Stock issued to subscribing Participants and to the Standby Purchaser, multiplied by the Purchase Price, shall not exceed the Maximum of the Valuation Range; and, provided further, that no fractional shares of Common Stock shall be issued.

(iii) *Subscription Offering Does Not Meet Minimum.* If the number of shares of Common Stock subscribed for by Participants in the Subscription Offering multiplied by the Purchase Price is less than the Minimum of the Valuation Range, then in such event Vericity shall issue shares of Common Stock (A) to the subscribing Participants in an amount sufficient to satisfy the subscriptions of such Participants in full, and (B) to the Standby Purchaser in an amount equal to the number of shares that the Standby Purchaser is obligated to purchase, and such additional shares that the Standby Purchaser may request to purchase pursuant to the terms set forth in the Standby Purchase Agreement; provided, however, that the total number of shares of Common Stock issued to subscribing Participants and to the Standby Purchaser, multiplied by the Purchase Price, shall not exceed the Maximum of the Valuation Range.

(iv) *Offering Does Not Meet Minimum.* If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering is less than the Minimum of the Valuation Range and the Standby Offering fails to close for any reason, then in such event Vericity may (w) cancel the Offerings and terminate this Plan, (x) establish a new Valuation Range, (y) extend the Offerings or open or hold a new offering, upon such terms and conditions as it may determine, or (z) take such other action as it deems reasonably necessary. If a new Valuation Range is established and the Offerings are extended, reopened or continued as part of a new offering, Persons who previously submitted subscriptions will be required to confirm, revise or cancel their original subscriptions. If original subscriptions are canceled, any related payment will be refunded (without interest).

4. GENERAL PROCEDURE FOR THE OFFERINGS.

(a) Approval of this Plan by Members Mutual's Board of Directors. This Plan has been approved by at least two-thirds (2/3) of the members of the Board of Directors of Members Mutual.

(b) Regulatory Approvals. Members Mutual shall promptly cause (i) the Application to be prepared and filed with the Illinois Director, and (ii) the Registration Statement, including the Prospectus, to be prepared and filed with the SEC. In addition, the Standby Purchaser shall promptly prepare and file the Form A with the Illinois Director.

(c) Distribution of Proxy and Prospectus to Eligible Members. Within 45 days of approval of the Application by the Illinois Director and following the declaration of effectiveness of the Registration Statement by the SEC, this Plan and the transactions contemplated by this Plan, including without limitation the adoption of the Converted Members Mutual Charter, will be submitted by Members Mutual to Eligible Members for their consideration and approval at the Special Meeting. Members Mutual shall mail to all Eligible Members at their last known address appearing on the records of Members Mutual, notice of the Special Meeting, a proxy statement, and a Prospectus describing this Plan and the Offerings contemplated hereby. This Plan and the adoption of the Converted Members Mutual Charter will be submitted to a vote of the Eligible Members at the Special Meeting.

(d) Approval by Eligible Members. One hundred Eligible Members present in person or by proxy at the Special Meeting shall constitute a quorum. Each Eligible Member is entitled to cast one vote at the Special Meeting regardless of the number of Qualifying Policies owned by such Member. Approval by the Eligible Members of both of (i) this Plan and the transactions set forth herein, and (ii) the Converted Members Mutual Charter, will require the affirmative vote, cast in person or by proxy, of at least two-thirds (2/3) of the votes cast by Eligible Members at the Special Meeting.

(e) Acquisition of the Authorized Shares of Converted Members Mutual by Vericity. Immediately prior to the sale of the shares of Common Stock in the Offerings, Vericity shall acquire all of the authorized shares of Converted Members Mutual for a purchase price equal to the par value of such shares, and any shares of capital stock of Vericity previously owned by Members Mutual shall be canceled. The balance of the offering proceeds shall be retained by Vericity to support the respective businesses of Fidelity Life and Efinancial, as may be further described in the Prospectus, and for general corporate purposes.

5. SUBSCRIPTION OFFERING.

Subscription Rights to purchase shares of Common Stock at the Purchase Price will be distributed by the Company to the Participants in the following priorities:

(a) Eligible Members (First Priority). Each Eligible Member shall receive, without payment, non-transferable Subscription Rights to purchase up to each such member's Individual Maximum Purchase Limit; provided, however, that no Eligible Member in the Subscription Offering may purchase more than five percent (5%) of the total shares of Common Stock sold in the Offerings (or such lesser maximum purchase limitation as may be established by the Company as set forth in the Registration Statement); provided further, that the maximum number of shares that may be purchased by Eligible Members in the aggregate shall be equal to the Maximum of the Valuation Range divided by the Purchase Price.

In the event of an oversubscription for shares of Common Stock pursuant to Section 5(a), available shares shall be allocated among subscribing Eligible Members so as to permit each such Eligible Member, to the extent possible, to purchase a number of shares that will make his or her total allocation equal to the lesser of (i) the number of shares subscribed for or (ii) allocated in respect of such Eligible Member's Fixed Component. Any shares of Common Stock remaining after such initial allocation will be allocated among the subscribing Eligible Members

whose subscriptions remain unsatisfied in the proportion in which (i) the aggregate number of shares as to which each such Eligible Member's subscription remains unsatisfied bears to (ii) the aggregate number of shares as to which all such Eligible Members' subscriptions remain unsatisfied; provided, however, that no fractional shares of Common Stock shall be issued.

(b) Directors and Officers of Members Mutual (Second Priority). Subject to the prior rights of Eligible Members to purchase shares of Common Stock in the Subscription Offering, each Management Participant shall receive, without payment, non-transferable Subscription Rights to purchase up to each such Management Participant's Individual Management Maximum Purchase Limit; provided, however, that (i) no Management Participant in the Subscription Offering (including any shares purchased in such person's capacity as an Eligible Member) may purchase more than five percent (5%) (or such lesser maximum purchase limitation as may be established by the Company as set forth in the Registration Statement) of the total shares of Common Stock sold in the Offerings, (ii) the total number of shares of Common Stock purchased by all of the Management Participants (in any capacity) may not exceed 27% (or such lesser maximum purchase limitation as may be established by the Company as set forth in the Registration Statement) of all of the total shares of Common Stock sold in the Offerings, and (iii) the maximum number of shares that may be purchased by Eligible Members and Management Participants in the aggregate shall be equal to the Maximum of the Valuation Range divided by the Purchase Price. A Management Participant who subscribes to purchase shares of Common Stock and who also is an Eligible Member will be deemed to purchase Common Stock first in his or her capacity as an Eligible Member.

In the event that there are insufficient shares remaining after the subscriptions of the Eligible Members to satisfy the subscriptions of the Management Participants in full, the available shares shall be allocated among subscribing Management Participants in the proportion in which the number of shares as to which each such Management Participant's subscription bears to the aggregate number of shares subscribed for by all Management Participants; provided, however, that no fractional shares of Common Stock shall be issued.

(c) Limitations on Subscription Rights. Subscription Rights granted under this Plan will be nontransferable, nonnegotiable personal rights to subscribe for and purchase shares of Common Stock at the purchase price established hereunder. Subscription Rights under this Plan will be granted without payment, but subject to all the terms, conditions and limitations of this Plan. Any Person purchasing Common Stock hereunder will be deemed to represent and affirm to the Company that such Person is purchasing for his or her own account and not on behalf of any other Person. Each Eligible Member and each Management Participant shall be entitled to subscribe for up to a number of shares equal to such Participant's Individual Maximum Purchase Limit or Individual Management Maximum Purchase Limit, as applicable. Any subscription for shares in excess of such limit shall be disregarded, and any such subscription shall be deemed to be for a number of shares equal to such Participant's Individual Maximum Purchase Limit or Individual Management Maximum Purchase Limit, as applicable.

6. STANDBY PURCHASER.

Subject to the terms of the Standby Purchase Agreement:

(a) If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering multiplied by the Purchase Price is less than the Minimum of the Valuation Range, then in such event the Standby Purchaser (i) shall purchase from Vericity at the Purchase Price in the Standby Offering such number of shares of Common Stock that, when added to the shares subscribed for in the Subscription Offering and multiplied by the Purchase Price (i) equals the Minimum of the Valuation Range, and (ii) may purchase from Vericity at the Purchase Price in the Standby Offering such additional number of shares such that the total number of shares purchased by the Standby Purchaser is equal to or less than 51% of the shares sold in the Offerings; provided, however, that the sum of the total number of shares of Common Stock sold in the Subscription Offering plus the number of shares of Common Stock sold to the Standby Purchaser in the Standby Offering, multiplied by the Purchase Price, may not exceed the Maximum of the Valuation Range.

(b) If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering multiplied by the Purchase Price is equal to or greater than the Minimum of the Valuation Range, then in such event the Standby Purchaser may purchase from Vericity at the Purchase Price in the Standby Offering up to such number of shares that when added to the shares subscribed for in the Subscription Offering, and multiplied by the Purchase Price, is equal to or less than the Maximum of the Valuation Range.

(c) If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering multiplied by the Purchase Price is equal to or greater than the Maximum of the Valuation Range, then in such event the Standby Purchaser may not purchase any shares from Vericity in the Standby Offering.

7. LIMITATIONS ON SUBSCRIPTIONS AND PURCHASES OF COMMON STOCK.

The following additional limitations and exceptions shall apply to all purchases of Common Stock in the Offerings:

(a) To the extent that shares are available, no Person may purchase fewer than the lesser of (i) 25 shares of Common Stock or (ii) shares of Common Stock having an aggregate purchase price of \$250.00 in the Subscription Offering.

(b) In addition to the other restrictions and limitations set forth herein, no Person together with any Associate or group of Persons acting in concert may, directly or indirectly, subscribe for or purchase in the Subscription Offering or otherwise acquire through public offering or subscription rights, more than five percent (5%) of the capital stock of Vericity for a period of five (5) years from the Effective Date, irrespective of the different capacities in which such Person may have subscribed for shares under this Plan, except (1) with the approval of the Illinois Director, and (2) the Standby Purchaser may purchase such number of shares of Common Stock as provided in Section 6. The limit set forth in this section shall not be construed to increase any other purchase limit provided herein.

(c) Management Participants shall not be deemed to be Associates or a group acting in concert solely as a result of their capacities as such for purposes of determining compliance with the limitations set forth in this section.

(d) Each Person who purchases Common Stock in the Subscription Offering shall be deemed to confirm that such purchase does not conflict with the purchase limitations under this Plan or otherwise imposed by law. The Company shall have the right to take any action as it may, in its sole discretion, deem necessary, appropriate or advisable in order to monitor and enforce the terms, conditions, limitations and restrictions contained in this section and elsewhere in this Plan and the terms, conditions and representations contained in the Order Form, including, but not limited to, the absolute right of Vericity to reject, limit or revoke acceptance of any order and to delay, terminate or refuse to consummate any sale of Common Stock which it believes might violate, or is designed to, or is any part of a plan to, evade or circumvent such terms, conditions, limitations, restrictions and representations. Any such action shall be final, conclusive and binding on all Persons, and Vericity and the Company shall be free from any liability to any Person on account of any such action. To that end, if any Person violates the purchase limitations, the Company will have the right to purchase from that Person at the Purchase Price, all shares acquired by the Person in excess of the purchase limitation. If the Person has sold these excess shares, the Company is entitled to receive the difference between the aggregate Purchase Price paid by the Person for the excess shares and the proceeds received by the Person from the sale of the excess shares. This right of the Company to purchase excess shares is assignable.

8. TIMING OF THE OFFERINGS, MANNER OF PURCHASING COMMON STOCK AND ORDER FORMS.

(a) Timing of the Offerings. The exact timing of the commencement of the Offerings shall be determined by the Company in consultation with any financial or advisory or investment banking firm retained by it in connection with the Offerings. The Company may consider a number of factors in determining the exact timing of the commencement of the Offerings, including, but not limited to, its current and projected future earnings, local and national economic conditions and the prevailing market for stocks in general and stocks of insurance companies in particular. Subject to Section 17 below, the Company shall have the right to withdraw, terminate, suspend, delay, revoke or modify the Offerings at any time without liability to any Person.

(b) Purchaser Eligibility. Notwithstanding anything to the contrary set forth in this Plan, Vericity and the Company shall have the right in their absolute discretion and without liability to any subscriber, purchaser, underwriter or any other Person to (1) determine which proposed Persons and which subscriptions and orders in the Subscription Offering meet the criteria provided in this Plan for eligibility to purchase Common Stock and the number of shares eligible for purchase by any Person, and (2) reject any Order Form, including, but not limited to, any Order Form that is (i) improperly completed or executed, (ii) not timely received as provided in the Prospectus, (iii) not accompanied by the proper payment, or (iv) submitted by a Person whose representations Vericity or the Company believes to be false or who it otherwise believes, either alone, or acting in concert with others, is violating, evading or circumventing, or intends to violate, evade or circumvent, the terms and conditions of this Plan. Vericity and the Company

may, but will not be required to, waive any irregularity on any Order Form or may require the submission of corrected Order Forms or the remittance of full payment for shares of Common Stock by such date as they may specify. The interpretation of Vericity and the Company of the terms and conditions of the Order Forms shall be final and conclusive. Once Vericity receives an Order Form, the order shall be deemed placed and will be irrevocable; provided, however, that in addition to the conditions set forth above, no Order Form shall be considered for acceptance until the Registration Statement has been declared effective by the SEC, and any Order Form received prior to that time shall be rejected and no sale of Common Stock shall be made in respect thereof.

(c) Reasonable Efforts. Vericity shall make reasonable efforts to comply with the securities laws of all jurisdictions in the United States in which Persons entitled to subscribe reside. However, Vericity has no obligation to offer or sell shares to any Person under this Plan if such Person resides in a foreign country or in a jurisdiction of the United States with respect to which (i) there are few Persons otherwise eligible to subscribe for shares under this Plan who reside in such jurisdiction, (ii) the granting of Subscription Rights or the offer or sale of shares of Common Stock to such Persons would require Vericity or its directors, officers or employees, under the laws of such jurisdiction, to register as a broker or dealer, salesman or selling agent or to register or otherwise qualify the Common Stock for sale in such jurisdiction, or Vericity would be required to qualify as a foreign corporation or file a consent to service of process in such jurisdiction, or (iii) such registration or qualification in the judgment of Vericity would be impracticable or unduly burdensome for reasons of cost or otherwise.

9. PAYMENT FOR COMMON STOCK.

(a) Payment for shares of Common Stock ordered by Persons in the Offerings shall be equal to the Purchase Price per share multiplied by the number of shares which are being ordered. Such payment shall be made by check or money order or other means acceptable to Vericity at the time the Order Form is delivered to Vericity. Subscription funds submitted to purchase shares of Common Stock will be held in an escrow account administered by a financial institution until such time as the conditions to consummation of the Offerings are satisfied.

(b) Each share of Common Stock issued in the Offerings shall be validly issued and non-assessable upon payment in full of the Purchase Price.

10. CONDITIONS TO THE OFFERINGS.

Consummation of the Offerings is subject to (i) the receipt of all required federal and state approvals for the issuance of Common Stock in the Offerings, (ii) approval by the Illinois Director of (A) this Plan and the transactions contemplated hereby in accordance with Section 59.1(3)(a) of the Illinois Insurance Code and, as applicable, the 2007 Order, and (B) the acquisition of the shares of Common Stock by the Standby Purchaser under the Standby Purchase Agreement as requested in the Form A, (iii) approval of this Plan and the transactions contemplated hereby by the Eligible Members in accordance with Section 59.1(4)(c)(i) of the Illinois Insurance Code, (iv) adoption of the Converted Members Mutual Charter as provided in Section 59.1(5) of the Illinois Insurance Code, (v) release of the Collateral as provided in Section 12(c) of this Plan and (vi) receipt of subscriptions in the Offerings for a number of shares of Common Stock that when multiplied by the Purchase Price is at least equal to the Minimum of the Valuation Range.

11. SPECIAL MEETING OF MEMBERS.

Following the approval of this Plan by the Illinois Director, a special meeting of the Eligible Members will be held by Members Mutual in accordance with the bylaws of Members Mutual and applicable Illinois law (the “Special Meeting”). Within forty-five (45) days of the approval of this Plan by the Illinois Director, notice of the Special Meeting will be given by Members Mutual to Eligible Members by mailing (i) a notice of the Special Meeting, (ii) a proxy statement, (iii) a copy of the Prospectus, (iv) a form of proxy by which members may vote in favor of or against this Plan and the adoption of the Converted Members Mutual Charter, and (v) a copy of the proposed Converted Members Mutual Charter and a copy or summary of this Plan, each as approved by the Illinois Director, to the address of each Eligible Member as such address appears on the records of Members Mutual. The Special Meeting of members shall be held not less than thirty (30) days after the mailing of the notice.

Pursuant to Sections 59.1(4)(c)(i) and 57(2)(a) of the Illinois Insurance Code, this Plan and the Converted Members Mutual Charter, respectively, must be approved by the affirmative vote of at least two-thirds (2/3) of the votes cast at the Special Meeting. Voting may be in person or by proxy. Each Eligible Member is entitled to cast one vote at the Special Meeting regardless of the number of Qualifying Policies owned by such Member.

12. CONSUMMATION OF THE CONVERSION.

(a) Completion of the Conversion. On or prior to the Effective Date, Members Mutual shall file an amended and restated certificate of incorporation of Vericity with the Delaware Secretary of State, substantially in the form attached as an exhibit to the Registration Statement. Following the approval of this Plan and the Converted Members Mutual Charter by the Eligible Members, Members Mutual shall file with the Illinois Director (A) the minutes of the meeting at which this Plan is adopted by the Eligible Members and (B) the Converted Members Mutual Charter and the bylaws of Converted Members Mutual. On the Effective Date or as promptly as possible thereafter, the Conversion shall be completed in the following manner: (x) the Collateral shall be released by the Trustee in accordance with Section 12(c) of this Plan and Section 7 of the Trust Agreement; (y) Vericity shall acquire all of the authorized shares of Converted Members Mutual for a purchase price equal to the par value of such shares, and any shares of capital stock of Vericity previously owned by Members Mutual shall be canceled, and (z) the shares of Common Stock subscribed for in the Offerings shall be issued and sold by Vericity. Immediately following the completion of the Conversion, Vericity shall be the ultimate parent holding company for Converted Members Mutual and all of its directly and indirectly owned subsidiaries; provided, however, that prior to the completion of the Conversion, in accordance with Section 59.1(6)(c)(i)(A) of the Illinois Insurance Code, Vericity shall be owned by Members Mutual.

(b) Effect of the Conversion. Upon the completion of the Conversion, without further action by Members Mutual, Members Mutual shall be converted into Converted Members Mutual pursuant to Section 59.1 of the Illinois Insurance Code. In accordance with the provisions of Section 59.1(11) of the Illinois Insurance Code, upon the completion of the Conversion: (i) the corporate existence of Members Mutual shall be continued in Converted Members Mutual, (ii) all of the rights, franchises and interests of Members Mutual in and to every type of property, real, personal, and mixed, and things in action thereunto belonging, shall be deemed transferred to and vested in Converted Members Mutual without any deed or transfer; and (iii) simultaneously, Converted Members Mutual shall be deemed to have assumed all the obligations and liabilities of Members Mutual. The directors and officers of Members Mutual shall serve as directors and officers of Converted Members Mutual until their successors are duly elected pursuant to the Converted Members Mutual Charter and the bylaws of Converted Members Mutual.

(c) Termination of Trust Agreement. In connection with the consummation of the Fidelity Life MHC Conversion Plan and in accordance with Section 59.2 of the Illinois Insurance Code, Members Mutual delivered all of its shares of capital stock of Vericity Holdings (the “Collateral”) in trust to the Trustee under the Trust Agreement. On the Effective Date, the Trustee shall release the Collateral upon satisfaction of the conditions set forth in Section 7 of the Trust Agreement, the Trust Agreement shall terminate and be of no further force and effect, and the Trustee shall notify Converted Members Mutual, as successor to Members Mutual, and the Illinois Director that the release of the Collateral is effective.

13. REQUIREMENT FOLLOWING OFFERING FOR REGISTRATION, MARKET MAKING AND STOCK EXCHANGE LISTING.

Vericity shall register the Common Stock to be offered and sold in the Subscription Offering pursuant to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Vericity shall use its reasonable best efforts to (i) encourage and assist one or more market makers to establish and maintain a market for the Common Stock and (ii) list the Common Stock on a national or regional securities exchange.

14. RESTRICTIONS ON TRANSFER OF COMMON STOCK.

All shares of the Common Stock that are purchased in the Subscription Offering shall be transferable without restriction, except (i) to the extent that such transfer is restricted by law, including state and federal securities laws and regulations thereunder, and (ii) all shares of Common Stock purchased in the Subscription Offering by the Management Participants may not be transferred for one year following the Effective Date. The shares of Common Stock sold to the Standby Purchaser shall be subject to restrictions on transfer set forth in the Standby Purchase Agreement and as otherwise provided by state and federal securities laws.

15. CLOSED BLOCK.

In connection with the consummation of the Fidelity Life MHC Conversion Plan, Fidelity Life established a closed block of business for participating life policies in accordance with the Closed Block Memorandum attached as Exhibit B to the Fidelity Life MHC Conversion Plan, under which Fidelity Life’s participating life policies in force on the effective date of the Fidelity Life MHC Conversion Plan or issued thereafter are operated by Fidelity Life as a closed block of participating business (the “Closed Block”). The consummation of this Plan and the transactions contemplated hereby shall not affect the operation of the Closed Block, and the Closed Block shall continue to be operated by Fidelity Life in accordance with the Fidelity Life MHC Conversion Plan.

16. EFFECT OF CONVERSION ON POLICIES AND MEMBERSHIP INTERESTS.

Following the Effective Date, each policy of insurance issued by Fidelity Life and in force as of the close of business on the Effective Date shall continue to remain in force under the terms and conditions of that policy, except that any voting and other membership rights of any Member of Members Mutual shall be extinguished on the Effective Date.

17. AMENDMENT OR TERMINATION.

Prior to the approval of this Plan by the Illinois Director, and subject to any applicable provisions of the Standby Purchase Agreement, Members Mutual by the affirmative vote of two-thirds of its Board of Directors may amend or withdraw this Plan at any time and may revise the form of the exhibits to this Plan. Each of the exhibits to this Plan is hereby incorporated by reference into this Plan and made a part hereof. The approval by the Illinois Director of this Plan shall be deemed to include the approval by the Illinois Director of all of the transactions described herein, as the same may be required by the 2007 Order or the Illinois Insurance Code or otherwise.

18. INTERPRETATION.

References herein to provisions of federal and state law shall in all cases be deemed to refer to the provisions of the same which were in effect at the time of adoption of this Plan by the Board of Directors of Members Mutual and any subsequent amendments to such provisions. All interpretations of this Plan and application of its provisions to particular circumstances by a majority of the Board of Directors of Members Mutual shall be final.

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:02 PM 02/14/2013
FILED 05:52 PM 02/14/2013
SRV 130177305 – 5228996 FILE

CERTIFICATE OF INCORPORATION OF

LIFESTORY HOLDINGS, INC.

**ARTICLE I
NAME**

The name of the Corporation is LifeStory Holdings, Inc.

**ARTICLE II
PURPOSE**

The purpose of this Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “DGCL”).

**ARTICLE III
REGISTERED AGENT**

The address of the Corporation’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

**ARTICLE IV
INITIAL INCORPORATOR**

The name and mailing address of the incorporator are as follows:

Ingrid J. Scheckel
Locke Lord LLP
111 S. Wacker Dr.
Chicago, Illinois 60606

**ARTICLE V
AUTHORIZED CAPITAL**

Section 5.1. Authorized Shares. The aggregate number of shares which the Corporation shall have authority to issue is 1,000 shares of Common Stock, par value \$0.001 per share (“Common Stock”).

Section 5.2. Common Stock.

(a) *Dividends*. Subject to the provisions of this Certificate of Incorporation, the holders of the Common Stock shall be entitled to receive ratably on a per share basis, to the extent permitted by law, such dividends as may be declared from time to time by the board of directors.

(b) *Liquidation.* In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Corporation, holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation of whatever kind available for distribution to stockholders, ratably on a per share basis.

(c) *Voting Rights.* Except as otherwise provided by the DGCL, the entire voting power of the shares of the Corporation for the election of directors and for all other purposes shall be vested exclusively in the Common Stock. Each share of Common Stock shall have one vote upon all matters to be voted on by the holders of Common Stock.

(d) *Preemptive Rights.* No holder of the Common Stock shall have any preemptive rights with respect to the Common Stock or any other securities of the Corporation, or to any obligations convertible (directly or indirectly) into securities of the Corporation whether now or hereafter authorized.

ARTICLE VI BOARD OF DIRECTORS

The business and affairs of the Corporation shall be managed by or under the direction of the board of directors consisting of not less than three directors nor more than nine directors, the exact number of directors to be determined from time to time exclusively by resolution adopted by the board of directors. A director shall hold office for a term expiring at the annual meeting of stockholders following such director's previous election and until such director's successor shall be elected and shall qualify for office, subject, however, to prior death, resignation, disqualification or removal from office. Any vacancy on the board of directors, however resulting, may be filled by an affirmative vote of the majority of the directors then in office, even if less than a quorum, or by an affirmative vote of the sole remaining director. Any director elected to fill a vacancy shall hold office for a term expiring at the annual meeting of stockholders following such director's election.

ARTICLE VII REMOVAL OF DIRECTORS

Any or all of the directors of the Corporation may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VIII WRITTEN BALLOT

Elections of directors at an annual or special meeting of stockholders need not be by written ballot unless and to the extent that the bylaws of the Corporation shall otherwise provide.

ARTICLE IX
PERPETUAL EXISTENCE

The Corporation is to have perpetual existence.

ARTICLE X
LIABILITY OF DIRECTORS

Section 10.1. Personal Liability. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director.

Section 10.2. Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended, any person (an "Indemnified Person") who was or is a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust or other enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually incurred by such Indemnified Person in connection with such Proceeding. Notwithstanding the preceding sentence, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the board of directors.

Section 10.3. Expenses. The Corporation shall pay the expenses (including attorneys' fees) actually incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by the DGCL, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article X or otherwise.

Section 10.4. Liability of Other Persons. The Corporation may indemnify and advance expenses to any person who was or is a party or is threatened to be made a party to or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust or other enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually incurred by such person in connection with such Proceeding. The ultimate

determination of the entitlement of persons to indemnification and to advancement of expenses pursuant to this Section D of Article X shall be made in such manner as is determined by the board of directors in its sole discretion.

Section 10.5. Non-Exclusivity. The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation or bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 10.6. Offset. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, limited liability company, joint venture, trust or other enterprise.

Section 10.7. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or may be indemnified under this Article X whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL.

Section 10.8. Applicability. Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

ARTICLE XI STOCKHOLDER MEETINGS AND ACTIONS

Section 11.1. Meetings. Meetings of stockholders may be held within or without the State of Delaware, as the bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside of the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

ARTICLE XII SECTION 203 OF THE DGCL

The Corporation expressly elects to be governed by Section 203 of the DGCL.

ARTICLE XIII AMENDMENTS

Section 13.1. Certificate of Incorporation. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed herein and by the DGCL, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding any other provision of this

Certificate of Incorporation or the bylaws, and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, this Certificate of Incorporation, the bylaws or otherwise, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock required by law, this Certificate of Incorporation, the bylaws or otherwise, the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt any provision inconsistent with, to amend or repeal any provision of, or to adopt a bylaw inconsistent with this Certificate of Incorporation.

Section 13.2. Bylaws. The board of directors shall have the concurrent power with the stockholders to make, alter, amend, change, add to or repeal the bylaws of the Corporation.

I, THE UNDERSIGNED, being the incorporator, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make, file and record this Certificate of Incorporation, do hereby certify the facts herein stated are true, and have accordingly hereunto set my hand this 14th day of February, 2013.

/s/ Ingrid J. Scheckel

Ingrid J. Scheckel, Incorporator

Signature Page to Certificate of Incorporation

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
LIFESTORY HOLDINGS, INC.

LifeStory Holdings, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation adopted resolutions proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that Article I of the Corporation’s Certificate of Incorporation be amended to read in its entirety as set forth below:

“The name of the Corporation is Vericity, Inc.”

SECOND: That in lieu of a meeting and vote of stockholders, the sole stockholder has given written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said LifeStory Holdings, Inc. has caused this certificate to be signed by Mark Wray, its Chief Financial Officer, this 25th day of April, 2013.

LIFESTORY HOLDINGS, INC.

By: /s/ Mark Wray

Its: Chief Financial Officer

**FORM OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
VERICITY, INC.**

Vericity, Inc. (the “Corporation”), a corporation organized and existing under the General Corporation Law of the State of Delaware (the “DGCL”), hereby certifies that:

1. The present name of the Corporation is Vericity, Inc.
2. The Corporation’s original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on February 14, 2013, and was amended on April 25, 2013 to change the name of the Corporation from “LifeStory Holdings, Inc.” to “Vericity, Inc.”
3. This Amended and Restated Certificate of Incorporation was duly adopted by the sole stockholder of the Corporation in accordance with Sections 242, 245 and 228 of the DGCL.
4. The original Certificate of Incorporation of the Corporation is hereby restated in its entirety by this Amended and Restated Certificate of Incorporation (this “Certificate of Incorporation”) to read in its entirety as follows:

**ARTICLE I
NAME**

The name of the Corporation is Vericity, Inc.

**ARTICLE II
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL.

**ARTICLE III
REGISTERED AGENT**

The address of the Corporation’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle 19808. The name of the registered agent at such address is Corporation Service Company.

ARTICLE IV
AUTHORIZED CAPITAL

A. Authorized Shares. The aggregate number of shares of all classes of stock that the Corporation shall have authority to issue is thirty million (30,000,000) shares to be designated as Common Stock, par value \$0.001 per share (the “Common Stock”).

B. Common Stock.

1. *Dividends*. Subject to the provisions of this Certificate of Incorporation, the holders of the Common Stock shall be entitled to receive ratably on a per share basis, to the extent permitted by law, such dividends as may be declared from time to time by the board of directors.

2. *Liquidation*. In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Corporation holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation of whatever kind available for distribution to stockholders, ratably on a per share basis.

3. *Voting Rights*. Except as otherwise provided by the DGCL, the entire voting power of the shares of the Corporation for the election of directors and for all other purposes shall be vested exclusively in the Common Stock. Each share of Common Stock shall have one vote upon all matters to be voted on by the holders of Common Stock.

4. *Preemptive Rights*. No holder of the Common Stock shall have any preemptive rights with respect to the Common Stock or any other securities of the Corporation, or to any obligations convertible (directly or indirectly) into securities of the Corporation whether now or hereafter authorized.

ARTICLE V
BOARD OF DIRECTORS

The business and affairs of the Corporation shall be managed by or under the direction of the board of directors consisting of not less than five (5) directors nor more than thirteen (13) directors, the exact number of directors to be determined as provided in the Corporation's Amended and Restated Bylaws (the "Bylaws"). A director shall hold office until the annual meeting for the year in which such director's term expires and until such director's successor shall be elected and shall qualify for office, subject, however, to prior death, resignation or removal from office for cause. Any vacancy on the board of directors, however resulting, may be filled only as provided for in the Bylaws. Any director elected to fill a vacancy shall hold office for a term that shall coincide with the remaining term of the vacancy so filled.

ARTICLE VI
WRITTEN BALLOT

Elections of directors at an annual or special meeting of stockholders need not be by written ballot unless and to the extent that the Bylaws shall otherwise provide.

ARTICLE VII
PERPETUAL EXISTENCE

The Corporation is to have perpetual existence.

ARTICLE VIII
LIABILITY

A. Exculpation. To the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. No amendment to, modification of or repeal of this paragraph shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

B. Right to Indemnification of Directors and Officers. The Corporation shall indemnify, advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "Indemnified Person") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) (a "Proceeding"), by reason of the fact that such person is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) actually and reasonably incurred by such Indemnified Person in connection with such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section D of this Article VIII, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof)

commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the board of directors. Any amendment, repeal or modification of this paragraph shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

C. Advancement of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article VIII or otherwise.

D. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within 30 days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law as it presently exists or may hereafter be amended.

E. Rights to Indemnification and Advancement of Expenses of Advisory Board Members. The Corporation shall indemnify and hold harmless any person who is or was a member of the advisory board of the Corporation (an "Advisory Board Member") from and against any and all liabilities and losses suffered and expenses (including attorneys' fees) actually and reasonably incurred by such Advisory Board Member, whether joint or several, related to, arising out of or in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which such Advisory Board Member may be involved or with which such Advisory Board Member may be threatened, while performing his or her services to the Corporation, by reason of such Advisory Board Member being or having been a member of the advisory board of the Corporation, except to the extent any such liabilities, losses or expenses arise from such Advisory Board Member's willful misconduct. The Corporation shall pay the expenses (including attorneys' fees) incurred by any Advisory Board Member in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding for which such Advisory Board Member would be entitled to indemnification under the terms of the previous sentence, or any action arising therefrom, whether or not such Advisory Board Member is a party thereto. Such payment of expenses in advance of the final disposition of the action, claim, suit, investigation or proceeding shall be made only upon receipt of an undertaking by such Advisory Board Member to repay all amounts advanced if it should be ultimately determined that such Advisory Board Member is not entitled to be indemnified under this Article VIII.E or otherwise. Notwithstanding anything to contrary contained in this Article VIII.E or otherwise, the rights to indemnification and advancement of expenses of the Advisory Board Members are provided to such individuals in their capacity as third-party indemnitees and not as fiduciaries of the Corporation.

F. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is a party or is threatened to be made a party to or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the board of directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the board of directors.

G. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorneys' fees) actually and reasonably incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the board of directors.

H. Non-Exclusivity of Rights. The rights conferred on any person by this Article VIII shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, the Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

I. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise. Notwithstanding anything to the contrary contained in this Article VIII, to the maximum extent permitted by law, to the extent that an Indemnified Person is entitled to be indemnified by, or receive advancement of expenses from, the Corporation hereunder or under the Corporation's Bylaws, (i) the Corporation shall be the indemnitor of first resort (*i.e.*, its obligations to such Indemnified Person are primary and any obligations of the direct and indirect holders of Common Stock or any of their affiliates (the "Owners") to provide indemnification or advancement for the same loss or damage incurred by such Indemnified Person are secondary); (ii) the Owners' obligations, if any, to so indemnify or advance expenses to any such Indemnified Party shall be reduced by any amount that such Indemnified Person collects as indemnification or advancement from the Corporation; (iii) if the Owners pay or cause to be paid, for any reason (including, without limitation, pursuant to Article VIII hereof), any amounts that should have been paid by the Corporation, then (x) the Owners shall be fully subrogated to all rights of the relevant Indemnified Person with respect to such payment and (y) each relevant Indemnified Person shall assign to the Owners all of the Indemnified Person's rights to advancement or indemnification with respect to such payment from or with respect to the Corporation; and (iv) the Corporation hereby waives any and all rights of subrogation with respect to payments of indemnification or advancement of expenses against the Owners or any insurer thereof. The Corporation agrees that the Owners shall be the express third-party beneficiaries of the second sentence of this Article VIII.I.

J. Insurance. The board of directors may, to the full extent permitted by applicable law as it presently exists or may hereafter be amended, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of Indemnified Persons and employees under the provisions of this Article VIII; and (b) to indemnify or insure Indemnified Persons and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article VIII.

K. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

L. Waiver of Corporate Opportunities. To the fullest extent permitted by Section 122(17) of the DGCL, the Corporation hereby renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any business opportunities that are presented to one or more of its directors or stockholders who are, at the time, associated with or nominated by, or serving as such as representatives of, the Standby Purchaser or its Affiliates (as defined in the Bylaws), other than those directors or stockholders who are employees of the Corporation or its subsidiaries, unless such opportunity is presented to, acquired, created or developed by, or otherwise comes into the possession of, any such director in such director's capacity as a director of the Corporation. No amendment or repeal of this Article VIII shall apply to or have any effect on the liability or alleged liability of any director or stockholder of the Corporation for or with respect to any opportunities of which such director or stockholder becomes aware prior to such amendment or repeal.

ARTICLE IX STOCKHOLDER MEETINGS AND ACTIONS

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

ARTICLE X AMENDMENTS

A. Amendments to Certificate of Incorporation. This Certificate of Incorporation may be amended as provided under Section 242 of the DGCL; provided that during the Standstill Period (as defined in the Bylaws), the Board may not adopt a resolution proposing a Material Amendment (as defined in the Bylaws) to this Certificate of Incorporation without the approval of a majority of the Company Designees (as defined in the Bylaws).

B. Bylaw Amendments. The Board of Directors of the Corporation shall have the power, without the assent or vote of the stockholders, to adopt, amend, alter or repeal the Bylaws; provided that during the Standstill Period, the Board may not adopt a resolution proposing a Material Amendment of the Bylaws without the approval of a majority of the Company Designees.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed and attested by its duly authorized officer this day of , 201 .

VERICITY, INC.
a Delaware corporation

By: _____
James Hohmann
Chief Executive Officer

BY-LAWS
OF
VERICITY, INC.

ARTICLE I
OFFICES

Section 1. The registered office of the corporation in the State of Delaware shall be in the City of Wilmington and County of New Castle.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year 2013, shall be held at such time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a simple majority vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Unless otherwise required by law, written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Unless otherwise required by law, written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of each class of stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or these by-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on or after three years from its date, unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

Section 1. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors consisting of not less than three directors nor more than nine directors, the exact number of directors to be determined from time to time exclusively by resolution adopted by the board of directors. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Directors need not be stockholders.

Section 2. Newly-created directorships resulting from any increase in the authorized number of directors and vacancies in the board of directors from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office, although less than a quorum, or by a sole remaining director, and each director so chosen shall hold office, for a term expiring at the next annual meeting of the stockholders and until his or her successor shall be duly elected and qualified or until his or her earlier resignation or removal. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorship, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. Unless otherwise restricted by the certificate of incorporation or by law, any director or the entire board of directors may be removed at any time, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. The first meeting of each newly elected board of directors shall be held without notice immediately after the annual meeting of stockholders in each year.

Section 7. Regular meetings of the board of directors may be held at such time and at such place as may from time to time be determined by resolution of the board, without notice other than such resolution.

Section 8. Special meetings of the board may be called by the president on 24 hours notice to each director, either personally or by mail or by telecopier; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of one director unless the board consists of only one director; in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 9. At all meetings of the board, a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board.

Section 11. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 12. The board of directors may, by resolution passed by a majority of the directors, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee shall have and may exercise all the lawfully delegable powers and authority of the board of directors in the management of the business and affairs of the corporation as may be conferred by the board of directors. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 13. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 14. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his or her address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. If notice is given by telecopier, a copy of the notice shall also be mailed to each addressee.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall include a president, a secretary and a treasurer. The board of directors may also choose one or more vice-presidents, assistant secretaries and assistant treasurers, or such other officers as the board of directors may from time to time determine. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting, and at its first meeting after each annual meeting of stockholders, shall choose a president, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation may be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. The president shall have the power to execute stock certificates, bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his or her inability or refusal to act, the vice-president if one shall have been appointed by the board of directors (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he or she shall be. The secretary shall have custody of the corporate seal of the corporation and he or she, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by such officer's signature.

Section 10. The assistant secretary, if any, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of the secretary's inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. The treasurer shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his or her transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, the treasurer shall give the corporation a bond in such sum with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his or her office and for the restoration to the corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control, belonging to the corporation.

Section 14. The assistant treasurer, if any, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of the treasurer's inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI

CERTIFICATE OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by such person in the corporation.

Section 2. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full

or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided by statute, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 3. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 4. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 5. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 6. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 7. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by the laws of Delaware.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation may indemnify any and all persons whom it has the power to indemnify under the General Corporation Law of the State of Delaware (the “DGCL”) against any and all expenses, judgments, fines, amounts paid in settlement, and any other liabilities to the fullest extent permitted by such Law and may, at the discretion of the board of directors, purchase and maintain insurance, at its expense, to protect itself and such persons against any such expense, judgment, fine, amount paid in settlement or other liability, whether or not the corporation would have the power to so indemnify such person under the DGCL, in each case as set forth in the Charter.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CONTRACTS

Section 3. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

LOANS

Section 4. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

DEPOSITS

Section 5. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

CHECKS

Section 6. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 7. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 8. The corporate seal, if one is desired, shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX

AMENDMENTS

These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders entitled to vote or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting.

**BYLAWS OF
VERICITY, INC.**

(adopted as of , 201)

ARTICLE I.

CORPORATE OFFICES

Section 1.1. Registered Office. The registered office of Vericity, Inc. (the “Corporation”) in the State of Delaware shall be fixed in the Corporation’s certificate of incorporation (the “Charter”) as the same may be amended from time to time.

Section 1.2. Other Offices. The Corporation may also have offices at such other places both within or without the State of Delaware as the Corporation’s board of directors (the “Board”) may from time to time determine or as the business of the Corporation may require.

Section 1.3. Books and Records. The books and records of the Corporation may be kept within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE II.

MEETINGS OF STOCKHOLDERS

Section 2.1. Place of Meetings. Meetings of stockholders shall be held at any place, within or without the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the “DGCL”). In the absence of any such designation or determination, stockholders’ meetings shall be held at the Corporation’s principal executive office.

Section 2.2. Annual Meetings. An annual meeting of stockholders shall be held each year for the election of directors and the transaction of such other business as may properly be brought before the meeting in accordance with these bylaws (these “Bylaws”) at such date, time and place, if any, as may be fixed by resolution of the Board from time to time.

Section 2.3. Special Meetings. Special meetings of stockholders for the transaction of such business as may properly come before the meeting may be called by order of the Board or by stockholders holding together at least a majority of all the shares of the Corporation entitled to vote at the meeting, and shall be held at such date and time, within or outside the State of Delaware, as may be specified by such order. Whenever the directors shall fail to fix such place, the meeting shall be held at the principal executive office of the Corporation. Notice shall be promptly given to the stockholders entitled to vote at such meeting, in accordance with the provisions of Sections 2.4 and 2.5 of these Bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting. No business may be transacted at such

special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

Section 2.4. Notice of Stockholders' Meetings. All notices of meetings of stockholders shall be sent or otherwise given in accordance with Section 2.5 of these Bylaws. Unless otherwise provided by applicable law or the Charter, such notice shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

Section 2.5. Manner of Giving Notice; Effective Date. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner permitted by Section 232 of the DGCL.

Section 2.6. Quorum. Except as otherwise provided by applicable law, the Charter or rules of any stock exchange upon which shares of the Corporation's capital stock are listed, the holders of a majority of the voting power of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. In the absence of a quorum, then either (a) the chairman of the meeting, or (b) the stockholders representing a majority of the voting power at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally specified in the notice.

Section 2.7. Adjourned Meeting; Notice. When a meeting is adjourned to another time or place, unless these Bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place if any thereof, and the means of remote communications if any by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally specified in the notice. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

Section 2.8. Inspectors of Elections; Opening and Closing the Polls. The Corporation shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

Section 2.9. Conduct of Business. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such regulation of the manner of voting and the conduct of business.

Section 2.10. Voting. Except as otherwise provided by the DGCL, the Charter or these Bylaws, every holder of the Corporation's common stock shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of common stock held by such stockholder.

Section 2.11. List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include email addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 2.12. Record Date for Stockholder Notice; Voting.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than

sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this subsection (a) at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 2.13. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

Section 2.14. Advance Notice Requirements for Election of Directors.

(a) Only persons who are nominated in accordance with the procedures set forth in this Section 2.14 shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board and the proposal of business to be transacted by the stockholders may only be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of such meeting, (ii) in accordance with Article III of these Bylaws, or (iii) by any stockholder of record of the Corporation at the time of the giving of the notice required in Section 2.14(b) who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 2.14. The foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (as amended, together with the rules and regulations promulgated thereunder, the "Exchange Act")) at an annual meeting of stockholders.

(b) For nominations or business to be properly brought before an annual meeting by a stockholder of record pursuant to clause (iii) of Section 2.14(a), (i) the stockholder of record must have given timely notice thereof in writing to the secretary of the Corporation, (ii) the stockholder of record must provide to the secretary of the Corporation any updates or supplements to such notice at the times and in the forms specified in this Section 2.14, (iii) any such business must be a proper matter for stockholder action under Delaware law and (iv) the stockholder of record and the beneficial owner or owners, if any, on whose behalf any such proposal or nomination is made, must have acted in accordance with the representations set forth in the Solicitation Statement (as defined below). To be timely, a notice by a stockholder of record must be received by the secretary of the Corporation at the principal executive offices of the Corporation not less than 90 nor more than 120 days prior to the one-year anniversary of the date of the preceding year's annual meeting of stockholders; provided, however, that, subject to the last sentence of this Section 2.14(b), if the meeting is convened more than sixty (60) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, or if no annual meeting was held in the preceding year, notice by the stockholder of record to be timely must be so received not earlier than the close of business on the 120th day prior to the date of the annual meeting and not later than the close of business on the later of (i) the 90th day before such annual meeting or (ii) if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. Notwithstanding anything in the preceding sentence to the contrary, in the event that the number of directors to be elected to the Board is increased and there has been no public announcement naming all of the nominees for director or indicating the increase in the size of the Board made by the Corporation at least 10 days before the last day a stockholder of record may deliver a notice of nomination in accordance with the preceding sentence, a notice by a stockholder of record required by this Section 2.14 shall also be considered timely, but only with respect to nominees for any new positions created by such increase in the number of directors, if it shall be received by the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation. In no event shall the public disclosure of an adjournment, or postponement for which notice has been given of an annual meeting, commence a new time period for the giving of a notice by a stockholder of record.

(c) Such notice by a stockholder of record shall set forth:

(i) If such notice pertains to the nomination of directors, as to each person whom the stockholder of record proposes to nominate for election or reelection as a director: (A) all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Exchange Act; (B) such person's written consent to being named as a nominee and to serve as a

director if elected; (C) a description of all direct and indirect compensation or other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder of record and beneficial owner or owners, if any, and their respective affiliates and associates, or other persons acting in concert therewith, on the one hand, and each proposed nominee and his or her respective affiliates and associates or other persons acting in concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder of record making the nomination and any beneficial owner or owners, if any, or other person on whose behalf the nomination is made, or any affiliate or associate thereof or other person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant; and (D) a written representation and agreement (in the form provided by the secretary of the Corporation upon written request) that such person (1) is not and will not become a party to (a) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed in writing to the Corporation or (b) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (2) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (3) in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

(ii) As to any business that the stockholder of record proposes to bring before the meeting: a brief description of such business (including the complete text of any resolutions to be presented at the annual meeting, and, in the event that such business includes a proposal to amend these Bylaws, the complete text of the proposed amendment), the reasons for conducting such business at the meeting, any material interest in such business of such stockholder of record and the beneficial owner or owners, if any, or other persons on whose behalf the proposal is made or acting in concert therewith and a description of all agreements, arrangements and understandings between such stockholder of record and beneficial owner or owners, if any, and any other such person or persons (including their names) in connection with the proposal of such business by such stockholder of record.

(iii) As to (1) the stockholder of record giving the notice and (2) the beneficial owner or owners, if any, or other persons on whose behalf the nomination or proposal is made or acting in concert therewith (each, a “party”):

a. the name and address of each such party;

b. (1) the class, series, and number of shares of the Corporation that are owned, directly or indirectly, beneficially and of record by each such party, (2) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or providing for a settlement payment or mechanism based on the price of any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by each such party, any synthetic equity transaction and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (3) any proxy, contract, arrangement, understanding or relationship pursuant to which any party, either directly or acting in concert with another person or persons, has a right to vote, directly or indirectly, any shares of any security of the Corporation, (4) any short interest or other borrowing arrangement in any security of the Corporation held by each such party as of the date of such notice or at any point during the preceding six months (for purposes of this Section 2.14(c), a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (5) any rights to dividends on the shares of the Corporation owned beneficially directly or indirectly by each such party that are separated or separable from the underlying shares of the Corporation, (6) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any party is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (7) any performance-related fees (other than an asset-based fee) that each such party is directly or indirectly entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including any such interests held by members of each such party’s immediate family sharing the same household (which information set forth in this paragraph shall be supplemented by such stockholder or such beneficial owner or other person, as the case may be, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (8) any other information relating to each such party that would be required to be disclosed in a proxy statement or other filings

required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (whether or not such party intends to deliver a proxy statement or conduct its own proxy solicitation), and (9) a statement as to whether or not each such party will deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to carry the proposal or, in the case of a nomination or nominations for election as directors, at least the percentage of voting power of all of the shares of capital stock of the Corporation reasonably believed by the stockholder of record or beneficial owner or owners, as the case may be, to be sufficient to elect the persons proposed to be nominated by the stockholder of record (such statement, a "Solicitation Statement").

(d) A stockholder of record providing notice of a nomination of director or other business proposed to be brought before a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.14 shall be true and correct as of the record date for the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation at the principal executive offices of the Corporation not later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than five business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to) or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment or postponement thereof).

(e) A person shall not be eligible for election or reelection as a director at an annual meeting unless (i) the person is nominated by a stockholder of record in accordance with Section 2.14(a)(iii); or (ii) the person is nominated in accordance with Article III. Only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chair of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(f) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(g) Notwithstanding the foregoing provisions of this Section 2.14, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to matters set forth in this Section 2.14. Nothing in this Section 2.14 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.15. Procedure for Election of Directors; Required Vote. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, a plurality of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors. Except as otherwise provided by law, the Charter or these Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

ARTICLE III.

DIRECTORS

Section 3.1. Powers. Subject to the provisions of the DGCL and any limitations in the Charter or these Bylaws, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

Section 3.2. Defined Terms. The following terms used in these Bylaws have the meanings given them in the Standby Stock Purchase Agreement dated October 5, 2018, by and among Members Mutual Holding Company, Fidelity Life Association, the Corporation, and Apex Holdco L.P. (the "Standby Purchase Agreement"): Advisory Board, Affiliate, Cause, Company Designee, Group Company, Material Amendment, Standby Purchaser Designee, Standby Purchaser, and Standstill Period.

Section 3.3. Composition of the Board of Directors. The Board shall consist of the Standby Purchaser Designees and the Company Designees. The number of Company Designees shall not exceed six (6) nor at any time be less than two (2), and the number of Standby Purchaser Designees shall at any given time, subject to the last sentence of this Section 3.3, be one (1) more than the number of Company Designees but in no event less than three (3). The number of the initial Company Designees and Standby Purchaser Designees shall be as provided in the Standby Purchase Agreement. In the event of a vacancy occurring among the Company Designees, the size of the Board may be adjusted in accordance with Section 3.6 hereof. Notwithstanding the foregoing, if among the Company Designees and the Standby Purchaser Designees there are insufficient independent directors available to satisfy the independence requirements under the rules of the Nasdaq Stock Market or the Securities and Exchange Commission relating to the number of independent directors required to serve on the board of directors or any committee thereof, the Standby Purchaser shall have the right to designate the minimum number of additional directors necessary to satisfy such applicable independence requirements.

Section 3.4. Nomination, Election, and Term of Office of Directors.

(a) Each director, including a director elected to fill a vacancy, shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation, retirement or removal for Cause; provided, that the Standby Purchaser shall have the right to remove any Standby Purchaser Designee at any time with or without Cause. Directors need not be stockholders.

(b) At any election of directors, a majority of the Standby Purchaser Designees (or the sole remaining Standby Purchaser Designee) shall have the right to nominate the successors of the Standby Purchaser Designees, and a majority of the Company Designees (or the sole remaining Company Designee), shall have the right to nominate the successors of the Company Designees, in each case for election or reelection to the Board. If there are no Company Designees then serving on the Board, a majority of the members of the Advisory Board (or the sole remaining member thereof) shall have the right to nominate the successors of the Company Designees.

(c) No person eighty (80) years of age or above shall be eligible for election, reelection, appointment, or reappointment to the Board. No director shall serve as such beyond the annual meeting of the Corporation immediately following such director's attainment of the age of eighty (80).

Section 3.5. Resignation. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation.

Section 3.6. Vacancies. Vacancies on the Board shall be filled as follows: (i) in the event of any vacancy in the office of any Standby Purchaser Designee, the remaining Standby Purchaser Designees shall have the right to designate a replacement to fill such vacancy, and (ii) in the event of any vacancy in the office of any Company Designee, a majority of the remaining Company Designees (or the sole remaining Company Designee) shall have the right to designate a replacement to fill such vacancy, and if there are no Company Designees then serving on the Board, a majority of the members of the Advisory Board (or the sole remaining member thereof) shall have the right to designate a replacement to fill such vacancy. Notwithstanding the foregoing, at the election of the Standby Purchaser, in lieu of the designation of a replacement Company Designee as provided above, the size of the Board may be reduced by two directors so long as one of the Standby Purchaser Designees resigns, such that the Standby Purchaser will continue to have one more designee than the number of Company Designees (provided that the number of Company Designees, as reduced as aforesaid, may not be reduced below two). Any director elected to fill a vacancy shall hold office for a term that shall coincide with the remaining term of the vacancy so filled.

Section 3.7. Chairman of the Board. The Board shall elect a chairman of the Board from among the Standby Purchaser Designees. The chairman of the Board shall preside at all meetings of the stockholders and of the Board and shall have such other powers and perform such other duties as may be prescribed to him or her by the Board or provided in these Bylaws.

Section 3.8. Place of Meetings, Meetings by Telephone. The Board may hold meetings, both regular and special, either within or without the State of Delaware. Unless otherwise restricted by the Charter or these Bylaws, members of the Board and the Advisory Board may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.9. Regular Meetings. Regular meetings of the Board may be held at such time and at such place as shall from time to time be determined by the Board. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board or otherwise publicized among all of the directors in writing (including by facsimile or by email).

Section 3.10. Special Meetings; Notice. Special meetings of the Board for any purpose or purposes may be called at any time by any of the directors then in office.

Notice of the time, place and purpose of special meetings of the Board shall be: (a) delivered personally by hand or by courier; (b) sent by United States first-class mail, postage prepaid; (c) sent by facsimile; or (d) sent by email; in each case directed to each director at that director's address, telephone number, facsimile number or email address, as the case may be, as shown on the Corporation's records.

If the notice is (a) delivered personally by hand or by courier, (b) sent by facsimile or (c) sent by email, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting of the Board. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting of the Board. Any oral notice may be communicated in person to the director.

Section 3.11. Waiver of Notice. A written waiver of any notice, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business nor the purpose of any meeting need be specified in such waiver.

Section 3.12. Quorum. At all meetings of the Board, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by law, the Charter or these Bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 3.13. Board Action by Written Consent. Unless otherwise restricted by the Charter or these Bylaws, any action required or permitted to be taken at any meeting of the Board or any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing (which may be in counterparts) or by

electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.14. Fees and Compensation of Directors. The Board shall have the authority to fix the compensation of directors, provided that the compensation payable to the Company Designees may be decreased only with the approval of a majority of the Company Designees and increased only with the approval of a majority of the Standby Purchaser Designees. The directors shall also be paid their reasonable expenses of attendance at each meeting of the Board or a committee thereof.

ARTICLE IV.

ADVISORY BOARD

Section 4.1. Advisory Board. Effective upon the closing of the transactions contemplated by the Standby Purchase Agreement, the Advisory Board shall be established to provide general policy advice to the Board.

Section 4.2. Advisory Board Members. Only those individuals who were directors of Members Mutual as of the date of the Standby Purchase Agreement shall be eligible to serve on the Advisory Board. The initial members of the Advisory Board shall be as provided in the Standby Purchase Agreement. Upon a Company Designee's resignation or retirement from the Board prior to the termination of the Advisory Board, effective upon notice to the Corporation, such former Company Designee shall become a member of the Advisory Board. A member of the Advisory Board shall be entitled to receive notice of, attend and participate in all meetings of the Board on the same basis as a director, but shall not have any voting rights or any responsibility or be subject to any liability imposed upon a director or in any manner otherwise be deemed a director. Members of the Advisory Board shall serve until the termination of the Advisory Board as provided in Section 4.5 hereof, or such individual's earlier death, resignation or removal for Cause. Advisory Board members shall enter into customary confidentiality agreements and recuse themselves from meetings if participation would, in the opinion of counsel to the Corporation, compromise attorney client privilege.

Section 4.3. Company Designee Nomination. In the event that there are no remaining Company Designees to make such nomination or designation as provided for in Sections 3.4 and 3.6 hereof, the Advisory Board shall have the right to nominate individuals as successor, or designate individuals as replacement, Company Designees.

Section 4.4. Compensation. Members of the Advisory Board shall be entitled to the same compensation and expense reimbursement as that payable to the Company Designees for serving on the Board, and separate rights to indemnification and advancement of expenses in their capacity as third-party indemnitees and not as fiduciaries of the Corporation.

Section 4.5. Termination of the Advisory Board. The Advisory Board shall terminate on the earlier to occur of (a) expiration of the Standstill Period, or (b) the fifth anniversary of the closing of the transactions contemplated by the Standby Purchase Agreement.

ARTICLE V.

COMMITTEES

Section 5.1. Committees of Directors. The Board may designate, by resolution, one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in the resolution of the Board designating such committee or in these Bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; provided, however, that no such committee shall have the power or authority to (a) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (b) adopt, amend or repeal any bylaw of the Corporation.

Section 5.2. Composition of Committees. The majority of the members of each committee shall consist of Standby Purchaser Designees, and at least one (1) Company Designee shall serve on each committee.

Section 5.3. Committee Minutes. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

Section 5.4. Meetings and Actions of Committees.

(a) Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Sections 3.1, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, and 3.13, in each case with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members.

(b) Each committee of the Board may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum.

ARTICLE VI.

OFFICERS

Section 6.1. Executive Officers; Election; Term of Office. The Board shall elect a chief executive officer and a chief financial officer. The Board shall also elect a secretary and may elect a president, one or more vice presidents and such other officers and assistant officers as may be deemed necessary or desirable by the Board. Any number of offices may be held by

the same person, except that neither the chief executive officer nor the president shall also hold the office of secretary. In its discretion, the Board may choose not to fill any office for any period as it may deem advisable, except that the office of secretary shall be filled as expeditiously as possible. Each officer shall hold office until the first meeting of the Board after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

Section 6.2. Resignation; Removal; Vacancies. Any officer may resign at any time by giving written notice to the chairman of the Board, the chief executive officer or the secretary. Unless otherwise stated in a notice of resignation, it shall take effect when received by the officer to whom it is directed, without any need for its acceptance. A vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term thereof by the Board at any regular or special meeting.

Section 6.3. Vacancies. Any vacancy occurring in any office because of death, resignation or removal may be filled by the Board.

Section 6.4. Compensation. Compensation of all executive officers shall be fixed by or under the direction of the Board.

Section 6.5. Chief Executive Officer. The chief executive officer shall have general charge, control, direction and supervision over the business and affairs of the Corporation, subject to the control and direction of the Board and shall perform such other duties and have such other powers as the Board may from time to time prescribe. He/she may sign and execute in the name of the Corporation all authorized contracts, bonds, mortgages or other authorized corporate obligations or instruments. The chief executive officer shall recommend to the Board candidates for appointment to the other officers set forth in this Article VI.

Section 6.6. President. The president shall have such duties and exercise such powers as the chief executive officer may from time to time prescribe. He/she may sign and execute in the name of the Corporation all authorized contracts, bonds, mortgages or other authorized corporate obligations or instruments.

Section 6.7. Chief Financial Officer. The chief financial officer shall be responsible for the financial affairs of the Corporation, under the direction of the chief executive officer and subject to the control of the Board and shall render to the chief executive officer and the Board at its regular meetings, or when the Board so requires, an account of the financial condition of the Corporation. He/she shall also perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 6.8. Executive Vice President. The executive vice president (or, if there shall be more than one, the executive vice presidents in the order designated by the Board, or in the absence of any designation, then in order of their election) shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the chief executive officer may from time to time prescribe.

Section 6.9. Senior Vice President. The senior vice president (or, if there shall be more than one, the senior vice presidents in the order designated by the Board, or in the absence of any designation, then in order of their election) shall, in the absence or disability of the president or any executive vice presidents, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the chief executive officer may from time to time prescribe.

Section 6.10. Vice Presidents. The vice presidents in the order of their election unless otherwise determined by the Board, shall, in the absence or disability of the chief executive officer, the president, any executive vice presidents or any senior vice presidents, perform the duties and exercise the powers of the president, and shall perform such other duties and have such other powers as the chief executive officer may from time to time prescribe.

Section 6.11. Secretary. The secretary shall when practicable attend all meetings of the Board and all meetings of the stockholders, and record all the proceedings of the meetings of the Corporation and of the Board in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He/she shall give, or cause to be given, notice of all meetings of the stockholders and notice of all meetings of the Board, where required by these Bylaws or by resolution or order of the Board. He/she shall perform such other duties as may be prescribed by the chief executive officer of the Corporation. He/she shall keep in safe custody the seal of the Corporation and affix the same to any instrument requiring it and, when so affixed, it shall be attested by his or her signature or by the signature of an assistant secretary.

Section 6.12. Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries in the order of their election unless otherwise determined by the Board, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the chief executive officer may from time to time prescribe.

Section 6.13. Treasurer.

(a) The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in such depositories.

(b) He/she shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by the Board by general resolution or otherwise, taking proper vouchers for such disbursements, and shall render to the chief executive officer and the Board, at its regular meetings, or when the Board so requires, an account of all his or her transactions as treasurer.

Section 6.14. Assistant Treasurers. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order of their election unless otherwise determined by the Board, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 6.15. Other Officers. Such other officers as the Board may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board. The Board may delegate to the chief executive officer the power to choose such other officers and to prescribe their respective duties and powers.

Section 6.16. Duties of Officers. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the chairman of the Board, chief executive officer, president, or any vice president and any such officer may in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at a meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board may, by resolution, from time to time confer like powers upon any other person or persons.

Section 6.17. Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE VII.

GENERAL MATTERS

Section 7.1. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 7.2. Checks. From time to time, the Board shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the Corporation, and only the persons so authorized shall sign or endorse those instruments.

Section 7.3. Execution of Corporate Documents and Instruments. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 7.4. Stock Certificates, Partially Paid Shares. The shares of the Corporation may be certificated or uncertificated, as provided under the DGCL. All certificates shall be numbered and shall be entered in the books of the Corporation as they are issued. The

certificates shall be signed by, or in the name of the Corporation by the chairman of the Board, or a president or vice president, and by the secretary or an assistant secretary of such Corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he/she were such officer, transfer agent or registrar at the date of issue.

Section 7.5. Lost Certificates. Except as provided in this Section 7.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 7.6. Dividends. The Board, subject to any restrictions contained in either (i) the DGCL, or (ii) the Charter, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property, or in shares of the Corporation's capital stock. The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

Section 7.7. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

Section 7.8. Seal. The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 7.9. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto (unless the shares are uncertificated), cancel the old certificate, and record the transaction in its books.

Section 7.10. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof except as otherwise provided by the laws of Delaware.

Section 7.11. Forum for Adjudication of Disputes. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provisions of the DGCL, the Corporation's Charter or these Bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine, shall be a state or federal court located within the State of Delaware, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 7.11.

Section 7.12. Amendments. The amendment or repeal of any of these Bylaws, or the adoption of any bylaw inconsistent with these Bylaws, shall require either: (i) the affirmative vote of stockholders of the Corporation holding at least a majority of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, subject to any applicable contractual restrictions, voting together as a single class; or (ii) the affirmative vote of a majority of the total number of directors of the Corporation; provided, however, that during the Standstill Period, the Board may not alter, amend, change, add to or repeal the Bylaws of the Corporation in manner that would constitute a Material Amendment without the approval of a majority of the Company Designees.

FIDELITY LIFE ASSOCIATION
DEFERRED COMPENSATION PLAN

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FIDELITY LIFE ASSOCIATION
DEFERRED COMPENSATION PLAN

ARTICLE I
PURPOSE AND EFFECTIVE DATE

1.1 Purpose

The purpose of this Deferred Compensation Plan is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of Directors and certain employees of Employer. It is intended that the Plan will aid in attracting and retaining Directors and employees of exceptional ability by providing them with these benefits.

1.2 Effective Date

This Plan is effective June 1, 2006.

ARTICLE II
DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Account

“Account” means the device used by Employer to measure and determine the amounts to be paid to a Participant under the Plan. Separate subaccounts may be maintained to properly reflect the Participant’s balance and earnings thereon. A Participant’s Account shall not constitute or be treated as a trust fund of any kind.

2.2 Administrative Committee

“Administrative Committee” means the committee appointed to administer the Plan pursuant to Article VII.

2.3 Beneficiary

“Beneficiary” means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant’s death.

2.4 Board

“Board” means the Board of Directors of the Company.

2.5 Bonus

“Bonus” means any incentive compensation to a Participant under the Company’s Senior Management Bonus Plan.

2.6 Change in Control

A “Change in Control” shall occur when:

- (a) The shareholders of the Company approve one of the following (“Approved Transactions”) and either (x) such Approved Transaction is consummated or (y) the Board determines that consummation of such Approved Transaction is likely:
 - (i) Any consolidation, merger or plan of exchange involving the Company (“Merger”) in which the Company is not the continuing or surviving corporation or pursuant to which Stock would be converted into cash, securities or other property, other than a Merger involving the Company in which the holders of Stock immediately prior to the Merger have the same proportionate ownership of Stock of the surviving corporation after the Merger; or
 - (ii) Any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company or the adoption of any plan or proposal for the liquidation or dissolution of the Company; or
- (b) A tender or exchange offer, other than one made by the Company, is made for Stock (or securities convertible into Stock) and such offer results in a portion of those securities being purchased and the offeror after the consummation of the offer is the beneficial owner (as determined pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), directly or indirectly, of at least twenty 20% of the outstanding Stock (an “Offer”); or
- (c) During any period of 12 months or less, individuals who at the beginning of such period constituted a majority of the Board cease for any reason to constitute a majority thereof unless the nomination or election of such new directors was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period.

The terms used in this Section 2.6 and not defined elsewhere in the Plan shall have the same meanings as such terms have in the Exchange Act and the rules and regulations adopted thereunder. Notwithstanding anything herein to the contrary, the conversion of the Company to stock form pursuant to a Plan of Conversion shall not be deemed to be a Change in Control for purposes of this Plan.

2.7 Code

“Code” means the Internal Revenue Code of 1986, as amended.

2.8 Company

“Company” means Fidelity Life Association, an Illinois corporation, or any successor to the business thereof.

2.9 Compensation

“Compensation” means the Salary, Bonus or Director Fees that the Participant earns for services rendered to the Company.

2.10 Deferral Commitment

“Deferral Commitment” means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Participation Agreement has been submitted by the Participant to the Administrative Committee.

2.11 Deferral Period

“Deferral Period” means a calendar year for Directors and eligible employees effective January 1, 2006.

2.12 Determination Date

“Determination Date” means the last day of each calendar month.

2.13 Director

“Director” means a member of the Company’s Board of Directors.

2.14 Director Fees

“Director Fees” means all Board retainer and committee meeting fees earned by a Participant and payable in cash (before reduction for amounts deferred under this Plan). Director Fees do not include expenses, reimbursements, or any form of noncash compensation or benefits.

2.15 Disability

A Participant shall be considered to have terminated employment or Board Service because of “Disability” if either of the following apply:

- (a) The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

- (b) The Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's employer.

2.16 Earnings Index

"Earnings Index" means a portfolio or fund selected by the Administrative Committee from time to time to be used as an index in calculating Rate of Return.

2.17 Elective Deferred Compensation

"Elective Deferred Compensation" means the amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.18 Employer

"Employer" means the Company or any successor to the business thereof, and any affiliated or subsidiary corporations designated by the Administrative Committee.

2.19 Participant

"Participant" means any eligible individual who has elected to defer Compensation under this Plan.

2.20 Participation Agreement

"Participation Agreement" means the agreement submitted by a Participant (including the Benefit Payment Election Form) to the Administrative Committee prior to the beginning of the Deferral Period, with respect to a Deferral Commitment made for such Deferral Period.

2.21 Plan

"Plan" means this Fidelity Life Association Deferred Compensation Plan, as amended from time to time.

2.22 Rate of Return

"Rate of Return" means the rate used to determine the amount credited monthly to a Participant's Account under Article IV. Such rate shall be determined by the Administrative Committee based upon the net performance of the Earnings Indices selected by the Participant.

2.23 Retirement

"Retirement" means an employee's termination of employment with Employer on or after the employee's attainment of age 55 or after 5 years of service, or a Board member's termination after age 55.

2.24 Salary

“Salary” means the Employee’s base salary for the Plan Year. Salary excludes any other form of compensation such as restricted stock, proceeds from stock options or stock appreciation rights, severance payments, moving expenses, car or other special allowance, or any other amounts included in an Eligible Employee’s taxable income that is not base salary. Deferral elections shall be computed before taking into account any reduction in taxable income by Salary reduction under Code sections 125, 132(f) or 401(k), or under this Plan.

2.25 Unforeseeable Emergency

“Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant, the Participant’s spouse, or a dependent (as defined in Code section 152(a)) of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but in any case, the amounts distributed with respect to an Unforeseeable Emergency shall not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant’s assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

ARTICLE III PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation

- (a) ELIGIBILITY. Eligibility to participate in the Plan is limited to executive employees selected by the Administrative Committee and Directors.
- (b) PARTICIPATION. Eligible employees and Directors may elect to participate in the Plan with respect to any Deferral Period by submitting a Participation Agreement to the Administrative Committee by the December 31 immediately preceding the Deferral Period, except as provided in (c) and (d) below.
- (c) PART-YEAR PARTICIPATION. If a Director or an employee first becomes eligible to defer Compensation during a Deferral Period, a Participation Agreement must be submitted to the Administrative Committee no later than 30 days following eligibility to defer, and such Participation Agreement shall be effective only with regard to Compensation with respect to services following the submission of the Participation Agreement to the Administrative Committee.

- (d) BONUS. An employee must separately elect to defer amounts with respect to Bonuses under the Plan. The Participation Agreement to defer a Bonus under the Plan must be submitted to the Administrative Committee before the latest of the following:
 - (i) the beginning of the Deferral Period for which the Company's bonus, if any, will be paid;
 - (ii) to the extent permitted by Code section 409A, for Deferral Periods beginning after 2006, six months before the end of the Company's fiscal year for which the Bonus, if any, will be paid; or
 - (iii) for an employee who first becomes eligible during a Deferral Period, 30 days after he becomes eligible; provided, that the deferral election for the first Deferral Period can only apply to compensation paid for service performed subsequent to the election. The maximum amount of the Bonus for the first Deferral Period that can be deferred is equal to the amount of the Bonus for the Deferral Period multiplied by the ratio of the number of days remaining in the Deferral Period after the election over the total number of days in the Deferral Period.

3.2 Form of Deferral

A Participant may elect Deferral Commitments in the Participation Agreement as follows:

- (a) SALARY DEFERRAL COMMITMENT. A Salary Deferral Commitment shall be related to the Salary payable by Employer to a Participant for services to be performed during the Deferral Period. The amount to be deferred shall be stated as a whole number percentage or dollar amount of each installment of Salary.
- (b) BONUS DEFERRAL COMMITMENT. A Bonus Deferral Commitment shall be related to any Bonus payable under the Company's Senior Management Bonus Plan to the Participant for services to be performed during the Deferral Period for which the Bonus will be paid. The amount to be deferred shall be stated as a whole number percentage or dollar amount of the Bonus.
- (c) DIRECTOR FEES DEFERRAL COMMITMENT. A Director Fees Commitment shall relate to the Director Fees for services as a Director to be performed during the Deferral Period. The amount to be deferred shall be stated as a whole number percentage or dollar amount of the amount otherwise payable.

3.3 Limitations on Deferral Commitments

The following limitations shall apply to Deferral Commitments:

- (a) MINIMUM. The minimum deferral amount for a plan year shall be \$1,000. Bonus amounts are included in the plan year in which the Bonus is otherwise expected to be paid. The minimum may be met by aggregating amounts under all

Salary, Bonus and Director Deferral Commitments under Section 3.2. The Administrative Committee may determine at any time that any deferral election that fails to provide for a minimum deferral is void and amounts covered by that election shall not be excluded from compensation for the year. The Administrative Committee may determine the timing of payments of amounts under a void election.

- (b) **MAXIMUM.** The maximum deferral amount shall be 90% of Salary and 100% of Bonus or Director Fees.
- (c) **CHANGES IN MINIMUM OR MAXIMUM.** The Administrative Committee may change the minimum or maximum deferral amounts from time to time by giving written notice to all Participants. No such change may affect a Deferral Commitment made prior to the Administrative Committee's action.

3.4 Commitment Limited by Termination

If a Participant terminates employment with Employer or Board service prior to the end of the Deferral Period, the Deferral Period and the Deferral Commitment shall end at the date of termination.

ARTICLE IV DEFERRED COMPENSATION ACCOUNTS

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant. Separate subaccounts shall be maintained to the extent necessary to properly reflect the Participant's election of Earnings Indices and total vested or nonvested Account balances. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account at the same time the corresponding nondeferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation which is required by state, federal or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess reducing the amount to be credited to the Participant's Account.

4.3 Additional Company Matching Contributions

A Participant's Account shall be credited with an amount that is equal to the amount of matching contribution that was not credited to the Participant's accounts under the Fidelity Life Association 401(k) Plan for the Deferral Period solely because the Participant's deferrals under this Plan caused the Participant's taxable compensation reported on IRS Form W-2 to be lower

than if Participant had not deferred amounts under this Plan. However, the amount credited shall be no more than the amount of the matching contribution that was not credited to the Participant's Fidelity Life Association 401(k) Plan because of the reduction of taxable compensation.

4.4 Additional Company Discretionary Contributions

A Participant's Account shall be credited with such additional Company contributions in such amounts and at such times as may be approved by the Compensation Committee of the Board, or the Board, in its sole discretion.

4.5 Allocation of Elective Deferred Compensation

- (a) At the time a Participant completes a Deferral Commitment for a Deferral Period, the Participant shall also select the Earnings Index or Indices in which the Participant wishes to have the deferrals deemed invested. The Participant may select any combination of Earnings Indices as long as at least 5%, in whole percentages, is credited to each of the Earnings Indices selected.
- (b) A Participant may change the amounts allocated to the Earnings Indices on the first day of each calendar quarter, provided that the Participant submitted notice of the change at least five days before the first day of the calendar quarter. The change may apply to prospective deferrals only or may include current account balances.
- (c) The Administrative Committee may change the notice requirement and frequency by which Participants can reallocate their accounts from time to time by giving written notice to all Participants.

4.6 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited during the period, plus contributions for the benefit of the Participant during the period pursuant to Section 4.3 and 4.4, plus earnings calculated using the Rate of Return, minus the amount of any distributions made since the immediately preceding Determination Date.

4.7 Vesting of Accounts

Each Participant shall be 100% vested at all times in the Participant's Elective Deferred Compensation and any earnings thereon. Any matching contributions under Section 4.3 shall vest pursuant to the vesting schedule of the Fidelity Life Association 401(k) Plan. Any discretionary Company contributions under Section 4.4 shall vest on the basis determined by the Compensation Committee of the Board or the Board, as the case may be, that approved the contribution.

4.8 Statement of Accounts

The Administrative Committee shall give to each Participant a statement setting forth the balances in the Participant's Account on a quarterly basis and at such other times as may be determined by the Administrative Committee.

ARTICLE V PLAN BENEFITS

5.1 Distributions Prior to Termination of Employment

A Participant's Account may be distributed to the Participant prior to termination of employment as follows:

- (a) **SCHEDULED EARLY WITHDRAWALS.** A Participant may elect in a Participation Agreement to withdraw all or any portion of the amount deferred (and earnings thereon) pursuant to that Participation Agreement in a single lump sum or from two to five substantially equal annual installments commencing the first January and on each subsequent January following the date specified in the election. Such date shall not be sooner than three years after the date the Deferral Period commences in which the scheduled early withdrawal was initially elected. Upon a Participant's termination, the following shall apply:
 - (i) **EARLIER PAYMENT ON SCHEDULE.** Payment of any amount that is scheduled to be withdrawn before the time provided in (ii) shall be distributed on the date specified in the election.
 - (ii) **SCHEDULE AFTER TERMINATION.** Any balance subject to a Scheduled Early Withdrawal election shall be distributed in a lump sum within 60 days, subject to Section 5.3.
- (b) **HARDSHIP WITHDRAWALS.** A Participant may elect to withdraw amounts because of an Unforeseeable Emergency. The Administrative Committee shall determine whether or not an Unforeseeable Emergency has occurred and the maximum amount that may be withdrawn. Any such hardship withdrawal distribution shall be payable within 30 days after the Administrative Committee approves such payment.

5.2 Distributions Following Termination of Service

- (a) **RETIREMENT OR DISABILITY BENEFIT.**
 - (i) **BENEFIT AMOUNT.** If a Participant terminates employment or Board service with Employer due to Retirement or Disability, Employer shall pay to the Participant a benefit equal to the balance in the Participant's Account.

- (ii) **FORM OF BENEFIT.** Subject to Section 5.2(a)(iii), benefits under this Section 5.2(a) shall be paid in the form or forms selected by the Participant in the Participation Agreement. Optional forms of payment shall include a lump-sum payment and substantially equal annual installments of the Account over a period of up to 15 years.
- (iii) **MANDATORY LUMP-SUM PAYMENTS.** Notwithstanding Sections 5.2(a)(ii), (iv) and (v), if an employee terminates employment before age 55, or with less than five years of service, or if a Director terminates Board service before age 55, or if a Participant's Account is less than \$50,000 on the Retirement date, a lump-sum payment will be made regardless of the distribution method the Participant elected.
- (iv) **CHANGE IN FORM OF PAYMENT.** A Participant may elect to change the form or forms of the payment or payments specified in the Participation Agreements, subject to the following:
 - (A) The election to change may not take effect until at least 12 months after the date on which the election is made. The election shall be ineffective with respect to benefits that start pursuant to a Participation Agreement or other terms of the Plan before the anniversary of the election.
 - (B) The first payment with respect to which the election is made shall be delayed for a period of not less than five years from the date that such payment would otherwise have been made. The Participant may elect the period of delay, but the period of delay must not be less than five years nor more than ten years. The maximum period of annual installments under Section 5.2(a)(ii) shall be reduced by the number of years of the period of delay.
 - (C) No amount may be paid sooner under the new election than under the original election.
- (b) **TERMINATION BENEFIT.** If a Participant terminates employment or Board service with Employer for any reason other than Retirement, Disability, or death, Employer shall pay to the Participant a lump-sum benefit equal to the balance in the Participant's Account.
- (c) **DEATH BENEFIT.**
 - (i) **PRERETIREMENT.** If a Participant terminates employment or Board service with Employer due to death, Employer shall pay to the Participant's Beneficiary a lump-sum benefit equal to the balance in the Participant's Account.
 - (ii) **POSTRETIREMENT.** If a Participant dies following the Participant's Retirement, Employer shall continue to pay any remaining benefit payments to the Participant's Beneficiary in the form previously elected by the Participant for Retirement benefits.

5.3 Benefit Commencement

Commencement of benefits shall be subject to the following:

- (a) Subject to subsection (b) below and any election under Section 5.2(a)(ii) to commence in January following termination, benefits under Section 5.2 shall commence as soon as practicable after termination but in no case more than 60 days after termination.
- (b) Distributions on account of termination may not be made to a Participant who is a key employee, as defined in Code section 416(i) without regard to Code section 416(i)(5), before the date which is six months after the date of termination of service with Employer. If the Participant terminates service because of death or if the Participant dies before or within the six months, benefits shall commence as soon as practicable after death, but in no case no more than 60 days after death.

5.4 Deferred Payment of Benefit

If part of a Participant's compensation is not deductible under Code section 162(m), then the Company may require the Participant to defer payment of benefits under this Article to avoid the limitation set forth in Code section 162(m). Any deferred benefits under this Section shall be distributed to the Participant in the first calendar year such amounts would not exceed the limitation as set out in Code section 162(m).

5.5 Withholding for Taxes

To the extent required by the law in effect at the time payments are made, Employer shall withhold from payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Employer determines are reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A beneficiary, however, may elect not to have withholding of federal income tax pursuant to Code section 3405, or any successor provision thereto.

5.6 Valuation and Settlement

The amount of a lump-sum payment and the initial installment payment shall be based on the value of the Participant's Account on the Determination Date immediately preceding the lump-sum payment or commencement of installment payments.

5.7 Payment to Guardian

The Administrative Committee may direct payment to the duly appointed guardian, conservator, or other similar legal representative of a Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Administrative Committee may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor,

incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Administrative Committee of incompetency, minority, or incapacity. Such distribution shall completely discharge the Administrative Committee from all liability with respect to such benefit.

ARTICLE VI BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate a Beneficiary (both primary as well as contingent) to whom benefits under this Plan shall be paid if a Participant dies prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Administrative Committee, and will be effective only when filed with the Administrative Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. The filing of a new Beneficiary designation shall cancel all Beneficiary designations previously filed. If a Participant's Compensation is community property, any Beneficiary Designation shall be valid or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Employer's obligations under this Plan.

ARTICLE VII ADMINISTRATION

7.1 Committee; Duties

The Plan shall be administered by an Administrative Committee consisting of three or more members as may be appointed from time to time by the Chief Executive Officer. The Administrative Committee shall have the authority to interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including determination of eligibility and interpretations of the Plan, as may arise in such administration. A majority vote of the Administrative Committee members in office at the time of the vote shall control any decision. The required majority action may be taken either by a

vote at a meeting or without a meeting by a signed memorandum. Meetings may be conducted by telephone conference call. The Administrative Committee may, by majority action, delegate to one or more of its members the authority to execute and deliver in the name of the Administrative Committee all communications and documents which the Administrative Committee is required or authorized to provide under this Plan.

Any party shall accept and rely upon any document executed in the name of the Administrative Committee. Members of the Administrative Committee may be Participants under this Plan.

7.2 Agents

The Administrative Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions

The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Administrative Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such person's service on the Administrative Committee, except in the case of gross negligence or willful misconduct.

ARTICLE VIII CLAIMS PROCEDURE

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Administrative Committee which shall respond in writing within 30 days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

- (a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional material or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

- (a) Any person whose claim or request is denied or who has not received a response within 30 days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.
- (b) Such notice shall be made within the lesser of 90 days of notice of denial or 120 days of the original written claim.

8.4 Final Decision

The decision on review shall normally be made within 60 days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

- (a) The Company may amend the Plan at any time and from time to time by written instrument. Except as provided in (b) below, the power to amend may be executed only by the Board.
- (b) The Administrative Committee may adopt any technical, clerical, conforming or clarifying amendment or other change, provided:
 - (i) The Administrative Committee deems it necessary or advisable to:
 - (A) correct any defect, supply any omission or reconcile any inconsistency in order to carry out the intent and purposes of the Plan;
 - (B) maintain the Plan's status as a "top-hat" plan for purposes of ERISA; or
 - (C) facilitate the administration of the Plan;
 - (ii) The amendment or change does not, without the consent of the Board, materially increase the cost to the Employer of maintaining the Plan; and

- (iii) Any amendment adopted by the Administrative Committee shall be in writing, signed by a member of the Committee and promptly reported to the Board.
- (c) To the extent permitted under subsections (e) and (f) below, amendments may have an immediate, prospective or retroactive effective date.
- (d) Amendments do not require the consent of any Participant or Beneficiary.
- (e) Amendments are subject to the following limitations:
 - (i) **PRESERVATION OF ACCOUNT BALANCE.** No amendment shall reduce the amount credited or to be credited to any Account as of the date notice of the amendment is given to Participants, except as provided in subsection (f) below.
 - (ii) **CHANGES IN EARNINGS RATE.** If the Plan is amended so that the Earnings Index is not used to calculate the Rate of Return, the rate of earnings to be credited to the Participant's Account shall not be less than the monthly equivalent of the average nominal annual yield on three month Treasury bills for the applicable Determination Period.
 - (iii) **AFTER A CHANGE IN CONTROL.** No amendment shall change the methodology used to calculate the Rate of Return in any way which will lower the Participant's returns on any amounts deferred under Deferral Commitments filed prior to the Change in Control. All amounts deferred under Deferral Commitments filed prior to a Change in Control shall be paid as originally elected by the Participant unless the Participant voluntarily changes such distribution elections in accordance with Section 5.2(a)(iv) or (v).
- (f) The Company may amend the Plan from time to time to comply with Code section 409A and such amendments shall not be subject to restrictions in subsection (e). If an amendment reduces amounts that have been deferred, the Employer shall increase the compensation of the Participant to restore the Participant, as nearly as practicable, to the position as if the reduced amount had not been deferred, but without adjustment for earnings or other time value of money.

9.2 Employer's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of Employer.

- (a) **PARTIAL TERMINATION.** The Board may partially terminate the Plan by instructing the Administrative Committee not to accept any additional Deferral Commitments. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such partial termination.

- (b) **COMPLETE TERMINATION.** The Board may completely terminate the Plan by instructing the Administrative Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. If such a complete termination occurs, the Plan shall cease to operate. If such complete termination is not upon a corporate dissolution taxed under section 331 of the Code and is without the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), Employer shall pay out each Account no earlier than 12 months from the date of the plan termination and no later than 24 months from such date. Payment shall be made in a lump sum, except as follows. If a Change in Control has occurred within the 12 months prior to the termination of the Plan, payment shall be made in the installment schedule elected by the Participant for payment upon Retirement. Subject to the restrictions on payments to terminated key employees in Section 5.3, payments shall commence within 60 days after the Board terminates the Plan and earnings shall continue to be credited on the unpaid Account balance.

ARTICLE X MISCELLANEOUS

10.1 Unfunded Plan

As to employees, this Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of “management or highly-compensated employees” within the meaning of sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA.

As to Directors, this Plan is not subject to ERISA because it does not provide benefits for employees.

10.2 Unsecured General Creditor

Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of Employer or any other party for payment of benefits under this Plan. Any life insurance policies, annuity contracts or other property purchased by Employer in connection with this Plan shall remain its general, unpledged and unrestricted assets. Employer’s obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

10.3 Trust Fund

At its discretion, the Company may establish one or more trusts, with such trustees as the Company may approve, for the purpose of providing for the payment of benefits owed under the Plan. Although such a trust shall be irrevocable, its assets shall be held for payment of all the

Company's general creditors in the event of insolvency or bankruptcy. To the extent any benefits provided under the Plan are paid from any such trust, the Employers shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of the applicable Employer(s).

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

This Plan shall not constitute a contract of employment between an Employer and a Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of an Employer or to interfere with the right of an Employer to discipline or discharge a Participant at any time.

10.6 Protective Provisions

A Participant will cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Company may deem necessary and taking such other action as may be requested by the Company.

10.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Illinois, except as preempted by federal law.

10.8 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.9 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Administrative Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Employer's records.

10.10 Successors

The provisions of this Plan shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

10.11 Compliance with Code Section 409A

This Plan is intended to comply and shall be administered in a manner that is intended to comply with Code section 409A and shall be construed and interpreted in accordance with such intent. To the extent that a payment and/or benefit is subject to Code section 409A, it shall be paid in a manner that will comply with Code section 409A, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto (the “Guidance”). Any provision of this Plan that would cause a payment and/or benefit to fail to satisfy Code section 409A shall have no force and effect until amended to comply with Code section 409A (which amendment may be retroactive to the extent permitted by the Guidance).

Approved by the Board of Directors of the Company on May 9th, 2006

EMPLOYMENT AGREEMENT

Vericity Holdings, Inc., a Delaware corporation (the “Company”), and _____ (“Executive”) (collectively, the “Parties”) agree to enter into this EMPLOYMENT AGREEMENT dated as of _____ (“Agreement”) as follows:

1. EMPLOYMENT.

The Company hereby agrees to continue to employ Executive, and Executive hereby agrees to be employed by the Company, upon the terms and subject to the conditions set forth in this Agreement.

2. TERM OF EMPLOYMENT.

The period of Executive’s employment under this Agreement shall begin as of _____ and shall continue until terminated in accordance with Section 5 below. As used in this Agreement, the phrase “Employment Term” refers to Executive’s period of employment from the date of this Agreement until the date executive’s employment is terminated.

3. DUTIES AND RESPONSIBILITIES.

- (a) The Company will initially employ Executive as its _____ (as the responsibilities may evolve, executive’s “Position”). In such capacity, Executive shall perform the customary duties and have the customary responsibilities of such positions and such other duties as may be assigned to Executive from time to time by _____.
- (b) Executive agrees to faithfully serve the Company, devote executive’s full working time, attention and energies to the business of the Company, its subsidiaries and affiliated entities, and perform the duties under this Agreement to the best of executive’s abilities. Executive may participate in other outside business, charitable and/or civic activities provided that such activities are not inconsistent with Executive’s duties under this Agreement and will not be disadvantageous to the Company.
- (c) Executive agrees (i) to comply with all applicable laws, rules and regulations; (ii) to comply with the Company’s rules, procedures, policies, requirements, and directions; and (iii) not to engage in any other business or employment without the written consent of the Company except as otherwise specifically provided herein.

4. COMPENSATION AND BENEFITS.

- (a) **Base Salary.** During the Employment Term, the Company shall pay Executive a base salary at the annual rate of \$ _____ per year or such higher rate as may be determined from time to time by the Company (“Base Salary”). Such Base Salary shall be paid in accordance with the Company’s standard payroll practice for executives.
- (b) **Expense Reimbursement.** The Company shall promptly reimburse Executive for the ordinary and necessary business expenses incurred by Executive in the performance of the duties under this Agreement in accordance with the Company’s customary practices applicable to executives, provided that such expenses are incurred and accounted for in accordance with the Company’s policy.
- (c) **Benefit Plans, Fringe Benefits and Vacations.** During the Term of Employment, the Executive shall be entitled to participate in all employee profit sharing and welfare benefit plans and programs made available to the Company’s senior level executives or to its employees generally,

as such plans or programs may be in effect from time to time, including, without limitation, profit sharing, savings and other retirement plans or programs, 401(k), medical, dental, hospitalization, short-term and long-term disability and life insurance plans, accidental death and dismemberment protection, travel accident insurance, and any other retirement plans or programs and any other employee welfare benefit plans or programs that may be sponsored by the Company from time to time, including any plans that supplement the above-listed types of plans or programs, whether funded or unfunded. Notwithstanding the above, Company shall have no obligation to provide benefits to Executive for which Executive does not qualify pursuant to the terms of the benefit plans or programs as a result of the limited term of Executive's employment under this Agreement.

- (d) **Annual Cash Incentive Program.** Executive shall be eligible to participate in the Company's annual cash incentive program, based on achieving certain performance objectives as set by the Board. The Target payment under the Annual Cash Incentive Program shall equal % ("Target Percentage") of Base Salary or such higher amount as may be determined from time to time by the Company.
- (e) **Change in Control Plan.** Executive shall be eligible to participate in the Company's Change in Control Plan, as it may be amended from time to time. However, prior to December 31, 2021, the Executive shall be exempt from any such amendments that materially diminish benefits to the Executive. However, Executive shall be eligible to participate in any retention incentives as approved by the Board or as part of any additional Agreement in contemplation of a Change in Control.
- (f) **Long Term Incentive Plan.** Executive shall be eligible to participate in the Company's Long Term Incentive Plan, as it may be amended from time to time. However, prior to December 31, 2021, the Executive shall be exempt from any such amendments that materially diminish benefits to the Executive.
- (g) **Long Term Equity Incentive Plan.** To the extent the Company becomes a public company, Executive shall be eligible to participate in the Company's Long Term Equity Incentive Plan, as it may be amended from time to time.

5. TERMINATION OF EMPLOYMENT.

Executive's employment under this Agreement may be terminated under any of the circumstances set forth in this Section 5. Upon termination, Executive (or executive's beneficiary or estate, as the case may be) shall be entitled to receive the compensation and benefits described in Section 6 below, and, if applicable, Section 7 below.

- (a) **Death.** Executive's employment shall terminate upon Executive's death.
- (b) **Total Disability.** The Company may terminate Executive's employment upon executive's becoming "Totally Disabled". For purposes of this Agreement, the term "Totally Disabled" shall mean the Executive is unable to perform the normal full-time services Executive was performing prior to the onset of any sickness, injury or disability for a consecutive period of **one hundred eighty (180)** days with no reasonable prospect of returning to normal full-time service. A determination of "Totally Disabled" shall be made by the Company in its sole discretion. During the period of "Total Disability" as set forth herein, Executive's compensation shall be governed exclusively by the Company's short-term and long-term disability plans, if any, as applicable.

- (c) **Termination by the Company for Cause.** The Company may terminate Executive's employment for Cause at any time after providing written notice to Executive. For purposes of this Agreement, the term "Cause" shall mean:
- (i) indictment by federal or state authorities in respect of any crime that involves – in the good faith judgment of the Company – theft, dishonesty or breach of trust;
 - (ii) conviction of any felony;
 - (iii) commission of any act or omission that results in, or may reasonably be expected to result in, a conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony;
 - (iv) deliberate and repeated refusal to perform the customary employment duties reasonably related to executive's Position (other than as a result of vacation, sickness, illness or injury);
 - (v) in the good faith judgment of the Company, fraud or embezzlement of Company property or assets;
 - (vi) misconduct or malfeasance (intentional or reckless wrongdoing with or without malicious or tortious intent) that may, in the good faith judgment of the Company, have a material adverse effect on the Company; or
 - (vii) a breach or violation of any provision of this Agreement.
- (d) **Termination by the Company without Cause.** The Company may terminate Executive's employment without Cause at any time after providing written notice to Executive.
- (e) **Termination by Executive.** Executive may terminate executive's employment under this Agreement after providing not less than thirty (30) days' advance written notice to the Company.

6. COMPENSATION FOLLOWING TERMINATION OF EMPLOYMENT.

Upon termination of Executive's employment under this Agreement, Executive (or executive's designated beneficiary or estate, as the case may be) shall be entitled to receive the following compensation:

- (a) **Earned but Unpaid Compensation, Expense Reimbursement.** The Company shall pay Executive any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, and any vacation accrued to the date of termination.
- (b) **Other Compensation and Benefits.** Except as may be provided under this Agreement,
- (i) any benefits to which Executive may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(c), (d) or (e) above shall be determined and paid in accordance with the terms of such plans, policies and arrangements, and
 - (ii) Executive shall have no right to receive any other compensation, or to participate in any other plan, arrangement or benefit, with respect to future periods after such termination or resignation.

7. ADDITIONAL COMPENSATION PAYABLE FOLLOWING TERMINATION WITHOUT CAUSE.

- (a) **Requirements for Additional Compensation.** In addition to the compensation set forth in Section 6 above, Executive will receive the additional compensation set forth in subsection (b) below, if the following requirements are met:
- (i) Executive's employment is terminated by the Company pursuant to Section 5(d) above and there has NOT been a Change in Control of the Company (as defined in the Vericity Holdings, Inc. Change in Control Severance Benefits Plan (the "CIC Plan")) entitling Executive to benefits under the CIC Plan;
 - (ii) Executive strictly abides by the restrictive covenants set forth in Section 8 below; and
 - (iii) Executive (or in the case of death of the Executive, the Executive's representative) executes (and does not revoke) a separation agreement and release in a form that is reasonable, customary, consistent with this agreement and acceptable to the Company (Company's acceptance may not be unreasonably withheld) on or after executive's employment termination date, but no later than the date required by the Company in accordance with applicable law.
- (b) **Additional Compensation.** The Company shall provide Executive with the following compensation and benefits:
- (i) An amount equal to **eighteen months** of Executive's then current Base Salary, paid in equal monthly installments over the that period immediately following Executive's termination of employment (the "Severance Payments"); provided, that the first installment payment of the Severance Payments shall be made on the sixtieth (60th) day after the date of Executive's termination, and will include payment of any installment payments that were otherwise due prior thereto; plus
 - (ii) An amount equal to the target of executive's bonus under the Annual Cash Incentive Program reflecting payment of the target percentage multiplied by eighteen months of Executive's then current Base Salary, paid in equal monthly installments over the eighteen month period immediately following Executive's termination of employment (the "Severance Payments"); provided, that the first installment payment of the Severance Payments shall be made on the sixtieth (60th) day after the date of Executive's termination, and will include payment of any installment payments that were otherwise due prior thereto; plus
 - (iii) subject to (x) Executive's timely election of continuation coverage under COBRA, and (y) Executive's continued copayment of premiums at the same level and cost to Executive as if Executive were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars), continued payment by the Company of executive's health insurance coverage during the **eighteen month** period following the date of termination to the same extent that the Company paid for such coverage immediately prior to the date of termination, in a manner intended to avoid any excise tax under Section 4980D of the Internal Revenue Code of 1986, as amended (the "Code"), subject to the eligibility requirements and other terms and conditions of such insurance coverage.

8. RESTRICTIVE COVENANTS

- (a) **Confidential Information/Competitive Business.**

- (i) **Confidential Information and Trade Secrets.** Executive agrees that during the course of employment with the Company, Executive has and will come into contact with and have access to various forms of Confidential Information and Trade Secrets, which are the property of the Company. This information relates both to the Company, its customers, vendors and its employees. For purposes of this Agreement, the term “Confidential Information and Trade Secrets” means all information not generally known to the public that Executive acquires or learns of during the course of Executive’s employment with the Company that relates to:
- (A) information with respect to costs, commissions, expirations, fees, profits, sales, markets, products and product formulae, mailing lists, strategies and plans for future business, new business, product or other development, new and innovative product ideas, potential acquisitions or divestitures, and new marketing ideas;
 - (B) product formulations, algorithms, system designs, site maps, information processing methodologies, software, software coding methodologies, website functionality, information security processes, business methods, procedures, devices, machines, equipment, data processing programs, software computer models, research projects, system customizations, program implementation plans, and other information and means used by the Company in the conduct of its business;
 - (C) the identity of the Company’s customers and product end users, their names and addresses, the names of representatives of the Company’s customers responsible for entering into contracts with the Company, the amounts paid by such customers to the Company, specific customer needs and requirements, and leads and referrals to prospective customers; and
 - (D) the identity and number of the Company’s employees, their salaries, bonuses, benefits, qualifications and abilities;
- all of which information Executive acknowledges and agrees has been developed, compiled or acquired by the Company at its great effort and expense. Confidential Information and Trade Secrets can be in any form: oral, written or machine readable, including electronic files.
- (ii) **Secrecy of Confidential Information and Trade Secrets Essential.** Executive acknowledges and agrees that the Company is engaged in a highly competitive business and that its competitive position depends upon its ability to maintain the confidentiality of the Confidential Information and Trade Secrets which were developed, compiled and acquired by the Company over a considerable period of time and at its great effort and expense. Executive further acknowledges and agrees that any disclosure, divulging, revelation or use of any of the Confidential Information and Trade Secrets, other than in connection with the Company’s business or as specifically authorized by the Company, will be highly detrimental to the Company, and that serious loss of business and pecuniary damage may result therefrom.
- (b) **Non-Disclosure of Confidential Information.** Accordingly, Executive agrees, except as specifically required in the performance of executive’s duties on behalf of the Company, Executive will not, while associated with the Company and for so long thereafter as the pertinent information or documentation remains confidential, directly or indirectly use, disclose or disseminate to any other person, organization or entity or otherwise use any of the Company’s Confidential Information and Trade Secrets; further Executive agrees to maintain Company’s

Confidential Information and Trade Secrets in strict confidence and to use all commercially reasonable efforts to not allow any unauthorized access to, or disclosure of, the Company's Confidential Information and Trade Secrets. Notwithstanding the foregoing, pursuant to the federal Defend Trade Secrets Act of 2016, Executive shall not be held criminally or civilly liable under federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

- (c) **Return of Material.** Executive further agrees to deliver to the Company, immediately upon resignation or separation from the Company or at any other time the Company so requests to return any of the following that may be in executive's possession or under executive's control:
- (i) any and all documents, files, notes, memoranda, databases, computer files and/or other computer programs reflecting any Confidential Information and Trade Secrets whatsoever, or otherwise relating to the Company's business;
 - (ii) lists of the Company's customers or leads or referrals to prospective customers;
 - (iii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company which Executive may then possess or have under executive's control; and
 - (iv) all product formulations, algorithms, system designs, site maps, information processing methodologies, software, software coding methodologies, website functionality, information security processes, business methods, procedures, devices, machines, equipment, data processing programs, software computer models, research projects, system customizations, program implementation plans and other information and means used by the Company in the conduct of its business.
- (d) **No Competitive Activity.** Executive acknowledges and agrees that the Company is engaged in a highly competitive business and that by virtue of Executive's position and responsibilities with the Company and Executive's access to the Confidential Information and Trade Secrets, engaging in any business which is directly competitive with the Company will cause Company great and irreparable harm. Therefore, Executive covenants and agrees that at all times
- (i) during executive's period of employment with the Company, and
 - (ii) during the period beginning on the date of termination of executive's employment (whether such termination is voluntary or involuntary, for Cause or without Cause, or otherwise) and ending on the later of (A) one (1) year following executive's date of termination or (B) the last date on which Executive receives compensation and benefits pursuant to Section 7 above,

Executive shall not, within the "Territory": (1) directly or indirectly, engage in, assist, or have any active interest or involvement—whether as an employee, agent, consultant, creditor, advisor, officer, director, stockholder (excluding holding of less than 1% of the stock of a public company), partner, proprietor or any type of principal whatsoever – in any person, firm, or business entity which engages in business competitive with the Company, or any person, firm, or business entity which is planning to engage in business competitive with the Company; or (2) be employed in a managerial or executive capacity by any person, firm, or business entity which engages in business competitive with the Company or any person, firm, or business entity which

is planning to engage in business competitive with the Company. For purposes of this Section 8(d), "Territory" shall be defined as the United States or, if Executive did not have job responsibilities which were nationwide in scope while employed by the Company, any state for which Executive was responsible or in which Executive worked during Executive's employment with the Company.

However, notwithstanding the above, the Company and I recognize and agree that I have worked in the insurance industry and have been an industry executive and we agree that I am not prevented from being employed by or consulting with a competitor or company client, provided I adhere to the confidentiality, non-solicitation and non-disparagement sections of this Section 8 of this agreement, and provided the breadth of business with whom I might affiliate and the services that I might provide in connection with that affiliation are not solely or materially focused on an non medically underwritten life insurance products. For avoidance of doubt, this agreement is not intended to prevent me from earning a living in the industry where I have experience, reputation and expertise, but this agreement ensures that I will not start or take material ownership in a competing organization, divulge or use confidential information, or solicit the Company's employees or customers in connection with any such future employment or consulting.

- (e) **Non-Solicitation of Customers.** Executive acknowledges and agrees that solely by reason of employment by the Company, Executive has and will come into contact with some, most or all of the Company's customers and will have access to Confidential Information and Trade Secrets regarding the Company's customers as set forth in Section 8(a) of this Agreement. Therefore, Executive covenants and agrees that at all times during the period beginning on the date of termination of executive's employment (whether such termination is voluntary or involuntary, for Cause or without Cause, or otherwise) and ending on the later of (A) one (1) year following executive's date of termination or (B) the last date on which Executive receives compensation and benefits pursuant to Section 7 above, Executive shall not directly or indirectly, solicit, contact, do business with, call upon, or communicate with any customer, former customer or prospective customer of the Company for the purpose of providing any product or service that was provided (or that was contemplated to be provided) by the Company at the time of Executive's separation from employment. This restriction shall apply to any customer, former customer or prospective customer of the Company with whom Executive had contact or about whom Executive obtained Confidential Information or Trade Secrets during the twenty-four (24) months preceding Executive's separation from employment with the Company.
- (f) **Non-Solicitation of Employees.** Executive acknowledges and agrees that solely as a result of employment with the Company, Executive has and will come into contact with and acquire confidential information regarding some, most, or all of the Company's employees. Therefore, Executive covenants and agrees that at all times
- (i) during executive's period of employment with the Company, and
 - (ii) during the period beginning on the date of termination of executive's employment (whether such termination is voluntary or involuntary, for Cause or without Cause, or otherwise) and ending on the later of (A) one (1) year following executive's date of termination or (B) the last date on which Executive receives compensation and benefits pursuant to Section 7 above,

Executive shall not, either on Executive's own account or on behalf of any person, firm, or business entity, recruit, solicit, interfere with, or endeavor to cause any employee of the Company with whom Executive came into contact or about whom Executive obtained confidential information, to leave his or her employment with the Company, or to work in a capacity that is competitive with the Company, or to work in a capacity that is

similar to the capacity in which the employee was employed by the Company.

- (g) **Non-Disparagement.** Executive covenants and agrees that during the course of executive's employment by the Company and at any time thereafter, Executive shall not, directly or indirectly, in public or private, deprecate, impugn, disparage, or make any remarks that would tend to or be construed to tend to defame the Company, its products or services, or any of its officers, directors, employees, or agents; nor shall Executive assist any other person, firm or Company in so doing.
- (h) **Conflict of Interest.** Executive may not use executive's position at the Company, or knowledge of any of the Company's Confidential Information or Trade Secrets, or any of the Company's assets, for personal gain. A direct or indirect financial interest, including joint ventures in or with a supplier, vendor, customer or prospective customer without disclosure and written approval from the Board is strictly prohibited.

9. ENFORCEMENT OF COVENANTS.

- (a) **Termination of Employment and Forfeiture of Compensation.** Executive agrees that in the event that the Company determines that executive has breached any of the covenants set forth in Section 8 above during executive's employment, the Company shall have the right to terminate executive's employment for Cause. In addition, Executive agrees that if the Company determines that he has breached any of the covenants set forth in Section 8 at any time, the Company shall have the right to discontinue any or all remaining benefits payable pursuant to Section 7 above, as applicable. Such termination of employment or discontinuance of benefits shall be in addition to and shall not limit any and all other rights and remedies that the Company may have against Executive and the separation agreement and release set forth in Section 7(a)(iii) shall remain in full force and effect.
- (b) **Right to Injunction.** Executive acknowledges and agrees that compliance with the covenants set forth in this Agreement is necessary to protect the business and goodwill of the Company and any breach of the covenants set forth in Section 8 above will cause irreparable damage to the Company with respect to which the Company's remedy at law for damages will be inadequate. Therefore, in the event of breach or anticipatory breach of the covenants set forth in this Section 8 by Executive, Executive and the Company agree that the Company shall in addition to any remedies otherwise available to it at law or equity be entitled to relief in the form of injunctions, both preliminary and permanent, enjoining or retraining such breach or anticipatory breach and Executive hereby consents to the issuance thereof forthwith and without bond by any court of competent jurisdiction.
- (c) **Separability of Covenants.** The covenants contained in Section 8 above constitute a series of separate covenants, one for each applicable State in the United States and the District of Columbia, and one for each applicable foreign country. If in any judicial proceeding, a court shall hold that any covenant set forth in Section 8 is not permitted by applicable law, then Executive and the Company agree that such provision shall and is hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 8 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company whether predicated on this Agreement or otherwise,

shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in Section 8.

10. WITHHOLDING OF TAXES.

The Company shall withhold from any compensation and benefits payable under this Agreement all applicable federal, state, local, or other taxes.

11. NO CLAIM AGAINST ASSETS.

Nothing in this Agreement shall be construed as giving Executive any claim against any specific assets of the Company or as imposing any trustee relationship upon the Company in respect of Executive. The Company shall not be required to establish a special or separate fund or to segregate any of its assets in order to provide for the satisfaction of its obligations under this Agreement. Executive's rights under this Agreement shall be limited to those of an unsecured general creditor of the Company and its affiliates.

12. SUCCESSORS AND ASSIGNMENT.

Except as otherwise provided in this Agreement, this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, representatives, successors and assigns. The rights and benefits of Executive under this Agreement are personal to executive and no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; provided, however, that nothing in this Section 12 shall preclude Executive from designating a beneficiary or beneficiaries to receive any benefit payable on executive's death.

13. INDEMNIFICATION

- (a)** The Company agrees that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company or is or was serving at the request of the Company as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as a director, officer, member, employee or agent, the Executive shall be indemnified and held harmless by the Company to the fullest extent legally permitted or authorized by the Company's certificate of incorporation or bylaws or resolutions of the Company's Board of Directors or, if greater, by the laws of the State of Illinois, against all cost, expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or other liabilities or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to the Executive even if he has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators. If permitted by the bylaws and applicable law, the Company shall advance to the Executive all reasonable costs and expenses incurred by him in connection with a Proceeding within 20 calendar days after receipt by the Company of a written request for such advance. Such request shall include an undertaking by the Executive to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.
- (b)** Neither the failure of the Company (including its board of directors, independent legal counsel or shareholders) to have made a determination prior to the commencement of any Proceeding concerning payment of amounts claimed by the Executive under Section 13(a) above that indemnification of the Executive is proper because he has met the applicable standard of conduct,

nor a determination by the Company (including its board of directors, independent legal counsel or shareholders) that the Executive has not met such applicable standard of conduct, shall create a presumption that the Executive has not met the applicable standard of conduct.

- (c) The Company agrees to continue and maintain a directors' and officers' liability insurance policy covering the Executive which is no less favorable than the policy covering other senior officers of the Company.

14. ENTIRE AGREEMENT; AMENDMENT.

This Agreement shall supersede any and all existing oral or written agreements, representations, or warranties between Executive and the Company or any of its subsidiaries or affiliated entities relating to the terms of Executive's employment. It may not be amended except by a written agreement signed by both Parties.

15. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the domestic substantive laws of the State of Illinois, without giving effect to any conflicts or choice of laws rule or provision that would result in the application of the domestic substantive laws of any other jurisdiction. Any dispute under this Agreement shall be brought in state or federal court in Chicago, Illinois. Executive consents to jurisdiction of such courts; agrees and acknowledges that this is a proper and convenient forum; and agrees not to raise objections to this venue based on inconvenient forum, improper venue or similar grounds.

16. SECTION 409A

- (a) Although the Company does not guarantee the tax treatment of any payments under the Agreement, the intent of the Parties is that the payments and benefits under this Agreement be exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended, and all Treasury Regulations and guidance promulgated thereunder ("Code Section 409A") and to the maximum extent permitted the Agreement shall be limited, construed and interpreted in accordance with such intent. In no event whatsoever shall the Company or its affiliates or their respective officers, directors, employees or agents be liable for any additional tax, interest or penalties that may be imposed on Executive by Code Section 409A or damages for failing to comply with Code Section 409A.
- (b) Notwithstanding any other provision of this Agreement to the contrary, to the extent that any reimbursement of expenses constitutes "deferred compensation" under Code Section 409A, such reimbursement shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.
- (c) For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), the right to receive payments in the form of installment payments shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment. Whenever a payment under this Agreement may be paid within a specified period, the actual date of payment within the specified period shall be within the sole discretion of the Company.

- (d) Notwithstanding any other provision of this Agreement to the contrary, if at the time of Executive's separation from service (as defined in Code Section 409A), Executive is a "Specified Employee", then the Company will defer the payment or commencement of any nonqualified deferred compensation subject to Code Section 409A payable upon separation from service (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six (6) months following separation from service or, if earlier, the earliest other date as is permitted under Code Section 409A (and any amounts that otherwise would have been paid during this deferral period will be paid in a lump sum on the day after the expiration of the six (6) month period or such shorter period, if applicable). Executive will be a "Specified Employee" for purposes of this Agreement if, on the date of Executive's separation from service, Executive is an individual who is, under the method of determination adopted by the Company designated as, or within the category of employees deemed to be, a "Specified Employee" within the meaning and in accordance with Treasury Regulation Section 1.409A-1(i). The Company shall determine in its sole discretion all matters relating to who is a "Specified Employee" and the application of and effects of the change in such determination.
- (e) Notwithstanding anything in this Agreement or elsewhere to the contrary, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute "non-qualified deferred compensation" within the meaning of Code Section 409A upon or following a termination of the Employee's employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service" and the date of such separation from service shall be the date of termination for purposes of any such payment or benefits.

17. NOTICES.

Any notice, consent, request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by nationally recognized overnight courier services, by registered or certified mail, return receipt requested, by facsimile or by hand delivery, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Company:

[insert address]

Attention: _____

To Executive:

[insert address]

18. MISCELLANEOUS.

- (a) **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.
- (b) **Separability.** If any term or provision of this Agreement above is declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable,

such term or provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

- (c) **Headings.** Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.
- (d) **Rules of Construction.** Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa.
- (e) **Counterparts.** This Agreement may be executed via electronic signature and in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day and year set forth below.

VERICITY HOLDINGS, INC.

EXECUTIVE

By:

Name:

Date:

Title:

Address:

Date:

VERICITY HOLDINGS, INC.

CHANGE IN CONTROL SEVERANCE BENEFITS PLAN

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VERICITY HOLDINGS, INC.
CHANGE IN CONTROL SEVERANCE BENEFITS PLAN

ARTICLE I
PURPOSE AND EFFECTIVE DATE

1.1 Purpose

The purpose of this Vericity Holdings, Inc. Change in Control Severance Benefits Plan (the “Plan”) is to provide for the payment of severance benefits to certain eligible employees of Fidelity Life Association whose employment with the Company is terminated following a Change in Control. This Plan shall supersede any severance benefit plan, policy or practice previously maintained by the Company. This Plan document also is the Summary Plan Description for the Plan within the meaning of ERISA.

1.2 Effective Date

This Plan was originally effective as of January 1, 2009. It was amended and restated effective as of January 1, 2014, and was amended and restated effective November 3, 2014.

ARTICLE II
DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Base Salary

“Base Salary” means an Eligible Employee’s annual base salary as in effect during the last regularly scheduled payroll period immediately preceding the Change in Control or as increased thereafter.

2.2 Beneficiary

“Beneficiary” means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after an Eligible Employee’s death.

2.3 Board

“Board” means the Board of Directors of the Company.

2.4 Cause

“Cause” means in the case of an employee of the Company, as defined in any employment agreement between the Company and the employee, or if there is no such agreement or definition;

- (a) the employee’s failure to adhere to any written Company policy generally applicable to the employees of the Company if the employee has been given 20 days written notice of such failure and has failed to correct such failure;
- (b) the appropriation of a material business opportunity of the Company, including securing any personal profit in connection with any transaction entered into on behalf of the Company;
- (c) the misappropriation (or attempted misappropriation) of any of the Company’s funds or property; or misuse of any of the Company’s confidential information;
- (d) the conviction of, the indictment for (or its procedural equivalent), or the entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment;
- (e) habitual absenteeism by the employee or the repeated, willful failure to perform any reasonable or customary tasks typically required in connection with employee’s employment and position with the Company (in each case, other than on account of the Disability of the employee); or
- (f) the commission of an act by the employee which the Board has reasonably found to involve willful misconduct or gross negligence on the part of the employee and which has or is reasonably likely to result in a material adverse effect on the Company.

2.5 Change in Control

A “Change in Control” shall occur when:

- (a) Any consolidation, merger or consummation of a plan of exchange involving the Holding Company (“Merger”) in which the Holding Company is not the continuing or surviving corporation or pursuant to which stock of the Holding Company is converted into cash, securities or other property, other than a Merger involving the Holding Company in which the holders of Holding Company stock immediately prior to the Merger have the same proportionate ownership of stock of the surviving corporation after the Merger; or
- (b) Any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Holding Company or the adoption of any plan or proposal for the liquidation or dissolution of the Company; or

- (c) A tender or exchange offer, other than one made by the Holding Company, is made for stock (or securities convertible into stock) and such offer results in a portion of those securities being purchased and the offeror after the consummation of the offer is the beneficial owner (as determined pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), directly or indirectly, of at least 50% of the outstanding Stock (an “offer”); or
- (d) The date a majority of members of the Board of Directors of the Holding Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors of the Holding Company before the date of the appointment or election.

The terms used in this Section 2.5 and not defined elsewhere in the Plan shall have the same meanings as such terms have in the Exchange Act and the rules and regulations adopted thereunder. Notwithstanding anything herein to the contrary, (i) no combination or merger involving the Holding Company and another mutual holding company, or the Company and another mutual insurance company, shall constitute a Change in Control unless it constitutes a Change in Control within the meaning of Section 2.5(d); and (ii) an initial public offering (IPO) by the Holding Company shall not constitute a Change in Control unless more than 50% of the shares offered are purchased, directly or indirectly, by one person or entity, other than the Holding Company, either at the time of the IPO or subsequent to the IPO.

2.6 Code

“Code” means the Internal Revenue Code of 1986, as amended.

2.7 Committee

“Committee” means the Audit and Compensation Committee of the Board.

2.8 Company

“Company” means (i) the Holding Company; (ii) Vericity Holdings, Inc.; (iii) Fidelity Life Association, A Legal Reserve Life Insurance Company; or (iv) any successor to the business of (i), (ii) or (iii), and any affiliated or subsidiary corporations of (i), (ii) or (iii) designated by the Committee.

2.9 Constructive Termination

“Constructive Termination” means a voluntary termination of employment by an Eligible Employee that constitutes a “separation from service” within the meaning of Code section 409A after one of the following is undertaken without the Eligible Employee’s express written consent:

- (a) the assignment to the Eligible Employee of duties or responsibilities that results in a material diminution in the Eligible Employee’s authority, duties or responsibilities as in effect immediately prior to the Change in Control; provided, however, that a change in the Eligible Employee’s title or reporting relationships by itself shall not provide the basis for a Constructive Termination;

- (b) any decrease in base salary, as in effect immediately prior to the Change in Control (or as increased thereafter);
- (c) a change in the Eligible Employee's business location of more than 5 miles from the business location immediately prior to the Change in Control; or
- (d) a material breach by the Company of any provisions of the Plan or any enforceable written agreement between the Company and the Eligible Employee; or the failure of the Company to arrange for the assumption of this Plan by its successor or assign.

In order to constitute a Constructive Termination, (i) the Eligible Employee must provide written notice to the Company of the occurrence of one or more of the foregoing events within 30 days following the initial occurrence of the event, and (ii) the Company shall not be required to provide any severance benefits under the Plan if it is able to remedy such event(s) within a period of 30 days following such notice.

2.10 Continuation Period

"Continuation Period" means the period for which an Eligible Employee is entitled to receive the benefits described in Section 4.3. The Continuation Period is 12 months.

2.11 Covered Termination

"Covered Termination" means an Involuntary Termination Without Cause or a Constructive Termination, either of which occurs within 12 months following the effective date of a Change in Control. A Covered Termination shall also include an Involuntary Termination within 12 months prior to a Change in Control that is in contemplation of a Change in Control.

2.12 Disability

An Eligible Employee shall be considered to have terminated employment because of "Disability" if either of the following apply:

- (a) the Eligible Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or
- (b) the Eligible Employee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Eligible Employee's employer.

2.13 Eligible Employee

“Eligible Employee” means an executive employee of the Company who has been designated by the Board as an Eligible Employee, has not entered into an individual severance benefit or change in control agreement with the Company, and whose employment with the Company terminates due to a Covered Termination. As of the effective date of this Plan the Eligible Employees shall consist of those employees designated in the Schedule of Benefits attached hereto and incorporated herein by reference.

2.14 ERISA

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

2.15 Holding Company

“Holding Company” means Members Mutual Holding Company, an Illinois mutual insurance holding company.

2.16 Involuntary Termination

“Involuntary Termination” Without Cause means an involuntary termination of an Eligible Employee’s employment by the Company that constitutes a “separation from service” within the meaning of Code section 409A other than for one of the following reasons:

- (a) a refusal or failure to follow the lawful and reasonable directions of the Board of Directors or individual to whom the Eligible Employee reports, which refusal or failure is not cured within 30 days following delivery of written notice of such conduct to the Eligible Employee;
- (b) a material failure by the Eligible Employee to perform his or her duties in a manner reasonably satisfactory to the Board of Directors that is not cured within 30 days following delivery of written notice of such failure to the Eligible Employee; or
- (c) a conviction of a felony involving moral turpitude that is likely to inflict or has inflicted material injury on the business of the Company.

2.17 Plan

“Plan” means this Vericity Holdings, Inc. Change in Control Severance Benefits Plan, as amended from time to time. Prior to January 1, 2014, the Plan was named Fidelity Life Association Change in Control Severance Benefits Plan.

ARTICLE III
ELIGIBILITY FOR BENEFITS

3.1 General Rules

Subject to the requirements set forth in this Article, the Company will provide the severance benefits described in Article IV of the Plan to Eligible Employees. In order to be eligible to receive benefits under the Plan, an Eligible Employee must execute and deliver to the Company a general waiver and release in substantially the form attached hereto as Exhibit A, Exhibit B or Exhibit C, as appropriate, and such release must become effective in accordance with its terms within 60 days after the Eligible Employee's "separation from service" from the Company within the meaning of Code section 409A. The Company, in its sole discretion, may modify the form of the required release to comply with applicable state law. Subject to the foregoing, the Company, in its sole discretion, shall determine the form of the required release.

3.2 Exceptions to Benefit Entitlement

An employee who otherwise is an Eligible Employee will not receive benefits under the Plan in any of the following circumstances, as determined by the Company in its sole discretion:

- (a) The employee has executed an individually negotiated employment contract or agreement with the Company relating to severance benefits or change in control benefits that is in effect on his or her termination date, unless such contract or agreement requires the employee to be an Eligible Employee under this Plan.
- (b) The employee's employment with the Company is involuntarily terminated by the Company other than in an Involuntary Termination without Cause.
- (c) The employee voluntarily terminates employment with the Company and such termination does not constitute a Constructive Termination. Voluntary terminations include, but are not limited to, resignation, retirement or failure to return from a leave of absence on the scheduled date.
- (d) The employee voluntarily terminates employment with the Company in order to accept employment with another entity that is wholly or partly owned (directly or indirectly) by the Company or an affiliate of the Company.
- (e) The employee is offered immediate reemployment by a successor to the Company or by a purchaser of its assets, as the case may be, following a change in ownership of the Company or a sale of all or substantially all the assets of a division or business unit of the Company. For purposes of the foregoing, immediate reemployment means that the employee's employment with the successor to the Company or the purchaser of its assets, as the case may be, results in uninterrupted employment such that the employee does not suffer a lapse in pay as a result of the change in ownership of the Company or the sale of its assets; provided, further, that such reemployment opportunity must be one in which the role, functions, responsibilities and level are substantially similar to the position the employee had with Company just prior to such succession or purchase, and provided further, a lapse or reduction in pay or diminution of responsibility or position as a result of the change in ownership or sale of assets.

ARTICLE IV
AMOUNT AND PAYMENT OF SEVERANCE BENEFITS

4.1 Base Salary

Each Eligible Employee entitled to receive benefits under this Plan in accordance with Section 3.1 hereof shall receive 18 months of Base Salary or such greater amount as may appear opposite the Eligible Employee's name on the Schedule of Benefits attached hereto and incorporated herein by reference. Subject to Section 4.5, such amount shall be paid in substantially equal installments commencing 60 days after the Eligible Employee's termination of employment pursuant to the Company's regularly scheduled payroll periods and shall be subject to all required tax withholding.

4.2 Bonus Payment

Each Eligible Employee shall receive a bonus payment equal $A \times B \times C$, where:

- A = average percentage of his or her bonuses (expressed as a percentage of the Eligible Employee's then base salary) for the last three complete fiscal years of the Company for which the Eligible Employee was eligible to receive a bonus (or such fewer fiscal years of the Company for which such Eligible Employee was eligible to receive an annual bonus); provided, however, that if an Eligible Employee's Covered Termination occurs during the first fiscal year for which he or she was eligible to receive an annual bonus, it shall be the annualized bonus for the year of termination based on the Eligible Employee's performance through the Covered Termination;
- B = the Eligible Employee's Base Salary; and
- C = the number of months of salary continuation under Section 4.1 hereof, divided by 12.

Subject to Section 4.5, the above amount shall be paid in a lump sum 60 days after the Eligible Employee's termination of employment and shall be subject to all required tax withholding.

4.3 Continued Insurance Benefits

- (a) Provided that the Eligible Employee elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Company shall pay the portion of premiums of each Eligible Employee's group medical, dental and vision coverage, including coverage for the Eligible Employee's eligible dependents, that the Company paid prior to the Covered

Termination, for the Continuation Period; provided, however, that no such premium payments shall be made following the effective date of the Eligible Employee's coverage by a medical, dental or vision insurance plan of a subsequent employer. Each Eligible Employee shall be required to notify the Company immediately if the Eligible Employee becomes covered by a medical, dental or vision insurance plan of a subsequent employer. No provision of this Plan will affect the continuation coverage rules under COBRA, except that the Company's payment of any applicable insurance premiums during the Continuation Period will be credited as payment by the Eligible Employee for purposes of the Eligible Employee's payment required under COBRA. Therefore, the period during which an Eligible Employee may elect whether or not to continue the Company's group medical, dental or vision coverage under COBRA, the length of time during which COBRA continuation coverage will be made available to the Eligible Employee, and all other rights and obligations of the Eligible Employee under COBRA will be applied in the same manner that such rules would apply in the absence of this Plan. At the conclusion of the Continuation Period, the Eligible Employee will be responsible for the entire payment of premiums required under COBRA for the duration of the COBRA continuation period. For purposes of this Section 4.3, applicable premiums that will be paid by the Company during the Continuation Period shall not include any amounts payable by the Eligible Employee under a Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Eligible Employee.

- (b) Following the Eligible Employee's termination of employment, the Company will reimburse the Eligible Employee for the cost of obtaining life and long-term disability insurance comparable to the life and long-term disability benefits provided by the group plans maintained by the Company in which the Eligible Employee was participating immediately prior to the Eligible Employee's termination from active employment, subject to the following terms and conditions:
- (i) Such reimbursements will not exceed the Company's cost of providing such benefits under its group life and long-term disability insurance policies had the Eligible Employee remained an active employee of the Company;
 - (ii) Such reimbursements will continue for the number of months opposite the Eligible Employee's name on the attached Schedule of Benefits or the Eligible Employee's lifetime, if shorter;
 - (iii) The amount of expenses eligible for reimbursement during a calendar year will not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year;

- (iv) Such reimbursements will be made no later than the last day of the year after the year in which the Eligible Employee incurred the expense; and
- (v) The Eligible Employee's right to continued reimbursement under this Section 4.3(b) may not be exchanged for cash or any other benefit.

4.4 Acceleration of Vesting

Effective as of the date of the Covered Termination, each Eligible Employee shall be credited with full acceleration of vesting for all accrued benefits under the Company's incentive and bonus plans, including but not limited to stock grants and options, the long term incentive plan or plans, annual bonus plans, that the Eligible Employee holds on such date that have not yet vested.

4.5 Payment of Benefits

If the Company determines that any payments or benefits provided to an Eligible Employee pursuant to Article IV (any such payments or benefits, the "Plan Payments") constitute deferred compensation under Section 409A of the Code (together, with any state law of similar effect, "Section 409A") and if the Eligible Employee is a specified employee of the Company, as such term is defined in Section 409A(a)(2)(B)(i) (a "Specified Employee"), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Plan Payments will be delayed as follows: on the earliest to occur of (1) the date that is six months and one day after the date of the Eligible Employee's termination of employment, and (2) the date of the Eligible Employee's death (such earliest date, the "Delayed Initial Payment Date"), the Company shall (i) pay the Eligible Employee a lump sum amount equal to the sum of the Plan Payments that the Eligible Employee would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the Plan Payments had not been delayed pursuant to this Section 4.5 and (ii) commence paying the balance of the Plan Payments in accordance with the applicable payment schedule set forth in Article IV. Prior to the imposition of any delay on the Plan Payments as set forth above, it is intended that (A) each installment of the Plan Payments be regarded as a separate payment for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i), (B) all Plan Payments satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii), and (C) the Plan Payments consisting of COBRA premiums also satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(9)(v).

ARTICLE V
LIMITATIONS ON BENEFITS

5.1 Release

To receive benefits under this Plan, an Eligible Employee must execute a release of claims in favor of the Company, in the form attached to this Plan as Exhibit A, Exhibit B or Exhibit C, as appropriate, and such release must become effective in accordance with its terms within 80 days following Executive's "separation from service" within the meaning of Code Section 409A. The Company will provide an Eligible Employee with a copy of the release of claims to be executed within 20 days following Executive's "separation from service."

5.2 Certain Reductions and Offsets

Notwithstanding any other provision of the Plan to the contrary, any benefits payable to an Eligible Employee under this Plan shall be reduced by any severance benefits payable by the Company to such individual under any other policy, plan, program or arrangement, including, without limitation, a contract between the Eligible Employee and any entity, covering such individual. Furthermore, to the extent that any federal, state or local laws, including, without limitation, so-called plant closing laws or statutory severance requirements, require the Company to give advance notice or make a payment of any kind to an Eligible Employee because of that Eligible Employee's involuntary termination due to a layoff, reduction in force, plant or facility closing, sale of business, change of control, or any other similar event or reason, the benefits payable under this Plan shall either be reduced or eliminated. The benefits provided under this Plan are intended to satisfy any and all statutory obligations that may arise out of an Eligible Employee's involuntary termination of employment for the foregoing reasons, and the Plan Administrator shall so construe and implement the terms of the Plan.

5.3 Mitigation

Except as otherwise specifically provided herein, an Eligible Employee shall not be required to mitigate damages or the amount of any payment provided under this Plan by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Plan be reduced by any compensation earned by an Eligible Employee as a result of employment by another employer or any retirement benefits received by such Eligible Employee after the date of the Covered Termination.

5.4 Termination of Benefits

Benefits under this Plan shall terminate immediately if the Eligible Employee, at any time, violates any proprietary information or confidentiality obligation to the Company.

5.5 Non-Duplication of Benefits

No Eligible Employee is eligible to receive benefits under this Plan more than one time.

5.6 Indebtedness of Eligible Employees

If a terminating employee is indebted to the Company or an affiliate of the Company at his or her termination date, the Company reserves the right to offset any severance payments under the Plan by the amount of such indebtedness.

5.7 Change in Control Payments

Solely for the purposes of the computation of payments under this Plan and notwithstanding any other provision of the Plan, payments to any Eligible Employee under the Plan shall be reduced (but not below zero) so that the present value, as determined in accordance with Code section 280G(d)(4), of such payments plus any other payments that must be taken into account for purposes of any computation relating to the Eligible Employee under Code section 280G(b)(2)(A)(ii), shall not, in the aggregate, exceed 2.99 times the Eligible Employee's "base amount," as such term is defined in Code section 280G(b)(3). Notwithstanding any other provision of the Plan, no reduction in payments under the limitation contained in the immediately preceding sentence shall be applied to payments under the Plan which do not constitute "excess parachute payments" within the meaning of the Code.

Any payments in excess of the limitation of this Section 5.7 or otherwise determined to be "excess parachute payments" made to any Eligible Employee under the Plan shall be deemed to be overpayments which shall constitute an amount owing from the Eligible Employee to the Company with interest from the date of receipt by the Eligible Employee to the date of repayment (or offset) at the applicable federal rate under Code section 1274(d), compounded semi-annually, which shall be payable to the Company upon demand; provided, however, that no repayment shall be required under this sentence if in the written opinion of tax counsel satisfactory to the Eligible Employee and delivered to the Eligible Employee and the Company such repayment does not allow such overpayment to be excluded for federal income and excise tax purposes from the Eligible Employee's income for the year of receipt or afford the Eligible Employee a compensating federal income tax deduction for the year of the repayment.

5.8 Payment to Guardian

The Committee may direct payment to the duly appointed guardian, conservator, or other similar legal representative of an Eligible Employee or Beneficiary to whom payment is due. In the absence of such a legal representative, the Committee may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Committee of incompetency, minority, or incapacity. Such distribution shall completely discharge the Committee from all liability with respect to such benefit.

ARTICLE VI
BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Eligible Employee shall have the right, at any time, to designate a Beneficiary (both primary as well as contingent) to whom benefits under this Plan shall be paid if an Eligible Employee dies prior to complete distribution to the Eligible Employee of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Committee, and will be effective only when filed with the Committee during the Eligible Employee's lifetime.

6.2 Changing Beneficiary

Any Beneficiary designation may be changed by an Eligible Employee without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee. The filing of a new Beneficiary designation shall cancel all Beneficiary designations previously filed. If an Eligible Employee's Compensation is community property, any Beneficiary Designation shall be valid or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Eligible Employee or die prior to complete distribution of the Eligible Employee's benefits, the Eligible Employee's designated Beneficiary shall be deemed to be the Eligible Employee's estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Company's obligations under this Plan.

ARTICLE VII
ADMINISTRATION

7.1 Committee; Duties

The Plan shall be administered by the Committee. The Committee shall have the authority to interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including determination of eligibility and interpretations of the Plan, as may arise in such administration. A majority vote of the Committee members in office at the time of the vote shall control any decision. The required majority action may be taken either by a vote at a meeting or without a meeting by a signed memorandum. Meetings may be conducted by telephone conference call. The Committee may, by majority action, delegate to one or more of its members the authority to execute and deliver in the name of the Committee all communications and documents which the Committee is required or authorized to provide under this Plan.

Any party shall accept and rely upon any document executed in the name of the Committee.

7.2 Agents

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such person's service on the Committee, except in the case of gross negligence or willful misconduct and then only when such determination is made by a court decision or other third party decision or judgment against such person.

ARTICLE VIII AMENDMENT AND TERMINATION OF PLAN

8.1 Amendment

- (a) The Company may amend the Plan at any time and from time to time by written instrument *provided, however*, that no such amendment or termination shall occur following a Change in Control (or after the Company has entered into a definitive agreement the fulfillment of which would cause a Change in Control) if such amendment would affect the rights of any persons who were employed by the Company prior to the Change in Control. Except as provided in Section 8.1(b) below, the power to amend may be executed only by the Board.
- (b) The Committee may adopt any technical, clerical, conforming or clarifying amendment or other change, provided:
 - (i) The Committee deems it necessary or advisable to:
 - (A) correct any defect, supply any omission or reconcile any inconsistency in order to carry out the intent and purposes of the Plan;

- (B) avoid having benefits or payments under this Plan being deferred compensation within the meaning of Code section 409A, and this Plan shall be construed and maintain the Plan's status as a "top-hat" plan for purposes of ERISA; or
- (C) facilitate the administration of the Plan;
- (ii) The amendment or change does not, without the consent of the Board, materially increase the cost to the Company of maintaining the Plan; and
- (iii) Any amendment adopted by the Committee shall be in writing, signed by a member of the Committee and promptly reported to the Board.

8.2 Termination

The Company by action of its Board may terminate this Plan at any time *provided, however*, that no termination shall occur following a Change in Control if such termination would affect the rights of any persons who were employed by the Company prior to the Change in Control.

ARTICLE IX MISCELLANEOUS

9.1 Unsecured General Creditor

Eligible Employees and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of Company or any other party for payment of benefits under this Plan. Company's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future. Any life insurance policies, annuity contracts or other property purchased by Company in connection with this Plan shall remain its general, unpledged and unrestricted assets.

9.2 Nonassignability

Neither an Eligible Employee nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by an Eligible Employee or any other person, nor be transferable by operation of law in the event of an Eligible Employee's or any other person's bankruptcy or insolvency.

9.3 Not a Contract of Employment

This Plan shall not constitute a contract of employment between the Company and an Eligible Employee. Nothing in this Plan shall give an Eligible Employee the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge an Eligible Employee at any time.

9.4 Protective Provisions

An Eligible Employee will cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder.

9.5 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Illinois, except as preempted by federal law.

9.6 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

9.7 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to an Eligible Employee or Beneficiary shall be directed to the individual's last known address in Company's records.

9.8 Successors

The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

9.9 Tax Provisions

- (a) If and to the extent that the Company reasonably anticipates that if a payment under this Plan were made as scheduled, the Company's deduction with respect to such payment would not be permitted due to the application of Code section 162(m), the Company may elect to delay the payment, provided that the payment is made either during the Company's first taxable year in which the Company reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year, the deduction of such payment will not be barred by application of section 162(m) or during the period beginning with the date of the Eligible Employee's separation from service and ending on the later of the last

day of the taxable year of the Company in which the Eligible Employee separates from service or the 15th day of the third month following the Eligible Employee's separation from service, and provided further that where any scheduled payment to an Eligible Employee in a Company's taxable year is delayed in accordance with this paragraph, the delay in payment will be treated as a subsequent deferral election for purposes of Code section 409A unless all scheduled payments to Eligible Employee that could be delayed in accordance with this paragraph or comparable provisions under other agreements are also delayed. Where the payment is delayed to a date on or after the Eligible Employee's separation from service, the payment will be considered a payment upon a separation from service for purposes of the rules under Treasury Regulation § 1.409A-3(i)(2) (payments to specified employees upon a separation from service) and, in the case of a specified employee, the date that is six months after an Eligible Employee's separation from service shall be substituted for any reference to an Eligible Employee's separation from service in the first sentence of this paragraph.

- (b) To the extent required by the law in effect at the time payments are made, Company shall withhold from payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Company determines are reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A beneficiary, however, may elect not to have withholding of federal income tax pursuant to Code section 3405, or any successor provision thereto.

9.10 Assumption

Any successor or assign of the Company shall be required to assume this Plan.

9.11 Claims, Inquiries And Appeals

- (a) Applications for Benefits and Inquiries

Any application for benefits, inquiries about the Plan or inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing by an applicant (or his or her authorized representative). The Plan Administrator is:

Fidelity Life Association
Attn: Director of Human Resources
8700 W. Bryn Mawr, 900S
Chicago, IL 60631

- (b) Denial of Claims

In the event that any application for benefits is denied in whole or in part, the Plan Administrator must provide the applicant with written or electronic notice of the denial of the application, and of the applicants right to review the denial. Any electronic notice will comply with the regulations of the U.S. Department of Labor. The notice of denial will be set forth in a manner designed to be understood by the applicant and will include the following:

- (i) the specific reason or reasons for the denial;

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- (ii) references to the specific Plan provisions upon which the denial is based;
 - (iii) a description of any additional information or material that the Plan Administrator needs to complete the review and an explanation of why such information or material is necessary; and
 - (iv) an explanation of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the applicants right to bring a civil action under Section 502(a) of ERISA following a denial on review of the claim, as described in Section 9.11(d) below.

This notice of denial will be given to the applicant within 90 days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional 90 days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial 90-day period.

This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render its decision on the application.

(c) Request for a Review

Any person (or that persons authorized representative) for whom an application for benefits is denied, in whole or in part, may appeal the denial by submitting a request for a review to the Plan Administrator within 60 days after the application is denied. A request for a review shall be in writing and shall be addressed to:

Fidelity Life Association
Attn: Director of Human Resources
8700 W. Bryn Mawr, 900S
Chicago, IL 60631

A request for review must set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant feels are pertinent. The applicant (or his or her representative) shall have the opportunity to submit (or the Plan Administrator may require the applicant to submit) written comments, documents, records, and other information relating to his or her claim. The applicant (or his or her representative) shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his or her claim. The review shall take into account all comments, documents, records and other information submitted by the applicant (or his or her representative) relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) Decision on Review

The Plan Administrator will act on each request for review within 60 days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional 60 days), for processing the request for a review. If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial 60-day period. This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render its decision on the review. The Plan Administrator will give prompt, written or electronic notice of its decision to the applicant. Any electronic notice will comply with the regulations of the U.S. Department of Labor. In the event that the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will set forth, in a manner calculated to be understood by the applicant, the following:

- (i) the specific reason or reasons for the denial;
- (ii) references to the specific Plan provisions upon which the denial is based;
- (iii) a statement that the applicant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his or her claim; and
- (iv) a statement of the applicants right to bring a civil action under Section 502(a) of ERISA.

(e) Rules and Procedures

The Plan Administrator will establish rules and procedures, consistent with the Plan and with ERISA, as necessary and appropriate in carrying out its responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal from the denial of benefits to do so at the applicants own expense.

(f) Exhaustion of Remedies

No legal action for benefits under the Plan may be brought until the applicant (i) has submitted a written application for benefits in accordance with the procedures described by Section 9.11(a) above, (ii) has been notified by the Plan Administrator that the application is denied, (iii) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 9.11(c) above, and (iv) has been notified that the Plan Administrator has denied the appeal. Notwithstanding the foregoing, if the Plan Administrator does not respond to an applicant's claim or appeal within the relevant time limits specified in this Section 9.11, the applicant may bring legal action for benefits under the Plan pursuant to Section 502(a) of ERISA.

9.12 Other Plan Information

(a) Employer and Plan Identification Numbers

The Employer Identification Number assigned to the Company (which is the Plan Sponsor as that term is used in ERISA) by the Internal Revenue Service is 94-2647429. The Plan Number assigned to the Plan by the Plan Sponsor pursuant to the instructions of the Internal Revenue Service is 510.

(b) Ending Date for Plan's Fiscal Year

The date of the end of the fiscal year for the purpose of maintaining the Plan's records is December 31.

(c) Agent for the Service of Legal Process

The agent for the service of legal process with respect to the Plan is Fidelity Life Association, Attn: Director of Human Resources, 8700 W. Bryn Mawr, 900S, Chicago, IL 60631.

(d) Plan Sponsor and Administrator

The Plan Sponsor and the Plan Administrator of the Plan is Fidelity Life Association, Attn: Director of Human Resources, 8700 W. Bryn Mawr, 900S, Chicago, IL 60631. The Plan Sponsor's and Plan Administrator's telephone number is 866-254-0972. The Plan Administrator is the named fiduciary charged with the responsibility for administering the Plan.

9.13 Statement of ERISA Rights

Participants in this Plan (which is a welfare benefit plan sponsored by Fidelity Life Association) are entitled to certain rights and protections under ERISA. An Eligible Employee is considered a participant in the Plan and, under ERISA, is entitled to:

(a) Receive Information About the Plan and Benefits

- (i) Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series), if applicable, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;
- (ii) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series), if applicable, and an updated (as necessary) Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies; and
- (iii) Receive a summary of the Plan's annual financial report, if applicable. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

(b) Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of Plan participants and beneficiaries. No one, including the employer of the participants or any other person, may fire a participant or otherwise discriminate against participants in any way to prevent a participant from obtaining a Plan benefit or exercising his or her rights under ERISA.

(c) Enforce Participant Rights

If a participant's claim for a Plan benefit is denied or ignored, in whole or in part, the participant has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps a participant can take to enforce the above rights. For instance, if a participant requests a copy of Plan documents or the latest annual report from the Plan, if applicable, and does not receive them within 30 days, he or she may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay the participant up to \$110 a day until he or she receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If a participant has a claim for benefits that is denied or ignored, in whole or in part, he or she may file suit in a state or Federal court.

If a participant is discriminated against for asserting his or her rights, the participant may seek assistance from the U.S. Department of Labor, or he or she may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If the participant is successful, the court may order the person the participant has sued to pay these costs and fees. If the participant loses, the court may order the participant to pay these costs and fees, for example, if it finds his or her claim is frivolous.

(d) Assistance with Questions

If a participant has any questions about the Plan, the participant should contact the Plan Administrator. If a participant has any questions about this statement or about his or her rights under ERISA, or if a participant needs assistance in obtaining documents from the Plan Administrator, the participant should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. Participants may also obtain certain publications about their rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Effective as of January 1, 2014, Fidelity Life Association has caused its duly authorized officer to execute this restated Vericity Holdings, Inc. Change In Control Severance Benefits Plan this ____ day of _____, 20____.

By: _____

Title: _____

SCHEDULE OF BENEFITS

<u>Eligible Employee</u>	<u>Months of Benefits</u>
James Hohmann	24 months
Chris Campbell	24 months
James Harkensee	24 months
Chris Kim	24 months
John Buchanan	24 Months
Laura Zimmerman	24 Months
Stefan Peter	18 Months
Marc Cagen	18 Months
Chris Rzany	18 Months
Marty Schroeder	18 Months

EXHIBIT A

RELEASE

(Individual Termination, age 40 and older)

I understand and agree completely to the terms set forth in the Vericity Holdings, Inc. Change in Control Severance Benefits Plan (the "Plan"), I understand that this Release, together with the Plan, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. Certain capitalized terms used in this Release are defined in the Plan.

I hereby confirm my continuing obligations under the Company's Employee Handbook, Code of Conduct and Employment, Confidential Information, Nondisclosure and Nonsolicitation Agreement (if applicable) or any other similar documents.

Except as otherwise set forth in this Release, I hereby release, acquit and forever discharge the Company, its parents and subsidiaries, and their officers, directors, agents, servants, employees, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed (other than any claim for indemnification I may have as a result of any third party action against me based on my employment with the Company), arising out of or in any way related to agreements, events, acts or conduct at any time up to and including the date I execute this Release, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment, including but not limited to, claims of intentional and negligent infliction of emotional distress, any and all tort claims for personal injury, claims or demands related to salary, bonuses, commissions, stock, stock options, or any Other Ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; claims pursuant to any federal, state or Local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended; the federal Age Discrimination in Employment Act of 1967, as amended (ADEA); the federal Employee Retirement Income Security Act of 1974, as amended; the federal Americans with Disabilities Act of 1990; the Illinois Human Rights Act, as amended; tort law; contract law; wrongful discharge; discrimination; fraud; defamation; emotional distress; and breach of the implied covenant of good faith and fair dealing; provided, however, that nothing in this paragraph shall be construed in any way to release the Company from its obligation to indemnify me pursuant to the Company's indemnification obligation pursuant to agreement or applicable law.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under ADEA. I also acknowledge that the consideration given under the Plan for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by

the ADEA, that: (A) my waiver and release do not apply to any rights of Claims that may arise on or after the date I execute this Release; (B) I have the right to consult with an attorney prior to executing this Release; (C) I have 21 days to consider this Release (although I may choose to voluntarily execute this Release earlier); (D) I have seven days following my execution of this Release to revoke the Release; and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth (8th) day after I execute this Release.

EMPLOYEE

NAME: _____

DATE: _____

EXHIBIT B

RELEASE

(Individual and Group Termination, under age 40)

I understand and agree completely to the terms set forth in the Vericity Holdings, Inc. Change in Control Severance Benefits Plan (the "Plan"), I understand that this Release, together with the Plan, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. Certain capitalized terms used in this Release are defined in the Plan.

I hereby confirm my continuing obligations under the Company's Employee Handbook, Code of Conduct and Employment, Confidential Information, Nondisclosure and Nonsolicitation Agreement (if applicable) or any other similar documents.

Except as otherwise set forth in this Release, I hereby release, acquit and forever discharge the Company, its parents and subsidiaries, and their officers, directors, agents, servants, employees, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys fees, damages, indemnities and obligations of every kind and nature, in Law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed (other than any claim for indemnification I may have as a result of any third party action against me based on my employment with the Company), arising out of or in any way related to agreements, events, acts or conduct at any time up to and including the date I execute this Release, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment, including but not limited to, claims of intentional and negligent infliction of emotional distress, any and all tort claims for personal injury, claims or demands related to salary, bonuses, commissions, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended; the federal Age Discrimination in Employment Act of 1967, as amended (ADEA); the federal Employee Retirement Income Security Act of 1974, as amended; the federal Americans with Disabilities Act of 1990; the California Fair Employment and Housing Act, as amended; tort law; contract law; wrongful discharge; discrimination; fraud; defamation; emotional distress; and breach of the implied covenant of good faith and fair dealing; provided, however, that nothing in this paragraph shall be construed in any way to release the Company from its obligation to indemnify me pursuant to the Company's indemnification obligation pursuant to agreement or applicable law.

EMPLOYEE

NAME: _____

DATE: _____

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EXHIBIT C

RELEASE

(Group Termination, age 40 and older)

I understand and agree completely to the terms set forth in the Vericity Holdings, Inc. Change in Control Severance Benefits Plan (the "Plan"). I understand that this Release, together with the Plan, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. Certain capitalized terms used in this Release are defined in the Plan.

I hereby confirm my continuing obligations under the Company's Employee Handbook, Code of Conduct and Employment, Confidential Information, Nondisclosure and Nonsolicitation Agreement (if applicable) or any other similar documents.

Except as otherwise set forth in this Release, I hereby release, acquit and forever discharge the Company, its parents and subsidiaries, and their officers, directors, agents, servants, employees, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed (other than any claim for indemnification I may have as a result of any third party action against me based on my employment with the Company), arising out of or in any way related to agreements, events, acts or conduct at any time up to and including the date I execute this Release, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment, including but not limited to, claims of intentional and negligent infliction of emotional distress, any and all tort claims for personal injury, claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended, the federal Age Discrimination in Employment Act of 1967, as amended (ADEA); the federal Employee Retirement Income Security Act of 1974, as amended; the federal Americans with Disabilities Act of 1990; the California Fair Employment and Housing Act, as amended; tort law; contract law; wrongful discharge; discrimination; fraud; defamation; emotional distress; and breach of the implied covenant of good faith and fair dealing; provided, however, that nothing in this paragraph shall be construed in any way to release the Company from its obligation to indemnify me pursuant to the Company's indemnification obligation pursuant to agreement or applicable law.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under ADEA. I also acknowledge that the consideration given under the Plan for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by

the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise on or after the dale I execute this Release; (B) I have the right to consult with an attorney prior to executing this Release; (C) I have forty-five (45) days to consider this Release (although I may choose to voluntarily execute this Release earlier); (D) I have seven (7) days following my execution of this Release to revoke the Release; (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day (8th) alter I execute this Release; and (F) I have received with this Release a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

EMPLOYEE

NAME: _____

DATE: _____

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this “Agreement”) is made and entered into as of _____, 2018, between Vericity, Inc., a Delaware corporation (the “Company”), and _____ (“Indemnitee”).

WHEREAS, the Board of Directors of the Company (the “Board” or “Board of Directors”) has concluded that to retain and attract talented and experienced individuals to serve as directors and officers of the Company, it is necessary for the Company to contractually indemnify its directors and certain of its officers and to assume liability for expenses and damages in connection with claims against such directors and officers in connection with their service to the Company, to the fullest extent permitted under Delaware law;

WHEREAS, Section 145 of the General Corporation Law of the State of Delaware (the “DGCL”) permits the Company to indemnify by agreement its directors, officers, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by, or granted pursuant to, the DGCL is not exclusive;

WHEREAS, the Company’s Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) authorizes the Company to provide indemnification and to advance expenses to the fullest extent permitted by Delaware law;

WHEREAS, Indemnitee is currently serving, or has been nominated to serve, as a director and/or officer of the Company and the Company wishes to secure Indemnitee’s service in such capacity without concern of unwarranted personal liability arising out of or related to such services to the Company; and

WHEREAS, the Company wishes to provide Indemnitee with an independent contractual right to indemnification and advancement of expenses in addition to those rights provided by the DGCL and the Certificate of Incorporation.

NOW, THEREFORE, the Company and Indemnitee, intending to be legally bound, hereby agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by the DGCL as such may be amended from time to time. In furtherance of the foregoing, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of Indemnitee’s Corporate Status (as defined below), Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as defined below) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as defined below), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee’s behalf, in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the

Company and, with respect to any criminal Proceeding, had no reasonable cause to believe Indemnatee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnatee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of Indemnatee's Corporate Status, Indemnatee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnatee shall be indemnified against all Expenses actually and reasonably incurred by Indemnatee, or on Indemnatee's behalf, in connection with such Proceeding if Indemnatee acted in good faith and in a manner Indemnatee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnatee shall have been adjudged to be liable to the Company unless and to the extent that the Delaware Court (as defined below) shall determine that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such Expenses which the Delaware Court shall deem proper.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnatee is, by reason of Indemnatee's Corporate Status, a party to any Proceeding and is successful, on the merits or otherwise, in such Proceeding, Indemnatee shall be indemnified to the fullest extent permitted by the DGCL, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith. If Indemnatee is not wholly successful in such Proceeding but is partly successful on the merits or has met the applicable standard for indemnification under this Agreement, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnatee against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection with each claim, issue or matter that is successfully resolved or with respect to which Indemnatee has met the applicable standard for indemnification under this Agreement. For purposes of this Section 1(c) and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnatee is, by reason of Indemnatee's Corporate Status, a witness in any Proceeding to which Indemnatee is not a party, Indemnatee shall be indemnified against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith.

3. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnatee in connection with any Proceeding by reason of Indemnatee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnatee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnatee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnatee to repay any Expenses advanced if it shall ultimately be determined that Indemnatee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 3 shall be unsecured and interest free.

4. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnification that are as comprehensive as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 4(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control (as defined below) shall have occurred, by Independent Counsel (as defined below) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, unless Indemnitee shall request that such determination be made by the Board of Directors or the stockholders in which case the decision shall be made by the individuals as provided for in clause (ii) of this Section 4(b); or (ii) by one of the following three methods, which shall be at the election of the Board: (1) by a majority vote of the Disinterested Directors (as defined below), even though less than a quorum, or by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, (2) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (3) by the stockholders of the Company.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4(b) hereof, the Independent Counsel shall be selected as provided in this Section 4(c). The Independent Counsel shall be selected by the Board of Directors. Indemnitee may, within 10 days after such written notice of selection shall have been given to Indemnitee, deliver to the Company, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 10 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court determines that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 4(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 4(b) hereof. The Company shall pay reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 4(b) hereof, and the Company

shall pay the reasonable fees and expenses incident to the procedures of this Section 4(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as defined below), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert or advisor selected, to the Indemnitee's knowledge, with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, employee, agent or fiduciary of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 4(d) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by a preponderance of the evidence.

(e) Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination.

(f) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption or uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by a preponderance of the evidence.

(g) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement), of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

5. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 4 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 3 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 4(b) of this Agreement within 90 days after receipt by the Company of the request for indemnification or (iv) payment of

indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 4 of this Agreement, Indemnitee shall be entitled to an adjudication in the Delaware Court of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within 270 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 5(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that Indemnitee, pursuant to this Section 5, seeks a judicial adjudication of Indemnitee's rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on Indemnitee's behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 10 of this Agreement) actually and reasonably incurred by Indemnitee in such judicial adjudication, but only if Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery. If it shall be determined in said judicial adjudication that Indemnitee is entitled to receive part, but not all, of the indemnification or advancement of expenses sought, the expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(c) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 5 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

6. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under the DGCL, the Certificate of Incorporation, the Company's Amended and Restated Bylaws (the "Bylaws"), any agreement, a vote of stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage provided under such policy or policies for any director, officer, employee, agent or

fiduciary. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurer(s) in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

7. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy, other indemnity provision, contract, agreement or otherwise, except with respect to any excess beyond the amount paid under any insurance policy, other indemnity provision, contract, agreement or otherwise;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law;

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under the DGCL; or

(d) if a final decision by a court of law having jurisdiction in the matter shall determine that such indemnification is not lawful.

8. Duration of Agreement.

(a) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 5 hereof) by reason of Indemnitee's Corporate Status, whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement.

(b) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors, and personal and legal representatives.

9. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

10. Definitions. For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company shall be deemed to have occurred if after the Effective Date (i) any "person" other than principal shareholders or an affiliate thereof as of the Effective Date is or becomes the "beneficial owner" directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or (ii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, as a consequence of which members of the Board of Directors in office immediately prior to such a transaction or event constitute less than a majority of the Board of Directors thereafter.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Effective Date" means the date first set forth above.

(e) “Enterprise” shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnatee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(f) “Expenses” shall include reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the types customarily paid or incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(g) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnatee in any matter material to either such party (other than with respect to matters concerning Indemnatee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnatee in an action to determine Indemnatee’s rights under this Agreement.

(h) “Proceeding” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnatee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnatee is or was an officer or director of the Company, by reason of the fact that Indemnatee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action taken by Indemnatee or of any inaction on Indemnatee’s part while acting in any such capacity; in each case whether or not Indemnatee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by Indemnatee pursuant to Section 5 of this Agreement to enforce Indemnatee’s rights under this Agreement.

11. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnatee indemnification rights to the fullest extent permitted by the DGCL. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

12. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute

a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

13. Notice By Indemnatee. Indemnatee agrees to notify the Company in writing within ten (10) days of being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnatee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

14. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be delivered only via personal delivery, electronic mail or facsimile or via nationally recognized overnight courier. Such notice shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, or (c) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnatee as set forth below Indemnatee's signature.

(b) To the Company at:

Vericity, Inc.
8700 W. Bryn Mawr Ave.
Chicago, IL 60631
Attn: General Counsel

or to such other address as may have been furnished to Indemnatee by the Company or to the Company by Indemnatee, as the case may be.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

17. Governing Law and Consent to Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnatee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii)

waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

VERICITY, INC.

By: _____
Name: _____
Title: _____

INDEMNITEE

Name: _____
Address: _____

AUTOMATIC COINSURANCE AGREEMENT

(the "Agreement")

Effective: January 1, 2012

between

FIDELITY LIFE ASSOCIATION

Chicago, ILLINOIS

(the "Company")

and

HANNOVER LIFE REASSURANCE COMPANY OF AMERICA

ORLANDO, FLORIDA

(the "Reinsurer")

Treaty No. HA-FKLA-07/HA3351

December 4, 2012

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ARTICLE I

PREAMBLE

- 1) **Parties to the Agreement.** This is a Coinsurance Agreement for indemnity reinsurance (the “Agreement”) solely between Hannover Life Reassurance Company of America, Orlando, Florida (the “Reinsurer”), and Fidelity Life Association, Chicago, Illinois, (the “Company”), collectively referred to as the “parties”.

The acceptance of risks under this Agreement will create no right or legal relationship between the Reinsurer and any other party, including the insured, owner or beneficiary of any insurance policy or other contract of the Company.

The Agreement will be binding upon the Company and the Reinsurer and their respective successors and assigns.
- 2) **Compliance.** This Agreement applies only to the issuance of insurance by the Company in a jurisdiction in which it is properly licensed.

The Company represents that it is in compliance with all state and federal laws applicable to the business reinsured under this Agreement. In the event that the Company is found to be in non-compliance with any law material to this Agreement, the Agreement will remain in effect and the Company will indemnify the Reinsurer for any loss the Reinsurer suffers as a result of the non-compliance, and will seek to remedy the non-compliance immediately upon discovery thereof.
- 3) **Construction.** This Agreement will be construed in accordance with the laws of the state of Illinois. Furthermore, this Agreement is a freely negotiated contract between the Company and the Reinsurer and will not be construed against either party due to the fact that it was the party that drafted the Agreement.
- 4) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the business reinsured hereunder. There are no understandings between the parties other than as expressed in this Agreement. Any change or modification to this Agreement will be null and void unless made by amendment to this Agreement and signed by both parties.
- 5) **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, such determination will not impair or affect the validity or the enforceability of the remaining provisions of this Agreement.
- 6) **Non-waiver.** No waiver by either party of any violation or default by the other party in the performance of any promise, term or condition of this Agreement shall be construed to be a waiver by such party of any other or subsequent default in performance of the same or any other promise, term or condition of this Agreement. No prior transactions or dealings between the Parties shall be deemed to establish any custom or usage waiving or modifying any provision hereof. The failure of either party to enforce any part of this Agreement shall not constitute a waiver by such party of its right to do so, nor shall it be deemed to be an act of ratification or consent.

ARTICLE I CONTINUES...

-
- 7) **Survival.** All provisions of this Agreement shall survive its termination to the extent necessary to carry out the purposes of this Agreement or to ascertain and enforce the Parties' rights and/or obligations hereunder existing at the time of termination.
- 8) **Assignment.** Neither party may assign, transfer, sell, convey or otherwise dispose of any of its rights, duties or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that the parties acknowledge and agree that the Reinsurer may retrocede any or all of its reinsured net amount at risk hereunder.

...END OF ARTICLE I

ARTICLE II

AUTOMATIC REINSURANCE

- 1) **General Conditions.** On and after the effective date of this Agreement, the Company will automatically cede to the Reinsurer a portion of the life insurance policies, supplementary benefits, and riders listed in Exhibit B.

The Reinsurer will automatically accept its share of the above-referenced policies up to the limits shown in Exhibit C, provided that:

- a. the Company keeps its full retention, as specified in Exhibit A, or otherwise holds its full retention on a life under previously issued inforce policies and does not transfer, assign, convey, reinsure or otherwise dispose of such retention without the Reinsurer's written consent;
- b. the Company applies its normal underwriting guidelines as were delivered to the Reinsurer, in accordance with the Company's current underwriting guidelines as described in the Hybrid Life Underwriting Guide 1/2012, using the Reinsurer's MERICA system for obtaining and interpreting third party data. Initial Nonmedical underwriting in accordance with the Company's current underwriting guidelines as described in the Hybrid Life Underwriting Guide 1/2012. For medically-underwritten policies, full underwriting in accordance with the Company's current underwriting guidelines as described in the Hybrid Life Underwriting Guide 1/2012.
- c. The insured is a resident of a country listed in Exhibit C.
- d. OFAC Compliance. The Company and the Reinsurer each represents and warrants that it is in compliance with all laws, regulations, judicial and administrative orders applicable to the party and to the business reinsured under this Agreement, as they pertain to sanction laws administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), and with Trade Embargo Laws, as such laws may be amended from time to time (collectively, the "Laws"). Neither party will be required to take any action under this Agreement that would violate said Laws, including, but not limited to, making any payments in violation of the Laws.

The Company agrees to, prior to ceding any risk to the Reinsurer under this Agreement, screen, in accordance with current industry standards for the U.S. life insurance industry, each risk to ensure that an owner, insured, or beneficiary is not on the OFAC List of Specially Designated National and Blocked Persons (a "Prohibited Person").

The Company will not cede or otherwise transfer to the Reinsurer, and the Reinsurer will have no obligation to reinsure or indemnify the Company for any liabilities under any policy if an owner, insured, or beneficiary of such policy is a Prohibited Person.

ARTICLE II CONTINUES...

Should either party discover or otherwise become aware that a reinsurance transaction has been entered into or a payment has been made in violation of the Laws, the party who first becomes aware of the violation will notify the other party within five (5) business days of such discovery, and the Company will provide to the Reinsurer written notice of all information known by the Company regarding the identity of the Prohibited Person, including the name, date of birth, country, state or province and street address of the residence and/or business, social security number, driver's license number or other governmental identification number, and telephone number(s) of such Prohibited Person. The parties will cooperate in order to take all necessary corrective actions.

The parties agree that such reinsurance transaction will be null, void and of no effect from its inception, to the same extent as if the reinsurance transaction had never occurred. In such event, each party will be restored to the position it would have occupied if the violation had not occurred.

.....END OF ARTICLE II

ARTICLE III

FACULTATIVE REINSURANCE

The Company may submit a policy not satisfying the conditions set forth in Article II, Automatic Reinsurance” or Policies it does not wish to cede as automatic reinsurance, for facultative reinsurance consideration.

- 1) **Application.** An application form acceptable by the Reinsurer shall be submitted for each facultative consideration.
- 2) **Underwriting Papers.** Copies of the original insurance application, medical examiner’s reports, attending physician statements, inspection reports, financial information and ail other papers and information obtained by the Company concerning insurability of the risk shall accompany the application for reinsurance. If there are outstanding underwriting requirements not yet available, the Company shall notify the Reinsurer of such requirements; in addition, the Company agrees to provide any subsequent information received pertinent to the risk assessment to the Reinsurer as soon as possible following receipt of such information by the Company.
- 3) **Reinsurer’s Actions.** Following receipt of the application for reinsurance and the information as described above, the Reinsurer agrees to promptly examine the underwriting information and notify the Company of any one of the following:
 - an offer to reinsure the policy;
 - an offer to reinsure the policy other than as applied for;
 - an offer to reinsure the policy subject to additional underwriting requirements;
 - a need for additional underwriting information to further consider making a facultative reinsurance offer; or
 - a declination to make any facultative reinsurance offer.
- 4) **Expiration of Facultative Offer.** Any offer from the Reinsurer to reinsure the policy expires one hundred twenty (120) days after the offer is made, unless the facultative offer specifies otherwise or the Reinsurer extends the offer period in writing. The Company may accept the Reinsurer’s facultative reinsurance offer within the offer period and shall notify the Reinsurer of such acceptance subject to the Company’s allocation rules for placement of facultative cases.
- 5) **Conflicts.** The terms and conditions of any facultative offer shall supersede the terms of the Agreement in case of conflicts between the two; otherwise reinsurance of a policy on a facultative reinsurance basis shall comply with the terms of this Agreement.

...END OF ARTICLE III

ARTICLE IV

LIABILITY

- 1) **Automatic Reinsurance.** For automatic reinsurance, the Reinsurer's liability will commence at the same time as the Company's liability, and will continue in accordance with the terms and conditions of this Agreement, and will end at the same time as that of the Company. Payment by the Company to the Reinsurer of reinsurance premium is a condition precedent to the Reinsurer's liability hereunder.
- 2) **Facultative Reinsurance.** The liability of the Reinsurer on any facultative reinsurance under this Agreement will commence at the same time as that of the Company, provided that the Reinsurer has given the Company a written unconditional offer on the application for reinsurance, and the Company has notified the Reinsurer in writing of its acceptance within one-hundred twenty (120) days of the offer and acts in accordance with the Reinsurer's offer and the terms of this Agreement. The Reinsurer will become liable for its share, provided that the policy has been delivered according to the usual procedures of the Company and that the Company has followed its facultative rules for reinsurance placement.
- 3) **Dividends.** The Reinsurer shall have no liability for any dividends paid by the Company on participating policies.

...END OF ARTICLE IV

ARTICLE V

REINSURED RISK AMOUNT

- 1) **Life.** Reinsurance under this Agreement is on a Coinsurance basis. The reinsurance benefit will be determined in the manner described below.
The reinsurance benefit is the death benefit of the policy times the Reinsurer's quota share percentage, as stated in Exhibit C.

...END OF ARTICLE V

ARTICLE VI

PREMIUM ACCOUNTING

- 1) **Premiums.** Reinsurance premium rates for life insurance and other benefits reinsured under this Agreement are shown in Exhibit E. Premium rates will be applied to the amount at risk reinsured and paid by the Company to the Reinsurer. Rates are guaranteed over the level premium paying period.
- 2) **Payment of Premiums and Reporting.** Reinsurance premiums are payable (annually in advance and reported monthly). Each reporting period, the Company will self-administer the calculation and payment of reinsurance premium due and, within thirty (30) days after the end of the reporting period, will send the Reinsurer a report that contains the information shown in Exhibit D-1 and Exhibit D-2, showing reinsurance premiums due for that reporting period. If an amount is due the Reinsurer, the Company will remit that amount together with the statement. If an amount is due the Company, the Reinsurer will remit such amount within thirty (30) days of receipt of the statement.
- 3) **Delayed Payment.** Any balances, due either from Company to Reinsurer or from Reinsurer to Company, that remain unpaid for more than thirty (30) days from the due date will incur interest from the end of the reporting period. Interest will be calculated at the rate shown in Article XIII.4.
- 4) **Failure to Pay Premiums.** The payment of reinsurance premiums is a condition precedent to the liability of the Reinsurer for reinsurance covered by this Agreement. Net unearned premiums will be refunded to the Company by the Reinsurer upon death and lapse. In the event that reinsurance premiums are not paid within thirty (30) days of the Remittance Date, the Reinsurer will have the right to terminate the reinsurance under all policies having reinsurance premiums in arrears. If the Reinsurer elects to exercise its right of termination, it will give the Company thirty (30) days written notice of its intention.

If all reinsurance premiums in arrears, including any that become in arrears during the thirty-day notice period, are not paid before the expiration of the notice period, the Reinsurer will be relieved of all liability under those policies as of the last date to which premiums have been paid for each policy, less any cash values or recapture reserve amounts due. Reinsurance on policies on which reinsurance premiums subsequently fall due will automatically terminate as of the last date to which premiums have been paid for each policy, unless reinsurance premiums on those policies are paid on or before their Remittance Dates.

Terminated reinsurance may be reinstated, subject to approval by the Reinsurer, within sixty (60) days of the date of termination, and upon payment of all reinsurance premiums in arrears including any interest accrued thereon. The Reinsurer will have no liability for any claims incurred between the date of termination and the date of the reinstatement of the reinsurance. The right to terminate reinsurance will not prejudice the Reinsurer's right to collect premiums for the period during which reinsurance was in force prior to the expiration of the thirty (30) day notice.

ARTICLE VI CONTINUES...

The Company will not force termination under the provisions of this Article solely to avoid the recapture provisions of this Agreement, or to transfer the reinsured policies to another reinsurer.

- 5) **Premium Rate Guarantee.** The Reinsurer anticipates that the premiums and allowances shown in Exhibit E will apply indefinitely. However, the following provisions apply.
- a. If the Company increases the current policyowner premiums on any block of policies, the Reinsurer reserves the right not to increase the coinsurance allowances. The occurrence of this event does not constitute a right for the Company to recapture the reinsured business. The Company agrees to notify the Reinsurer within ninety (90) days of any increase in its retail premium.
 - b. If the Company decreases the current policyowner premiums on any block of policies, the Reinsurer reserves the right to decrease the coinsurance allowances such that the net coinsurance premium paid by the Company to the Reinsurer remains unchanged. The occurrence of this event does not constitute a right for the Company to recapture the business. If the Company decreases the current policyowner premiums and the Reinsurer's adjustment to the coinsurance allowances results in a larger net coinsurance premium, then the Reinsurer will give the Company 90 days' prior notice and Company has the right to immediately recapture any business affected by such change.
 - c. If, after the guaranteed level premium period, the Company hasn't adjusted policyowner premiums, the Reinsurer may elect to decrease the coinsurance allowances. If the Reinsurer elects to decrease the allowances, then the Reinsurer will give the Company 90 days' prior notice and the Company has the right to immediately recapture any business affected by such change.
- Any recapture will be on terms mutually acceptable to the Company and to the Reinsurer.
- 6) **Electronic Data Transmission.** The Company shall report its reinsurance transactions via electronic media. The Company shall consult with the Reinsurer to determine the appropriate reporting format. Should the Company subsequently desire to make changes in the data format or the code structure, the Company shall communicate such changes to the Reinsurer in writing prior to the use of such changes in reports to the Reinsurer and shall describe in reasonable detail such proposed changes.
- 7) **Unearned Premium.** The Reinsurer will follow the practices of the Company with respect to refund of premium upon death, surrender, or other termination.

...END OF ARTICLE VI

ARTICLE VII

RESERVES

- 1) **Reserve Credit.** The Reinsurer will hold reserves in accordance with all applicable laws/regulations that the Reinsurer deems controlling. The Reinsurer is a licensed/accredited reinsurer in all states.
- 2) **Reserve Methodology.** The Company will provide its X-factors to the Reinsurer and will notify the Reinsurer, in advance, of any change to such X-factors.

...END OF ARTICLE VII

ARTICLE VIII

REDUCTIONS, TERMINATIONS AND CHANGES

Whenever a change is made in the status, plan, amount or other material feature of a policy reinsured under this Agreement, the Reinsurer will, upon receipt of notification of the change, provide adjusted reinsurance coverage in accordance with the provisions of this Agreement. The Company will notify the Reinsurer of any such change with the next statement following the month in which the change was made.

- 1) **Reductions and Terminations.** In the event of the reduction, lapse, or termination of a policy or policies reinsured under this Agreement or any other agreement, the Company will reduce or terminate reinsurance on that life. The reinsured amount on the life with all reinsurers will be reduced, effective on the same date, by the amount required such that the Company maintains its retention as defined under this Agreement.

The reinsurance reduction will apply first to the policy or policies being reduced and then, on a chronological basis, to other reinsured policies on the life, beginning with the oldest policy. If a fully retained policy on a life that is reinsured under this Agreement is terminated or reduced, the Company will reduce the existing reinsurance on that life by a corresponding amount, with the reinsurance on the oldest policy being reduced first. If the amount of reduction exceeds the risk amount reinsured, the reinsurance on the policy or policies will be terminated.

The Reinsurer will refund any unearned reinsurance premiums, including its proportionate share of the policy fee, net of allowances.

- 2) **Increases**

a. Noncontractual Increases. If the amount of insurance is increased as a result of a noncontractual change, the increase will be underwritten by the Company in accordance with its customary standards and procedures and will be considered new reinsurance under this Agreement. The Reinsurer's written approval is required if the original policy was reinsured on a facultative basis or if the new amount will cause the reinsured amount on the life to exceed either the Automatic Binding Limits or the Jumbo Limits shown in Exhibit C. Premiums for the additional reinsurance will be at the new issue rate from the point of increase.

b. Contractual Increases. For policies reinsured on an automatic basis, reinsurance of increases in amount resulting from contractual policy provisions will be accepted only up to the Automatic Binding Limits shown in Exhibit C.

- 3) **Risk Classification Changes.** If the insured requests a reduction or removal of a table rating or flat extra premium charge, such change shall be underwritten according to the Company's normal underwriting practices.

ARTICLE VIII CONTINUES...

Risk classification changes on facultative policies shall be subject to the Reinsurer's approval. Any such change shall result in a corresponding change in the reinsurance premium amount.

- 3) **Reinstatement.** If a policy reinsured on an automatic basis is reinstated in accordance with its terms and in accordance with Company rules and procedures (a copy of which shall have been provided to the Reinsurer prior to any such reinstatement), the Reinsurer will, upon notification of reinstatement, reinstate the reinsurance coverage. If a policy reinsured on a facultative basis is reinstated, written approval by the Reinsurer will be required prior to the reinstatement of the reinsurance.

Upon reinstatement of the reinsurance coverage, the Company will pay the contractual reinsurance premiums plus accrued interest for the period and at the interest rate stated in the policy from the date of reinstatement to the date of the current statement of account, including a proportional share of any interest collected. Thereafter, reinsurance payments will be in accordance with Article VI Premium Accounting.

If a policy reinsured is restored pursuant to any state law or regulation that requires reinstatement or restoration of a policy following a "free look" period allowed to the policyholder for a proposed replacement policy, and said replacement policy is subsequently rejected by the policyholder, the Reinsurer agrees to restore reinsurance of the policy under its original terms and conditions as set forth herein. The foregoing shall apply to automatic and facultative reinsurance.

...END OF ARTICLE VIII

ARTICLE IX

CONVERSIONS, EXCHANGES AND REPLACEMENTS

Conversions, exchanges and replacements are not reinsured under this Agreement.

....END OF ARTICLE IX

ARTICLE X

CLAIMS

Claims covered under this Agreement include only death claims, which are those due to the death of the insured on a policy reinsured under this Agreement, and any additional benefits specified in Exhibit B, which are provided by the underlying policy and are reinsured under this Agreement.

- 1) **Notice.** The Company will notify the Reinsurer, as soon as reasonably possible, after it receives a claim on a policy reinsured under this Agreement.
- 2) **Proofs.** The Company will promptly provide the Reinsurer with proper claim proofs, including a copy of the proof of payment by the Company, and a copy of the insured's death certificate. In addition, for contestable claims, the Company will send to the Reinsurer a copy of all papers and information in connection with the claim.
- 3) **Amount and Payment of Reinsurance Benefits.** As soon as the Reinsurer receives proper claim notice and proof of the claim, the Reinsurer will promptly pay the reinsurance benefits due the Company. The Company's contractual liability for policies reinsured under this Agreement is binding on the Reinsurer.

The maximum reinsurance death benefit payable to the Company under this Agreement is the risk amount specifically reinsured with the Reinsurer. The Reinsurer will also pay its proportional share of statutory interest that the Company pays on the death proceeds until the date of settlement except if settlement is delayed as a result of a dispute or contest arising out of conflicting claims of entitlement to policy proceeds or benefits, then the Reinsurer will pay its share of interest to the date settlement would have been made if there were no dispute or contest.

The total reinsurance recoverable from all companies will not exceed the Company's total contractual liability on the policy, less the amount retained. The maximum reinsurance death benefit payable to the Company under this Agreement is the risk amount specifically reinsured with the Reinsurer. The Reinsurer will also pay its proportionate share of the statutory interest that the Company pays on the death proceeds until the date of settlement except if settlement is delayed as a result of a dispute or contest arising out of conflicting claims of entitlement to policy proceeds or benefits, then the Reinsurer will pay its share of interest to the date settlement would have been made if there were no dispute or contest.

Life benefit payments will be made in a single sum, regardless of the Company's settlement options; provided, however, that such single sum will exclude interest that accrues on settlement options other than single pay.

- 4) **Contested Claims.** The Company will promptly notify the Reinsurer of its intention to contest, compromise, or litigate a claim involving a reinsured policy. The Company acknowledges and agrees that its obligation to consult with the Reinsurer on contestable claims is a material inducement to the Reinsurer agreeing to provide reinsurance hereunder and that absent such an obligation, the Reinsurer would not have agreed to provide

ARTICLE X CONTINUES...

reinsurance hereunder. The Company will also promptly and fully disclose all information relating to the claim. Upon receipt of all documents, the Reinsurer will have five (5) working days to notify the Company in writing of its decision to accept participation in the contest, compromise, or litigation. If the Reinsurer has accepted participation, the Company will promptly advise the Reinsurer of all significant developments in the claim investigation, including notification of any legal proceedings against it in response to denial of the claim. Failure by the Reinsurer to respond in writing in five (5) days shall not be deemed to constitute the Reinsurer's willingness to participate in the contest, compromise or litigation.

If the Reinsurer elects to opt out of the contest, compromise, or litigation, the Reinsurer will then fulfill its obligation by paying the Company its full share of the reinsurance amount and proportional share of the covered expenses to date, and will not share in any subsequent reduction or increase in liability, and will not share in loss adjustment expenses or extracontractual obligations.

If the Reinsurer does not opt out and the Company's contest, compromise, or litigation results in a reduction or increase in liability, the Reinsurer will share in any such reduction or increase in proportion to its share of the risk on the contested policy.

- 5) **Claim Expenses.** The Reinsurer will pay its share of reasonable claim investigation and legal expenses connected with the litigation or settlement of contractual liability claims unless the Reinsurer has discharged its liability pursuant to Section 4 above. If the Reinsurer has so discharged its liability, the Reinsurer will not participate in any expenses incurred thereafter.

The Reinsurer will not reimburse the Company for routine claim and administration expenses, including but not limited to the Company's home office expenses, compensation of salaried officers and employees, and any legal expenses other than third party expenses (e.g. outside legal and investigative services) incurred by the Company. Claim investigation expenses do not include expenses incurred by the Company as a result of a dispute or contest arising out of conflicting claims of entitlement to policy proceeds or benefits.

- 6) **Misrepresentation or Suicide.** If the Company returns premium to the policyowner or beneficiary as a result of misrepresentation or suicide of the insured, the Reinsurer will refund reinsurance premium less allowances (hereinafter "Net Reinsurance Premiums") received on that policy to the Company in lieu of any other form of reinsurance benefit payable under this Agreement. If the Company is required by state law or regulation to pay interest on the payment to the policyowner or beneficiary, then the Reinsurer will include this amount of interest in the refund of reinsurance premiums to the Company. If interest is not required by state law or regulation, the refund by the Reinsurer will be without interest.

- 7) **Misstatement of Age or Sex.** In the event of a change in the amount of the Company's liability on a reinsured policy due to a misstatement of age or sex, the Reinsurer's liability will change proportionately. The face amount of the reinsured policy will be adjusted from the inception of the policy, and any difference in premiums net of allowances will be settled. If there is a refund due the policyowner or insured and the Company is required by state law or regulation to pay interest to the policyowner or insured, then the Reinsurer will include this amount of interest to the Company in the settlement. If interest is not required by state law or regulation, then the refund by the Reinsurer will be without interest.

ARTICLE X CONTINUES...

8) **Extra-Contractual Damages.** The Reinsurer will not participate in punitive or compensatory damages that are awarded against the Company as a result of an act, omission, or course of conduct committed by the Company, its agents, or representatives in connection with claims covered under this Agreement. The Reinsurer will, however, pay its share of statutory penalties awarded against the Company in connection with claims covered under this Agreement only if the Reinsurer did not elect to opt out in writing of the contest, compromise, or litigation.

The Parties recognize that circumstances may arise in which equity would require the Reinsurer, to the extent permitted by law, to share proportionately in Punitive and Compensatory damages that result from the claims denial decision. The Parties agree that such circumstances are limited to those situations in which the Reinsurer recommended in writing, or acknowledged in writing the act or course of conduct of the Company that ultimately resulted in the assessment of the extra-contractual damages. In such situations, the Reinsurer shall reimburse the Company in an amount equal to the lesser of the proportional amount relating to the Reinsurer's direct and proximate participation in the actions that led to the extra-contractual damages and the Reinsurer's share of the extra-contractual damages.

For purposes of this Article, the following definitions will apply.

"Punitive Damages" are those damages awarded as a penalty, the amount of which is neither governed nor fixed by statute.

"Compensatory Damages" are those amounts awarded to compensate for the actual damages sustained, and are not awarded as a penalty, nor fixed in amount by statute.

"Statutory Penalties" are those amounts awarded as a penalty, but are fixed in amount by statute. In no event, for purposes of this Agreement, does the term include Punitive Damages.

...END OF ARTICLE X

ARTICLE XI

RETENTION LIMIT CHANGES

If the Company changes its maximum retention limits as shown in Exhibit A, it will provide the Reinsurer with written notice of the intended changes thirty (30) days in advance of their effective date.

A change to the Company's maximum retention limits will not affect the reinsured Policies in force except as specifically provided elsewhere in this Agreement. Furthermore, unless agreed in writing, between the parties, an increase in the Company's retention schedule will not effect an increase in the total risk amount that it may automatically cede to the Reinsurer.

...END OF ARTICLE XI

ARTICLE XII

RECAPTURE

- 1) In addition to any other recapture rights provided herein, the Company has the option to recapture certain risk amounts after the level premium period of each plan only upon an increase in the Company's maximum retention limit as set forth in Exhibit A. The Company will maintain the existing quota share percentage of retention; however it may apply the percentage to the new increased limits. The amount eligible for recapture will be the difference between the amount originally retained and the amount the Company would have retained on the same quota share basis had the new retention schedule been in effect at the time of issue. The Company may apply its increased retention limits to reduce the amount of reinsurance in force as follows:
 - a. The Company must give the Reinsurer ninety (90) days written notice prior to its intended date of the commencement of recapture.
 - b. The reduction of reinsurance on affected policies will become effective on the policy anniversary date immediately following the notice of election to recapture; however, no reduction will be made prior to the policy anniversary specified in Exhibit D.
 - c. If any reinsured policy is recaptured, all reinsured policies eligible for recapture under the provisions of this Article must be recaptured up to the Company's new maximum retention limits in a consistent manner and the Company must increase its total amount of insurance on each reinsured life. The Company may not revoke its election to recapture for policies becoming eligible at future anniversaries.

When performed in accordance with the terms of this Agreement, there shall be no fee or penalty to the Company for exercising the Company's increase in retention and recapture rights.

If portions of the reinsured policy have been ceded to more than one reinsurer, the Company must allocate the reduction in reinsurance so that the amount reinsured by each reinsurer after the reduction is proportionately the same as if the new maximum dollar retention limits had been in effect at the time of issue.

The amount of reinsurance eligible for recapture is based on the current amount at risk as of the date of recapture. For a policy issued as a result of exchange, conversion, or re-entry, the recapture terms of the reinsurance agreement covering the original policy will apply, and the duration period for the purpose of recapture will be measured from the effective date of the reinsurance on the original policy.

After the effective date of recapture, the Reinsurer will not be liable for any reinsured policies or portions of such reinsured policies eligible for recapture that the Company has overlooked.

...END OF ARTICLE XII

ARTICLE XIII

GENERAL PROVISIONS

- 1) **Currency.** All payments and reporting by both parties under this Agreement will be made in the currency specified in Exhibit C.
- 2) **Premium Tax.** The Reinsurer will not reimburse the Company for premium taxes.
- 3) **Minimum Cession.** The Company will not cede a policy to the Reinsurer unless the amount to be reinsured at issue exceeds the Initial Minimum Cession amount shown in Exhibit C. Reinsurance will be cancelled on any policy when its reinsured net amount at risk falls below the Trivial Amount limit shown in Exhibit C.
- 4) **Interest Rate.** If under the terms of this Agreement, interest is accrued on amounts due either the Company or the Reinsurer, such interest will be calculated from the due date using the 13-week Treasury Bill rate reported for the last business day of the calendar month in the “Money Rates” section of the Wall Street Journal or comparable publication.
- 5) **Inspection of Records.** The Reinsurer and the Company, or their duly authorized representatives, will have the right to inspect and audit original papers, records, and all documents relating to the business reinsured under this Agreement including but not limited to underwriting, claims processing, and administration. Such access will be provided during regular business hours at the office of the inspected party. The Reinsurer may suspend payments relating to matters in dispute that arise from such inspection and audit until such dispute is resolved by the parties either through mutual agreement or by arbitration. In the event the dispute is settled by mutual agreement, the appropriate party shall pay the other party the agreed upon amount, if any, plus interest at the rate stated in Article XIII, Section 4, Interest Rate. In the event the dispute is settled by arbitration in accordance with Article XVII, Arbitration, the arbitration panel will determine any amounts and interest that are payable.
- 6) **Off-Set.** Any debts or credits, in favor of or against either the Reinsurer or the Company with respect to this Agreement are deemed mutual debts or credits and may be offset, and only the balance will be allowed or paid.

The right of offset will not be affected or diminished because of the insolvency of either party.

- 7) **Errors and Omissions.** If through unintentional error, oversight, omission, or misunderstanding (collectively “errors”), the Reinsurer or the Company fails to comply with the terms of this Agreement and if, upon discovery of the error by either party, the other is promptly notified, each thereupon will be restored to the position it would have occupied if the error had not occurred, including interest. For the avoidance of doubt, the parties agree that the term errors relates only to clerical and ministerial errors.

If it is not possible to restore each party to the position it would have occupied but for the error, the parties will endeavor in good faith to promptly resolve the situation in a manner that is fair and reasonable, and most closely approximates the intent of the parties as evidenced by this Agreement.

ARTICLE XIII CONTINUES...

The Reinsurer will not provide reinsurance for policies that do not satisfy the parameters of this Agreement, nor will the Reinsurer be responsible for negligent or deliberate acts or for repetitive errors in administration by the Company. If either party discovers that the Company has failed to cede reinsurance as provided in this Agreement, or failed to comply with its reporting requirements, the Reinsurer may require the Company to audit its records for similar errors and to take the actions necessary to avoid similar errors in the future.

- 8) **Company Forms and Rates.** The Company agrees to keep the Reinsurer informed of the identity and terms of its policies, riders and contracts reinsured under this Agreement, as well as any special programs affecting reinsurance hereunder. The Company will provide the Reinsurer with a copy of its application forms, policy and rider forms, premium and nonforfeiture values, reserve tables, and any other forms or tables needed for proper handling of reinsurance under this contract. The Company will advise the Reinsurer in writing of any changes to existing forms, nonforfeiture values and reserve tables, or new forms it may adopt.

...END OF ARTICLE XIII

ARTICLE XIV

DAC TAX

The parties to this Agreement agree to the following provisions pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations effective December 29, 1992, under Section 848 of the Internal Revenue Code of 1986, as amended:

- a. The term “party” refers to either the Company or the Reinsurer, as appropriate.
- b. The terms used in this Article are defined by reference to Regulation Section 1.848-2, effective December 29, 1992.
- c. The party with the net positive consideration for this Agreement for each taxable year will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(1).
- d. Both parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency, or as otherwise required by the Internal Revenue Service.
- e. The Company will submit a schedule to the Reinsurer by May of each year with its calculation of the net consideration for the preceding calendar year. This schedule of calculations will be accompanied by a statement signed by an officer of the Company stating that the Company will report such net consideration in its tax return for the preceding calendar year. The Reinsurer may contest such calculation by providing an alternative calculation to the Company in writing within thirty (30) days of the Reinsurer’s receipt of the Company’s calculation. If the Reinsurer does not so notify the Company within the required timeframe, the Reinsurer will report the net consideration as determined by the Company in the Reinsurer’s tax return for the previous calendar year.
- f. If the Reinsurer contests the Company’s calculation of the net consideration, the parties will act in good faith to reach an agreement as to the correct amount within thirty (30) days of the date the Reinsurer submits its alternative calculation. If the Company and the Reinsurer reach an agreement on an amount of net consideration, each party will report the agreed upon amount in its tax return for the previous calendar year.
- g. Both the Company and the Reinsurer represent and warrant that they are subject to United States taxation under either Subchapter L or Subpart F of Part III of Subchapter N of the Internal Revenue Code of 1986, as amended.

...END OF ARTICLE XIV

ARTICLE XV

INSOLVENCY

- 1) **Definition of Insolvency.** A party to this Agreement will be deemed insolvent when It:
- a. applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor of its properties or assets; or
 - b. Is adjudicated as bankrupt or insolvent; or
 - c. files or consents to the filing of a petition in bankruptcy, seeks reorganization to avoid insolvency or makes formal application for any bankruptcy, dissolution, liquidation or similar law or statute; or
 - d. becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party's domicile.
- 2) **Insolvency of the Company.** In the event of the insolvency of the Company, all reinsurance payments due under this Agreement will be payable directly to the liquidator, rehabilitator, receiver, or statutory successor of the Company, without diminution because of the insolvency, for those claims allowed against the Company by any court of competent jurisdiction or by the liquidator, rehabilitator, receiver or statutory successor having authority to allow such claims.

In the event of Insolvency of the Company, the liquidator, rehabilitator, receiver, or statutory successor will give written notice to the Reinsurer of all pending claims against the Company on any policies reinsured within a reasonable time after such claim is filed in the Insolvency proceeding. While a claim is pending, the Reinsurer may investigate and interpose, at its own expense, in the proceeding where the claim is adjudicated, any defense or defenses that it may deem available to the Company or its liquidator, rehabilitator, receiver, or statutory successor.

The expense incurred by the Reinsurer will be chargeable, subject to court approval, against the Company as part of the expense of liquidation to the extent of a proportionate share of the benefit that may accrue to the Company solely as a result of the defense undertaken by the Reinsurer. Where two or more reinsurers are participating in the same claim and a majority in interest elects to interpose a defense or defenses to any such claim, the expense will be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the Company.

The Reinsurer will be liable only for the amounts reinsured and will not be or become liable for any amounts or reserves to be held by the Company on policies reinsured under this Agreement.

ARTICLE XV CONTINUES...

- 3) **Insolvency of the Reinsurer.** In the event of the insolvency of the Reinsurer, the Company may, upon 90 days' written notice to the Reinsurer, its liquidator, receiver or statutory successor, recapture all of the business reinsured under this Agreement.

In this event of recapture the Reinsurer will return any unearned reinsurance premiums to the Company and the Company will return any unamortized first year allowances on policies in force at the date of recapture to the Reinsurer.

The unamortized first year allowance on an in force policy will be calculated as:

Max {0, [1—(Recapture date—effective date of policy) divided by (10 years)]
times (first year allowance paid by the reinsurer on policy)}

...END OF ARTICLE XV

ARTICLE XVI

REINSURER'S RIGHT OF NOTICE OF UNUSUAL PRACTICES

In providing reinsurance facilities to the Company under this Agreement, the Reinsurer has granted the Company considerable authority with respect to automatic binding power, reinstatements, claim settlements, and the general administration of the reinsurance account. To facilitate transactions, the Reinsurer has required the minimum amount of information and documentation possible, reflecting its utmost faith and confidence in the Company. The Reinsurer assumes that, except as otherwise notified in writing by the Company, and agreed to in writing by the Reinsurer, the underwriting, claims and other insurance practices employed by the Company with respect to reinsurance ceded under this Agreement are generally consistent with the customary and usual practices of the insurance industry as a whole. Where the Company does engage in exceptional or uncustomary practices or implements a change in its underwriting rules or guidelines, with respect to business covered under this Agreement, the Company agrees to advise the Reinsurer in writing forty-five (45) days prior to implementing such practice or change and receive a written acceptance of said practice or change from the Reinsurer before assigning any liability to the Reinsurer with respect to any reinsurance issued under such practice or change. The Company acknowledges and agrees that its covenant to the Reinsurer to so advise the Reinsurer of any exceptional or uncustomary practice or implementation of such a significant change is a material incentive to the Reinsurer agreeing to enter into this Agreement, and absent such a covenant, the Reinsurer would not have entered into this Agreement.

...END OF ARTICLE XVI

ARTICLE XVII

ARBITRATION

1) **Intention.** It is the intention of the Reinsurer and the Company that the customs and practices of the life insurance and reinsurance industry will be given full effect in the operation and interpretation of this Agreement. The parties agree to act in all matters with the highest good faith. However, if the Reinsurer and the Company cannot mutually resolve a dispute that arises out of or relates to this Agreement, the dispute will be decided through arbitration as a precedent to any right of action hereunder.

2) **Process.** To initiate arbitration, either the Company or the Reinsurer will notify the other party in writing of its desire to arbitrate, stating the nature of its dispute and the remedy sought. The party to which the notice is sent will respond to the notification in writing within fifteen (15) days of its receipt.

There will be three arbitrators who will be current or former senior officers of life insurance or life reinsurance companies other than the parties to this Agreement, their affiliates or subsidiaries. Each of the parties will be impartial with respect to the dispute. Each of the parties will appoint one of the arbitrators and these two arbitrators will select the third. If either party refuses or neglects to appoint an arbitrator within sixty (60) days of the initiation of the arbitration, the other party may appoint the second arbitrator. If the two arbitrators do not agree on a third arbitrator within thirty (30) days of the appointment of the second arbitrator, then each arbitrator shall nominate three individuals selected from the ARIAS-US list of certified arbitrators. Each arbitrator shall then decline two of the nominations presented by the other arbitrator. The third arbitrator shall then be chosen from the remaining two nominations by drawing lots.

3) **Arbitration Hearing.** Once chosen, the arbitrators are empowered to select the site of the arbitration, in no event will this be more than 6 months after the appointment of the third arbitrator. As soon as possible, the arbitrators will establish arbitration procedures as warranted by the facts and issues of the particular case. The arbitrators will have the power to determine all procedural rules of the arbitration, including but not limited to inspection of documents, examination of witnesses and any other matter relating to the conduct of the arbitration. The arbitrators may consider any relevant evidence; they will weigh the evidence and consider any objections. Each party may examine any witnesses who testify at the arbitration hearing.

4) **Governance.** Notwithstanding that this Agreement shall be governed by the law of Illinois in accordance with Article 1.3, the rights and procedures applicable to any arbitration commenced under this Article shall be governed by the Federal Arbitration Act rather than any state arbitration act. This Article will survive termination of this Agreement.

5) **Decision.** The arbitrators will base their decision on the terms and conditions of this Agreement and the customs and practices of the life insurance and reinsurance industries. The arbitrators, however, shall consider this Agreement an honorable engagement rather than merely a legal obligation; they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the arbitrators will be made by majority

ARTICLE XVII CONTINUES...

rule and will be submitted in writing. The decision will be final and binding on both parties and there will be no appeal from the decision. Either party to the arbitration may petition any court having jurisdiction over the parties to reduce the decision to judgment.

- 6) **Costs of Arbitration.** Unless the arbitrators decide otherwise, each party will bear the expense of its own arbitration activities, including its appointed arbitrator and any outside attorney and witness fees. The parties will jointly and equally bear the expense of the third arbitrator and other costs of the arbitration.
- 7) This Article XVII shall survive termination of this Agreement.

...END OF ARTICLE XVII

ARTICLE XVIII

CONFIDENTIALITY

The Company and the Reinsurer agree that Customer and Proprietary Information will be treated as confidential. Customer Information Includes, but is not limited to, medical, financial, and other personal information about proposed, current, and former policyowners, insureds, applicants, and beneficiaries of policies issued by the original Company. Proprietary Information includes, but is not limited to, business plans and trade secrets, mortality and lapse studies, underwriting manuals and guidelines, applications and contract forms, and the specific and conditions of this Agreement.

Customer and Proprietary Information will not include information that:

- a. is or becomes available to the general public through no fault of the party receiving the Customer or Proprietary Information (the “Recipient”);
- b. is independently developed by the Recipient;
- c. is acquired by the Recipient from a third party not covered by a confidentiality agreement; or
- d. is disclosed under a court order, law or regulation.

The parties will not disclose such information to any other parties unless agreed to in writing, except as necessary for retrocession purposes, as requested by external auditors, as required by court order, or as required or allowed by law or regulation.

The Company acknowledges that the Reinsurer can aggregate data with other companies reinsured with the Reinsurer as long as the data cannot be identified as belonging to the Company.

...END OF ARTICLE XVIII

ARTICLE XIX

DURATION OF AGREEMENT

This Agreement is indefinite as to its duration. The Company or the Reinsurer may terminate this Agreement with respect to the reinsurance of new business by giving ninety (90) days written notice of termination to the other party, in which case the termination date of this Agreement shall be the ninetieth (90th) day after the date notice is given.

During the notification period, the Company will continue to cede and the Reinsurer will continue to accept policies covered under the terms of this Agreement. The Reinsurer shall not be liable for policies with issue dates on end after the termination date of this Agreement. Reinsurance coverage on all reinsured policies will remain in force until the termination or expiry of the policies or until the contractual termination of reinsurance under the terms of this Agreement, whichever occurs first.

...END OF ARTICLE XIX

ARTICLE XX

EXECUTION

This Agreement is effective as of 12:01 a.m. on January 1, 2012, and applies to all eligible with issue dates on or after such date. The Company and the Reinsurer acknowledge and agree that the Company may backdate policies up to six (6) months only for the purpose of saving age.

Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one end the same instrument.

This Agreement has been made in duplicate and is hereby executed by both parties.

**HANNOVER LIFE REASSURANCE COMPANY
OF AMERICA**
ORLANDO, FLORIDA

Date: Dec 12, 2012
By: UNDICIPHERABLE
Title: Vice President
By: UNDICIPHERABLE
Title: AVP, Marketing

FIDELITY LIFE ASSOCIATION
Chicago, ILLINOIS

Date: December 14, 2012
By: /s/ Mark Wray
Title: Sr. VP/CFO
By: UNDICIPHERABLE
Title: Financial Actuary

...END OF ARTICLE XX

EXHIBIT A

RETENTION LIMITS OF THE COMPANY

(a) Retention Limit

The Company's maximum dollar retention is \$300,000 (all cause and ADB combined) per life for all plans written.

(b) First Dollar Quota Share - Company's Quota Share Percentage

The Company will retain fifty (50) percent of the face amount of each policy, but not to exceed the above maximum dollar retention limits per life.

However, the Company may retain more than fifty (50) percent of the face amount on any one life to the extent necessary to satisfy the Jumbo Limits shown in Exhibit B, or to satisfy any other provision in this Agreement that causes a reduction in the amount ceded to any Reinsurer in the Pool that is sharing the risk on the same life under a like Agreement. Notwithstanding this paragraph, the amount ceded to the Reinsurer under this Agreement is governed by the amount in the first paragraph.

(c) Proportional Risk

The Company shall retain an equal proportion of all cause and accidental death benefit amounts on policies reinsured under this agreement.

EXHIBIT B**PLANS COVERED**

Policy plans, riders and benefits issued on plans with effective dates within the applicable period shown below may qualify for automatic reinsurance under the terms of this Agreement.

B.1	Plan Identification	Issue Ages	Start Date
	10 Year Term MED	18 – 65	January 1, 2012
	10 Year Term NMD	18 – 65	January 1, 2012
	15 Year Term MED	18 – 65	January 1, 2012
	15 Year Term NMD	18 – 65	January 1, 2012
	20 Year Term MED	18 – 60	January 1, 2012
	20 Year Term NMD	18 – 60	January 1, 2012
	30 Year Term MED	18 – 50	January 1, 2012
	30 Year Term NMD	18 – 50	January 1, 2012

It is noted here that there are 59 policies, with policy numbers as shown below, that were issued after January 1, 2012, but were issued under the (generally higher) gross premium scale in effect prior to January 1, 2012. These policies are part of this agreement, and the premiums from Company to Reinsurer will be based on the direct premiums Company receives on these 59 policies

0100337358	0100342099	0100343252
0100339158	0100342243	0100343339
0100340027	0100342336	0100343351
0100340238	0100342401	0100343359
0100340680	0100342476	0100343395
0100341015	0100342620	0100343418
0100341026	0100342719	0100343444
0100341203	0100342833	0100343480
0100341299	0100342859	0100343505
0100341431	0100342938	0100343538
0100341445	0100342939	0100343570
0100341535	0100342973	0100343598
0100341696	0100343095	0100343723
0100341738	0100343139	0100343731
0100341857	0100343143	0100343734
0100341865	0100343153	0100343743
0100341867	0100343171	0100343746
0100342036	0100343208	0100346466
0100342039	0100343230	0100406981
0100342041	0100343242	

Exhibit B CONTINUES...

B.2 Waiver of Premium Disability Benefits

Not Applicable

B.3 Accidental Death Benefit Riders

There are no accidental death benefit separate premium riders on this policy. Given the nature of the covered policy form, where the coverage is a mixture of all-cause and accidental death benefit coverage, Reinsurer is responsible for its pro-rata-share of any accidental death benefits.

B.4 Other Riders

Not Applicable

...END OF Exhibit B

EXHIBIT C

AUTOMATIC BINDING LIMITS

C.1 Life Reinsurance

The limits in this Exhibit C refer to insured lives who are United States or Canadian citizens residing in the United States and Canada:

C.1 Life Reinsurance

<u>Issue Ages</u>	<u>Maximum Dollar Retention Limits</u>
18 – 65	\$ 1,000,000

Reinsurer's Quota Share Percentage – 1st Dollar Quota Share

The Reinsurer's share will be fifty percent (50%) of the first \$600,000 issue amount and 100% of the amount over \$600,000 not to exceed the Reinsurer's maximum per life Automatic Binding Limit shown above.

C.2 Waiver of Premium Disability Benefits

Not Applicable

C.3 Accidental Death Benefits

Not Applicable

C.4 Other Riders

Not Applicable

C.5 Jumbo Limits – Automatic coverage of any risk will be granted only if the total amount in force and applied for on the life in all insurance companies, including any amount to be replaced, does not exceed the amount below.

\$10,000,000

C.6 Minimum Cession

\$5,000

C.7 Recapture Period

Except as noted in Article XV, Section 3, Insolvency of the Reinsurer, recapture is allowed only after the end of level premium period. Recapture allowed for an increase in the Company's maximum dollar retention, applicable only to policies where the maximum dollar retention was held at issue.

C.8 Currency

United States Dollars

C.9 Professions

Full-time professional athletes and full-time professional entertainers, as disclosed on the life application, are excluded from automatic reinsurance under this Agreement but may be submitted for facultative consideration.

C.10 Territories

United States policies, issued to United States or Canadian citizens residing in the United States and Canada.

C.11 Conditional Receipt or Temporary Insurance Limit

Not Applicable

PROCEDURES FOR REPORTING

PLACING REINSURANCE INTO EFFECT:

For automatic reinsurance, the Company agrees to include all required information with respect to a policy on the new business segment of the report or with a new business identifier on its next monthly or quarterly report submitted in accordance with the “Reporting” section of this Exhibit following issuance of the policy.

For facultative reinsurance, the Company agrees to submit an application form for facultative reinsurance, as mutually agreed upon by the Parties. The Company agrees to place and allocate reinsurance for Facultative policies in accordance with its allocation rules for placement of facultative cases among its reinsurers making a facultative offer to reinsure a policy. The Company shall reinsure the policy by including all required information with respect to a policy on the new business segment of the report or with a new business identifier on its next monthly or quarterly report submitted in accordance with the “Reporting” section of this Exhibit following issuance of the Policy, but in no event later than one hundred twenty (120) days from the date of the Reinsurer’s final facultative offer or the date specified in the Reinsurer’s facultative offer. The Company may request an extension beyond the one hundred twenty (120) period; however, such an extension shall require the Reinsurer’s written approval

The Company will maintain adequate records to administer the reinsurance accounts and will cede reinsurance under this Agreement on a bordereau self-administration basis. The Company will provide the Reinsurer with an activity report on computer disk or other mutually agreed upon electronic media, substantially in conformity with the following:

Exhibit D-1 CONTINUES...

A) Monthly New Business and Renewals Premium Statement

The Company will provide the Reinsurer with a report of all reinsurance policies issued or renewing during the past month(s) accompanied by reinsurance premiums for such policies, which should include the following:

- | | |
|---|--|
| 1) The report should be segregated into new issues, balance of first year policies and renewals and each segment should state the gross premium, allowances and resultant net premium due for each life reinsurance policy. | |
| 2) Premium due for supplemental benefits should be stated separately. | |
| 3) transaction code | 11) plan of insurance |
| 4) transaction effective date | 12) policy amount |
| 5) policy number | 13) reinsurance amount |
| 6) insured's name: surname | 14) reinsured risk amount |
| first name | 15) table rating |
| middle initial | 16) flat extra amount and duration |
| 7) date of birth | 17) underwriting class (smoker class) |
| 8) sex | 18) country/state of residence |
| 9) issue age | 19) automatic/facultative indicator |
| 10) policy date (original and back date) | 20) DWP, ADB, Rider reinsurance amount (if applicable) |
| 10.5) issue date | |

B) Monthly Adjustment Report

The Company will report the details of all policy terminations and changes on the reinsurance policies. In addition to the information in A above, the report should provide information about the type of change, the effective date, and the monetary result of the change with respect to reinsurance.

C) Monthly Policy Exhibit Report

The Company will provide a summary of new issues, terminations, recaptures, changes, death claims and reinstatements during the month(s) and the in force reinsurance at the end of the month.

D) Quarterly In force and Reserve Listing

Within fifteen (15) days after the close of each calendar quarter, the Company will furnish the Reinsurer with a list of reinsurance by policy, which should include the following information:

- 1) 1-4, 10.5, and 19 in Section A above

...END OF Exhibit D-1

FINANCIAL REPORTING REQUIREMENTS

Please provide the following information as soon as practical after the close of the quarter but not later than the due date as stated in the treaty. Please provide monthly or other interim reports if available. **All reports should include both the Reinsurer's Treaty Number as well as the Company's reference number.** The Company must maintain and provide upon request, sufficiently detailed reports such that reserve calculations can be independently verified by the Reinsurer's auditors and examiners.

A) Quarterly Reporting

- 1) Policy counts and face amount ceded.
- 2) Statutory reserves should be split between YRT and coinsurance reserves and by type of reserve and issue year.
- 3) Claim information – Claim Number, Policy number, Insured's Name, Business or Policy Type, Type of Reinsurance (Co or YRT), Notification Date, Date of Death, Date of Birth, Cause of Death, Claim Amount, States (paid, pending, resisted).
- 4) Estimated tax reserves corresponding to the statutory reserves described above (4th quarter only).
- 5) Policy level detail statutory reserve listing via electronic media.

B) Annual Statutory Reporting

- 1) Actuarial Opinion signed by the appointed actuary
- 2) For reserves using X-factors that are less than 100% in any duration, an actuarial opinion supported by an actuarial report with sufficient supporting documentation and detailed data to allow an independent review of the X-factors.
- 3) Policy Exhibit
- 4) Policy level detail statutory reserve listing via electronic media.
- 5) Exhibit reconciling detail listing to summary reports.

Items 1-3 in this Exhibit D-2, Section B will be the relevant reports for Company's entire business portfolio; no separate documents will be prepared covering only the business ceded under this Agreement.

C) Annual Tax reporting

- 1) Actual tax reserves by tax valuation basis.
- 2) DAC tax information as stated in the treaty.
- 3) Policy level detail tax reserve listing via electronic media.

D) Statutory Annual Statement when published.

EXHIBIT E

REINSURANCE PREMIUM RATES

E.1 Life

Reinsurance premiums during the level term period will be the proportionate share of the retail premium charged the insured, including a proportionate share of any policy fees. Hybrid Term Allowances are attached, and will also apply to policy fees during the level premium period. After the level premium period, the allowance rate on policy fees will be 100%.

E.2 Waiver of Premium Disability Benefits

Not Applicable

E.3 Accidental Death Benefit

Not Applicable

E.4 Other Riders

Not Applicable

E.5 Age Basis

Age Nearest Birthday

E.6 Policy Fees

\$65.00 in all years, subject to the allowances as described above.

E.7 Substandard Risks

For Nonmed policies, Tier 3 reinsurance premium rates will be defined as two times the Tier 2 premium rates. For Medical policies, reinsurance premium rates are increased by 25% for each table assigned and applied to the Standard non-tobacco/Standard tobacco risk class.

E.8 Flat Extras

Reinsurance premiums are equal to the annual fiat extra premium charged to the insured on the amount of insurance reinsured less a 10% allowance in all years.

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 10 Year Term - Under \$100,000 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.56	1.10	1.83	2.42	0.46	0.87	1.56	1.77
19	0.56	1.10	1.83	2.43	0.46	0.87	1.56	1.77
20	0.56	1.10	1.83	2.43	0.46	0.87	1.56	1.77
21	0.58	1.10	1.83	2.44	0.46	0.87	1.56	1.77
22	0.58	1.10	1.83	2.45	0.48	0.87	1.56	1.77
23	0.59	1.11	1.83	2.47	0.48	0.87	1.58	1.79
24	0.61	1.11	1.83	2.48	0.48	0.87	1.58	1.79
25	0.62	1.11	1.83	2.49	0.49	0.87	1.58	1.79
26	0.62	1.11	1.86	2.52	0.49	0.87	1.58	1.85
27	0.62	1.13	1.87	2.54	0.49	0.87	1.58	1.91
28	0.62	1.13	1.90	2.55	0.49	0.87	1.59	2.00
29	0.63	1.13	1.93	2.58	0.49	0.87	1.59	2.06
30	0.63	1.14	1.97	2.62	0.49	0.87	1.59	2.07
31	0.63	1.14	1.97	2.67	0.51	0.90	1.59	2.08
32	0.65	1.14	1.99	2.72	0.54	0.94	1.59	2.10
33	0.66	1.14	1.99	2.77	0.55	0.98	1.61	2.11
34	0.68	1.15	1.99	2.86	0.58	1.00	1.61	2.13
35	0.69	1.15	2.00	2.96	0.61	1.00	1.61	2.14
36	0.72	1.23	2.11	2.97	0.63	1.06	1.69	2.28
37	0.75	1.31	2.25	3.20	0.66	1.10	1.80	2.44
38	0.79	1.39	2.41	3.49	0.70	1.17	1.92	2.61
39	0.82	1.49	2.56	3.66	0.75	1.24	2.04	2.82
40	0.86	1.59	2.73	3.85	0.79	1.32	2.20	3.06
41	0.94	1.72	2.99	4.24	0.86	1.41	2.38	3.31
42	1.04	1.87	3.25	4.66	0.94	1.52	2.59	3.59
43	1.15	2.03	3.55	5.13	1.04	1.63	2.83	3.93
44	1.27	2.20	3.86	5.63	1.14	1.77	3.10	4.30
45	1.39	2.39	4.21	6.20	1.27	1.93	3.39	4.72
46	1.52	2.61	4.49	6.72	1.37	2.04	3.63	5.11
47	1.66	2.83	4.79	7.31	1.46	2.17	3.92	5.54
48	1.82	3.10	5.14	7.96	1.58	2.30	4.21	6.00
49	2.00	3.39	5.51	8.68	1.70	2.45	4.52	6.51
50	2.20	3.72	5.93	9.48	1.83	2.61	4.86	7.04
51	2.42	4.04	6.65	10.21	1.99	2.83	5.32	7.80
52	2.69	4.39	7.45	11.03	2.15	3.07	5.80	8.62
53	2.99	4.82	8.34	11.94	2.34	3.31	6.32	9.46
54	3.32	5.27	9.34	12.96	2.52	3.59	6.86	10.38
55	3.69	5.79	10.41	14.06	2.73	3.87	7.44	11.32
56	4.04	6.21	11.32	15.04	2.94	4.23	8.01	12.31
57	4.42	6.66	12.30	16.07	3.15	4.59	8.61	13.34
58	4.85	7.15	13.32	17.17	3.39	5.00	9.25	14.42
59	5.31	7.70	14.44	18.35	3.65	5.42	9.93	14.95
60	5.80	8.30	15.62	19.62	3.93	5.89	10.66	15.67
61	6.56	9.34	17.30	21.85	4.30	6.66	11.63	16.85
62	7.38	10.46	19.07	24.20	4.69	7.51	12.68	18.32
63	8.30	11.70	20.97	26.72	5.13	8.10	13.82	20.17
64	9.28	13.07	22.97	29.38	5.62	8.18	15.07	21.06
65	10.37	14.55	25.07	32.17	6.15	8.99	16.44	22.64
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 10 Year Term - \$100,000 - \$249,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.40	0.78	1.30	1.83	0.33	0.68	1.11	1.43
19	0.40	0.78	1.30	1.84	0.33	0.68	1.11	1.43
20	0.40	0.78	1.30	1.84	0.33	0.68	1.11	1.43
21	0.41	0.78	1.30	1.84	0.33	0.68	1.11	1.43
22	0.41	0.78	1.30	1.85	0.34	0.68	1.11	1.44
23	0.42	0.79	1.30	1.85	0.34	0.69	1.12	1.44
24	0.43	0.79	1.30	1.86	0.34	0.69	1.12	1.45
25	0.44	0.79	1.30	1.86	0.35	0.69	1.12	1.45
26	0.44	0.79	1.32	1.86	0.35	0.69	1.12	1.45
27	0.44	0.80	1.33	1.86	0.35	0.69	1.12	1.46
28	0.44	0.80	1.35	1.86	0.35	0.70	1.13	1.46
29	0.45	0.80	1.37	1.86	0.35	0.70	1.13	1.47
30	0.45	0.81	1.40	1.86	0.35	0.70	1.13	1.47
31	0.45	0.81	1.40	1.90	0.36	0.70	1.13	1.48
32	0.46	0.81	1.41	1.94	0.38	0.70	1.13	1.49
33	0.47	0.81	1.41	2.00	0.39	0.71	1.14	1.50
34	0.48	0.82	1.41	2.07	0.41	0.71	1.14	1.51
35	0.49	0.82	1.42	2.16	0.43	0.71	1.14	1.52
36	0.51	0.87	1.50	2.25	0.45	0.75	1.20	1.62
37	0.53	0.93	1.60	2.36	0.47	0.78	1.28	1.73
38	0.56	0.99	1.71	2.48	0.50	0.83	1.36	1.85
39	0.58	1.06	1.82	2.60	0.53	0.88	1.45	2.00
40	0.61	1.13	1.94	2.73	0.56	0.94	1.56	2.17
41	0.67	1.22	2.12	3.01	0.61	1.00	1.69	2.35
42	0.74	1.33	2.31	3.31	0.67	1.08	1.84	2.55
43	0.82	1.44	2.52	3.64	0.74	1.16	2.01	2.79
44	0.90	1.56	2.74	4.00	0.81	1.26	2.20	3.05
45	0.99	1.70	2.99	4.40	0.90	1.37	2.41	3.35
46	1.08	1.85	3.19	4.77	0.97	1.45	2.58	3.63
47	1.18	2.01	3.40	5.19	1.04	1.54	2.78	3.93
48	1.29	2.20	3.65	5.65	1.12	1.63	2.99	4.26
49	1.42	2.41	3.91	6.16	1.21	1.74	3.21	4.62
50	1.56	2.64	4.21	6.73	1.30	1.85	3.45	5.00
51	1.72	2.87	4.72	7.25	1.41	2.01	3.78	5.54
52	1.91	3.12	5.29	7.83	1.53	2.18	4.12	6.12
53	2.12	3.42	5.92	8.48	1.66	2.35	4.49	6.72
54	2.36	3.74	6.63	9.20	1.79	2.55	4.87	7.37
55	2.62	4.11	7.39	9.98	1.94	2.75	5.28	8.04
56	2.87	4.41	8.04	10.68	2.09	3.00	5.69	8.74
57	3.14	4.73	8.73	11.41	2.24	3.26	6.11	9.47
58	3.44	5.08	9.46	12.19	2.41	3.55	6.57	10.25
59	3.77	5.47	10.25	13.03	2.59	3.85	7.05	11.08
60	4.12	5.89	11.09	13.93	2.79	4.18	7.57	11.97
61	4.66	6.63	12.28	15.51	3.05	4.73	8.26	12.85
62	5.24	7.43	13.54	17.18	3.33	5.33	9.00	13.81
63	5.89	8.31	14.89	18.97	3.64	5.99	9.81	14.85
64	6.59	9.28	16.31	20.86	3.99	6.72	10.70	15.99
65	7.36	10.33	17.80	22.84	4.37	7.53	11.67	17.24
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 10 Year Term - \$250,000 - \$499,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.30	0.60	1.08	1.49	0.25	0.46	1.01	1.10
19	0.30	0.60	1.08	1.49	0.25	0.46	1.01	1.10
20	0.30	0.60	1.08	1.49	0.25	0.46	1.01	1.10
21	0.30	0.60	1.08	1.50	0.25	0.46	1.01	1.10
22	0.30	0.60	1.08	1.50	0.25	0.46	1.01	1.10
23	0.30	0.60	1.08	1.51	0.25	0.46	1.02	1.11
24	0.30	0.60	1.08	1.51	0.25	0.46	1.02	1.11
25	0.30	0.60	1.08	1.52	0.25	0.46	1.02	1.11
26	0.30	0.61	1.09	1.54	0.25	0.46	1.02	1.12
27	0.30	0.61	1.10	1.56	0.25	0.46	1.02	1.14
28	0.30	0.62	1.11	1.57	0.26	0.46	1.03	1.15
29	0.30	0.63	1.13	1.60	0.26	0.46	1.03	1.17
30	0.30	0.64	1.15	1.63	0.26	0.46	1.03	1.19
31	0.30	0.65	1.16	1.64	0.27	0.48	1.03	1.22
32	0.31	0.66	1.16	1.66	0.28	0.50	1.03	1.26
33	0.32	0.67	1.17	1.68	0.29	0.52	1.04	1.30
34	0.33	0.68	1.19	1.71	0.30	0.54	1.04	1.34
35	0.34	0.70	1.20	1.74	0.31	0.57	1.04	1.38
36	0.36	0.73	1.27	1.88	0.32	0.59	1.09	1.46
37	0.38	0.77	1.35	2.04	0.34	0.62	1.15	1.56
38	0.41	0.82	1.43	2.22	0.35	0.65	1.21	1.66
39	0.44	0.86	1.52	2.40	0.37	0.69	1.28	1.79
40	0.47	0.91	1.62	2.60	0.39	0.73	1.37	1.93
41	0.52	0.98	1.80	2.88	0.43	0.79	1.48	2.11
42	0.58	1.07	2.00	3.18	0.48	0.86	1.61	2.32
43	0.65	1.15	2.22	3.50	0.53	0.94	1.75	2.55
44	0.72	1.25	2.45	3.86	0.59	1.04	1.92	2.82
45	0.80	1.36	2.71	4.25	0.66	1.14	2.10	3.12
46	0.86	1.49	2.95	4.59	0.72	1.21	2.27	3.37
47	0.94	1.64	3.21	4.97	0.78	1.28	2.46	3.64
48	1.02	1.80	3.50	5.39	0.85	1.37	2.67	3.93
49	1.11	1.98	3.82	5.85	0.92	1.46	2.89	4.25
50	1.21	2.19	4.18	6.37	1.00	1.56	3.12	4.59
51	1.32	2.39	4.57	6.88	1.08	1.69	3.48	4.92
52	1.44	2.62	5.01	7.45	1.17	1.84	3.85	5.26
53	1.58	2.88	5.49	8.08	1.26	1.99	4.25	5.63
54	1.74	3.17	6.03	8.79	1.36	2.16	4.68	6.01
55	1.91	3.49	6.62	9.55	1.46	2.33	5.12	6.42
56	2.11	3.81	7.22	10.25	1.59	2.51	5.52	7.02
57	2.32	4.17	7.86	10.99	1.72	2.71	5.95	7.65
58	2.55	4.55	8.54	11.77	1.87	2.91	6.39	8.31
59	2.80	4.97	9.26	12.62	2.02	3.14	6.88	9.03
60	3.08	5.43	10.04	13.52	2.19	3.38	7.39	9.79
61	3.56	6.05	11.26	15.01	2.43	3.82	7.95	10.59
62	4.08	6.73	12.55	16.59	2.68	4.30	8.55	11.46
63	4.66	7.48	13.93	18.28	2.97	4.82	9.21	12.40
64	5.29	8.29	15.39	20.06	3.28	5.41	9.92	13.43
65	5.97	9.18	16.92	21.94	3.63	6.05	10.71	14.56
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 10 Year Term - \$500,000 - \$999,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.30	0.59	1.07	1.48	0.25	0.46	0.95	1.10
19	0.30	0.59	1.07	1.48	0.25	0.46	0.95	1.10
20	0.30	0.59	1.07	1.48	0.25	0.46	0.95	1.10
21	0.30	0.59	1.07	1.49	0.25	0.46	0.95	1.10
22	0.30	0.59	1.07	1.50	0.25	0.46	0.96	1.10
23	0.30	0.59	1.07	1.51	0.25	0.46	0.96	1.11
24	0.30	0.59	1.07	1.51	0.25	0.46	0.97	1.11
25	0.30	0.59	1.07	1.52	0.25	0.46	0.97	1.11
26	0.30	0.60	1.08	1.53	0.25	0.46	0.98	1.12
27	0.30	0.60	1.09	1.55	0.25	0.46	0.98	1.13
28	0.30	0.61	1.10	1.56	0.26	0.46	0.99	1.15
29	0.30	0.62	1.12	1.58	0.26	0.46	1.00	1.16
30	0.30	0.63	1.14	1.61	0.26	0.46	1.01	1.18
31	0.30	0.64	1.14	1.62	0.27	0.48	1.01	1.20
32	0.31	0.65	1.15	1.64	0.28	0.50	1.02	1.21
33	0.32	0.66	1.16	1.67	0.29	0.52	1.02	1.23
34	0.33	0.67	1.17	1.70	0.30	0.54	1.03	1.25
35	0.34	0.69	1.18	1.73	0.31	0.57	1.03	1.27
36	0.36	0.72	1.25	1.87	0.32	0.59	1.08	1.34
37	0.38	0.76	1.33	2.02	0.34	0.62	1.14	1.42
38	0.40	0.79	1.42	2.19	0.35	0.65	1.20	1.52
39	0.42	0.84	1.51	2.37	0.37	0.69	1.27	1.62
40	0.45	0.88	1.61	2.56	0.39	0.73	1.36	1.75
41	0.50	0.95	1.79	2.79	0.43	0.78	1.47	1.95
42	0.56	1.04	1.99	3.04	0.47	0.85	1.59	2.19
43	0.63	1.12	2.21	3.31	0.53	0.92	1.73	2.46
44	0.70	1.22	2.44	3.60	0.58	1.00	1.89	2.76
45	0.78	1.33	2.70	3.92	0.65	1.09	2.07	3.10
46	0.85	1.45	2.93	4.30	0.70	1.16	2.23	3.35
47	0.92	1.59	3.18	4.73	0.75	1.25	2.40	3.62
48	1.01	1.74	3.46	5.19	0.81	1.34	2.59	3.93
49	1.10	1.91	3.77	5.71	0.88	1.43	2.79	4.25
50	1.21	2.10	4.11	6.29	0.95	1.54	3.00	4.59
51	1.32	2.29	4.50	6.69	1.04	1.67	3.26	4.91
52	1.44	2.50	4.94	7.13	1.13	1.81	3.54	5.26
53	1.57	2.73	5.42	7.63	1.22	1.96	3.83	5.62
54	1.73	3.00	5.96	8.17	1.33	2.11	4.14	6.01
55	1.90	3.30	6.55	8.77	1.44	2.28	4.47	6.41
56	2.10	3.63	7.15	9.53	1.57	2.46	4.97	7.01
57	2.31	4.00	7.78	10.34	1.70	2.65	5.49	7.64
58	2.54	4.39	8.45	11.20	1.85	2.85	6.04	8.31
59	2.79	4.83	9.18	12.12	2.00	3.07	6.63	9.02
60	3.07	5.30	9.95	13.10	2.17	3.31	7.27	9.79
61	3.54	5.89	11.19	14.67	2.40	3.75	7.77	10.39
62	4.05	6.53	12.49	18.32	2.66	4.23	8.32	11.05
63	4.61	7.24	13.89	18.09	2.94	4.76	8.92	11.76
64	5.23	8.01	15.36	19.96	3.26	5.35	9.57	12.54
65	5.90	8.85	16.91	21.93	3.60	6.00	10.28	13.39
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 10 Year Term - \$1,000,000 and over Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.27	0.56	1.02	1.40	0.22	0.42	0.71	0.99
19	0.27	0.56	1.02	1.40	0.22	0.42	0.71	0.99
20	0.27	0.56	1.02	1.40	0.22	0.42	0.71	0.99
21	0.27	0.56	1.02	1.40	0.22	0.42	0.72	1.00
22	0.27	0.56	1.02	1.40	0.22	0.42	0.73	1.02
23	0.28	0.56	1.03	1.40	0.22	0.42	0.74	1.04
24	0.28	0.56	1.03	1.40	0.22	0.42	0.76	1.06
25	0.28	0.56	1.03	1.40	0.22	0.42	0.77	1.08
26	0.28	0.56	1.04	1.41	0.22	0.42	0.78	1.09
27	0.28	0.56	1.06	1.42	0.22	0.42	0.79	1.09
28	0.28	0.56	1.07	1.42	0.23	0.42	0.80	1.10
29	0.28	0.56	1.09	1.44	0.23	0.42	0.81	1.11
30	0.28	0.56	1.11	1.45	0.23	0.42	0.82	1.12
31	0.28	0.57	1.11	1.46	0.23	0.43	0.84	1.14
32	0.29	0.58	1.12	1.48	0.23	0.43	0.86	1.16
33	0.29	0.59	1.12	1.50	0.24	0.44	0.88	1.19
34	0.29	0.61	1.13	1.52	0.24	0.45	0.90	1.21
35	0.30	0.63	1.14	1.55	0.24	0.46	0.92	1.24
36	0.32	0.66	1.22	1.66	0.25	0.49	0.98	1.32
37	0.34	0.70	1.30	1.79	0.27	0.53	1.05	1.40
38	0.37	0.73	1.40	1.94	0.29	0.56	1.12	1.50
39	0.39	0.78	1.50	2.09	0.31	0.61	1.21	1.61
40	0.42	0.82	1.60	2.25	0.33	0.66	1.32	1.74
41	0.47	0.88	1.78	2.51	0.37	0.71	1.43	1.92
42	0.52	0.95	1.98	2.79	0.42	0.77	1.56	2.13
43	0.57	1.03	2.19	3.09	0.47	0.83	1.71	2.37
44	0.63	1.12	2.42	3.43	0.53	0.91	1.88	2.65
45	0.70	1.21	2.68	3.79	0.60	0.99	2.07	2.95
46	0.77	1.32	2.81	4.18	0.65	1.07	2.22	3.16
47	0.84	1.44	2.96	4.62	0.71	1.16	2.39	3.39
48	0.92	1.58	3.12	5.10	0.77	1.26	2.57	3.64
49	1.02	1.74	3.29	5.64	0.84	1.36	2.77	3.90
50	1.12	1.91	3.49	6.23	0.91	1.48	2.98	4.19
51	1.24	2.09	3.97	6.63	0.99	1.59	3.20	4.48
52	1.37	2.29	4.51	7.07	1.07	1.71	3.44	4.78
53	1.53	2.51	5.10	7.56	1.16	1.84	3.69	5.10
54	1.70	2.77	5.76	8.11	1.26	1.97	3.95	5.44
55	1.89	3.05	6.48	8.70	1.36	2.12	4.23	5.80
56	2.08	3.33	7.09	9.44	1.49	2.30	4.62	6.23
57	2.28	3.63	7.73	10.24	1.63	2.50	5.04	6.68
58	2.50	3.96	8.41	11.07	1.77	2.71	5.48	7.15
59	2.74	4.32	9.14	11.97	1.93	2.94	5.95	7.66
60	3.00	4.71	9.92	12.93	2.10	3.18	6.45	8.21
61	3.44	5.32	11.16	14.35	2.33	3.45	7.01	8.86
62	3.93	5.99	12.47	15.85	2.58	3.75	7.61	9.57
63	4.46	6.72	13.87	17.45	2.85	4.08	8.27	10.34
64	5.04	7.53	15.35	19.14	3.15	4.45	8.98	11.19
65	5.67	8.40	16.90	20.92	3.49	4.85	9.77	12.11
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 15 Year Term - Under \$100,000 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.77	1.31	2.79	3.28	0.75	1.11	2.04	2.56
19	0.77	1.31	2.79	3.30	0.75	1.11	2.04	2.58
20	0.77	1.31	2.79	3.30	0.75	1.11	2.04	2.58
21	0.77	1.31	2.82	3.32	0.75	1.11	2.04	2.58
22	0.77	1.31	2.83	3.35	0.75	1.11	2.04	2.58
23	0.77	1.31	2.83	3.38	0.76	1.11	2.04	2.58
24	0.79	1.32	2.85	3.42	0.76	1.11	2.04	2.58
25	0.79	1.32	2.85	3.45	0.76	1.11	2.04	2.58
26	0.79	1.32	2.85	3.52	0.76	1.11	2.10	2.62
27	0.79	1.32	2.86	3.61	0.76	1.11	2.14	2.66
28	0.79	1.32	2.86	3.69	0.76	1.11	2.21	2.70
29	0.79	1.32	2.86	3.75	0.76	1.11	2.27	2.75
30	0.79	1.32	2.87	3.85	0.76	1.11	2.34	2.80
31	0.79	1.32	2.87	3.91	0.76	1.11	2.38	2.89
32	0.80	1.32	2.89	4.00	0.76	1.13	2.44	2.97
33	0.82	1.34	2.89	4.10	0.77	1.13	2.49	3.06
34	0.82	1.34	2.90	4.22	0.77	1.14	2.55	3.17
35	0.83	1.34	2.90	4.32	0.77	1.14	2.62	3.30
36	0.90	1.42	3.10	4.54	0.83	1.21	2.69	3.42
37	0.97	1.51	3.31	4.73	0.89	1.30	2.76	3.58
38	1.04	1.61	3.54	4.89	0.96	1.38	2.85	3.73
39	1.14	1.70	3.80	5.06	1.04	1.49	2.93	3.92
40	1.24	1.83	4.10	5.25	1.13	1.61	3.04	4.13
41	1.37	2.06	4.51	5.82	1.21	1.73	3.34	4.46
42	1.51	2.31	4.97	6.42	1.30	1.89	3.68	4.85
43	1.66	2.59	5.46	7.10	1.39	2.06	4.04	5.27
44	1.83	2.90	6.00	7.83	1.51	2.24	4.44	5.73
45	2.01	3.23	6.56	8.59	1.62	2.44	4.87	6.24
46	2.20	3.46	7.13	9.30	1.73	2.62	5.24	6.79
47	2.41	3.72	7.76	10.07	1.85	2.80	5.63	7.38
48	2.63	4.01	8.45	10.93	1.97	3.01	6.07	8.01
49	2.90	4.35	9.24	11.90	2.11	3.24	6.52	8.69
50	3.20	4.73	10.11	13.00	2.27	3.48	7.00	9.41
51	3.52	5.17	11.03	14.13	2.44	3.76	7.58	10.06
52	3.87	5.65	12.01	15.35	2.62	4.06	8.18	10.75
53	4.27	6.17	13.08	16.66	2.82	4.38	8.83	11.48
54	4.69	6.73	14.21	18.06	3.03	4.73	9.52	12.25
55	5.15	7.35	15.39	19.52	3.25	5.11	10.25	13.08
56	5.66	8.11	16.86	21.00	3.75	5.79	11.11	14.46
57	6.23	8.93	18.41	22.58	4.28	6.51	12.04	15.29
58	6.85	9.85	20.07	24.27	4.86	7.30	13.04	15.88
59	7.52	10.86	21.90	26.13	5.48	8.15	14.11	16.56
60	8.28	11.99	23.87	28.13	6.17	9.08	14.52	17.33
61	9.55	13.97	27.24	31.45	6.68	10.23	14.79	17.97
62	10.93	16.15	30.83	35.01	7.24	11.48	15.53	19.12
63	12.45	18.52	34.65	38.80	7.86	12.11	16.57	20.96
64	14.10	21.10	38.72	42.83	8.54	12.55	17.69	22.96
65	15.90	23.94	43.08	47.15	9.28	13.22	19.00	25.11
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 15 Year Term - \$100,000 - \$249,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.55	0.93	1.99	2.33	0.53	0.79	1.45	1.82
19	0.55	0.93	2.00	2.34	0.53	0.79	1.45	1.83
20	0.55	0.93	2.00	2.34	0.53	0.79	1.45	1.83
21	0.55	0.93	2.00	2.36	0.53	0.79	1.45	1.83
22	0.55	0.93	2.01	2.38	0.53	0.79	1.45	1.83
23	0.55	0.93	2.01	2.40	0.54	0.79	1.45	1.83
24	0.56	0.94	2.02	2.43	0.54	0.79	1.45	1.83
25	0.56	0.94	2.02	2.45	0.54	0.79	1.45	1.83
26	0.56	0.94	2.02	2.50	0.54	0.79	1.49	1.86
27	0.56	0.94	2.03	2.56	0.54	0.79	1.52	1.89
28	0.56	0.94	2.03	2.63	0.54	0.79	1.57	1.92
29	0.56	0.94	2.03	2.71	0.54	0.79	1.61	1.95
30	0.56	0.94	2.04	2.81	0.54	0.79	1.66	1.99
31	0.56	0.94	2.04	2.87	0.54	0.79	1.69	2.05
32	0.57	0.94	2.05	2.93	0.54	0.80	1.73	2.11
33	0.58	0.95	2.05	3.00	0.55	0.80	1.77	2.17
34	0.58	0.95	2.06	3.08	0.55	0.81	1.81	2.25
35	0.59	0.95	2.06	3.17	0.55	0.81	1.86	2.34
36	0.64	1.01	2.20	3.26	0.59	0.86	1.91	2.43
37	0.69	1.07	2.35	3.36	0.63	0.92	1.96	2.54
38	0.74	1.14	2.51	3.47	0.68	0.98	2.02	2.65
39	0.81	1.21	2.70	3.59	0.74	1.06	2.08	2.78
40	0.88	1.30	2.91	3.73	0.80	1.14	2.16	2.93
41	0.97	1.46	3.20	4.13	0.86	1.23	2.37	3.17
42	1.07	1.64	3.53	4.56	0.92	1.34	2.61	3.44
43	1.18	1.84	3.88	6.04	0.99	1.46	2.87	3.74
44	1.30	2.06	4.26	5.56	1.07	1.59	3.15	4.07
45	1.43	2.29	4.66	6.10	1.15	1.73	3.46	4.43
46	1.56	2.46	5.06	6.60	1.23	1.86	3.72	4.82
47	1.71	2.64	5.51	7.15	1.31	1.99	4.00	5.24
48	1.87	2.85	6.00	7.76	1.40	2.14	4.31	5.69
49	2.06	3.09	6.56	8.45	1.50	2.30	4.63	6.17
50	2.27	3.36	7.18	9.23	1.61	2.47	4.97	6.68
51	2.50	3.67	7.83	10.03	1.73	2.67	5.38	7.14
52	2.75	4.01	8.53	10.90	1.86	2.88	5.81	7.63
53	3.03	4.38	9.29	11.83	2.00	3.11	6.27	8.15
54	3.33	4.78	10.09	12.82	2.15	3.38	6.76	8.70
55	3.66	5.22	10.93	13.86	2.31	3.63	7.28	9.29
56	4.02	5.76	11.97	14.91	2.66	4.11	7.89	10.27
57	4.42	6.34	13.07	16.03	3.04	4.62	8.55	11.33
58	4.86	6.99	14.25	17.23	3.45	5.18	9.26	12.46
59	5.34	7.71	15.55	18.55	3.89	5.79	10.02	13.68
60	5.88	8.51	16.95	19.97	4.38	6.45	10.84	15.00
61	6.78	9.92	19.34	22.33	4.74	7.26	12.05	16.52
62	7.76	11.47	21.89	24.86	5.14	8.15	13.35	18.16
63	8.84	13.15	24.60	27.55	5.58	9.12	14.75	19.91
64	10.01	14.98	27.49	30.41	6.06	10.18	16.26	21.81
65	11.29	17.00	30.59	33.48	6.59	11.35	17.89	23.85
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 15 Year Term - \$250,000 - \$499,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.39	0.75	1.38	1.84	0.33	0.61	1.05	1.27
19	0.39	0.75	1.38	1.85	0.33	0.61	1.05	1.27
20	0.39	0.75	1.38	1.85	0.33	0.61	1.05	1.27
21	0.39	0.75	1.39	1.86	0.33	0.61	1.06	1.28
22	0.39	0.75	1.41	1.86	0.33	0.61	1.06	1.28
23	0.39	0.75	1.42	1.87	0.33	0.61	1.07	1.29
24	0.39	0.75	1.43	1.88	0.33	0.61	1.07	1.30
25	0.39	0.75	1.45	1.89	0.33	0.61	1.08	1.31
26	0.39	0.76	1.46	1.91	0.33	0.61	1.09	1.34
27	0.39	0.77	1.47	1.93	0.33	0.61	1.09	1.38
28	0.39	0.78	1.49	1.95	0.33	0.62	1.10	1.41
29	0.39	0.79	1.51	1.98	0.33	0.62	1.11	1.46
30	0.39	0.81	1.53	2.01	0.33	0.62	1.12	1.50
31	0.40	0.82	1.55	2.05	0.33	0.63	1.15	1.54
32	0.41	0.83	1.56	2.09	0.34	0.65	1.18	1.58
33	0.42	0.85	1.58	2.14	0.35	0.66	1.21	1.63
34	0.44	0.86	1.61	2.20	0.35	0.68	1.25	1.68
35	0.45	0.88	1.63	2.26	0.36	0.70	1.29	1.74
36	0.48	0.93	1.73	2.43	0.38	0.75	1.37	1.86
37	0.51	0.98	1.84	2.61	0.41	0.80	1.46	2.00
38	0.54	1.03	1.96	2.82	0.43	0.86	1.56	2.15
39	0.58	1.10	2.09	3.04	0.46	0.93	1.67	2.32
40	0.62	1.17	2.24	3.30	0.50	1.01	1.80	2.52
41	0.68	1.28	2.50	3.62	0.56	1.09	1.96	2.74
42	0.75	1.41	2.80	3.97	0.62	1.17	2.14	2.99
43	0.83	1.55	3.12	4.35	0.69	1.27	2.33	3.26
44	0.91	1.70	3.46	4.76	0.77	1.38	2.55	3.56
45	1.00	1.87	3.82	5.20	0.86	1.50	2.78	3.89
46	1.11	2.01	4.16	5.61	0.94	1.61	3.03	4.25
47	1.22	2.17	4.54	6.05	1.03	1.72	3.30	4.63
48	1.36	2.35	4.96	6.55	1.12	1.85	3.59	5.05
49	1.51	2.56	5.43	7.12	1.22	1.98	3.90	5.49
50	1.68	2.79	5.96	7.75	1.33	2.13	4.23	5.96
51	1.86	3.09	6.64	8.62	1.43	2.30	4.60	6.50
52	2.07	3.41	7.37	9.56	1.54	2.48	4.99	7.08
53	2.29	3.77	8.16	10.57	1.66	2.67	5.40	7.69
54	2.53	4.16	9.00	11.64	1.78	2.88	5.84	8.34
55	2.79	4.58	9.88	12.77	1.92	3.10	6.31	9.03
56	3.09	5.06	10.61	13.78	2.13	3.50	6.90	9.74
57	3.42	5.59	11.38	14.85	2.35	3.94	7.53	10.51
58	3.79	6.18	12.21	16.00	2.59	4.42	8.21	11.33
59	4.19	6.82	13.12	17.26	2.85	4.94	8.94	12.22
60	4.64	7.54	14.10	18.62	3.14	5.50	9.73	13.18
61	5.28	8.48	15.96	20.48	3.49	6.11	10.57	14.47
62	5.98	9.50	17.95	22.47	3.87	6.77	11.49	15.86
63	6.74	10.62	20.07	24.59	4.28	7.50	12.46	17.35
64	7.57	11.84	22.32	26.85	4.74	8.30	13.51	18.95
65	8.48	13.18	24.73	29.26	5.24	9.18	14.65	20.69
	Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087			

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 15 Year Term - \$500,000 - \$999,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.39	0.70	1.37	1.83	0.33	0.59	1.04	1.26
19	0.39	0.70	1.37	1.84	0.33	0.59	1.04	1.26
20	0.39	0.70	1.37	1.84	0.33	0.59	1.04	1.26
21	0.39	0.70	1.37	1.85	0.33	0.59	1.05	1.27
22	0.39	0.70	1.38	1.86	0.33	0.59	1.05	1.27
23	0.39	0.70	1.38	1.87	0.33	0.59	1.06	1.28
24	0.39	0.70	1.39	1.88	0.33	0.59	1.06	1.29
25	0.39	0.70	1.39	1.89	0.33	0.59	1.07	1.30
26	0.39	0.71	1.40	1.90	0.33	0.59	1.07	1.33
27	0.39	0.72	1.41	1.92	0.33	0.59	1.07	1.37
28	0.39	0.74	1.42	1.94	0.33	0.60	1.07	1.40
29	0.39	0.76	1.44	1.96	0.33	0.60	1.07	1.45
30	0.39	0.78	1.46	1.99	0.33	0.60	1.07	1.49
31	0.40	0.79	1.49	2.03	0.33	0.61	1.10	1.52
32	0.41	0.80	1.52	2.07	0.34	0.62	1.12	1.56
33	0.42	0.81	1.55	2.12	0.35	0.63	1.15	1.60
34	0.44	0.82	1.59	2.18	0.35	0.65	1.19	1.64
35	0.45	0.83	1.63	2.24	0.36	0.66	1.23	1.69
36	0.48	0.88	1.73	2.38	0.38	0.71	1.32	1.82
37	0.50	0.93	1.84	2.53	0.41	0.76	1.42	1.96
38	0.54	1.00	1.96	2.69	0.43	0.81	1.53	2.12
39	0.57	1.06	2.09	2.88	0.46	0.88	1.66	2.30
40	0.61	1.14	2.24	3.09	0.50	0.95	1.80	2.51
41	0.67	1.24	2.45	3.44	0.55	1.01	1.96	2.72
42	0.74	1.34	2.69	3.82	0.60	1.09	2.13	2.96
43	0.82	1.46	2.94	4.25	0.67	1.17	2.33	3.23
44	0.91	1.59	3.22	4.70	0.73	1.26	2.54	3.51
45	1.00	1.73	3.51	5.18	0.81	1.36	2.77	3.83
46	1.11	1.87	3.90	5.59	0.88	1.48	3.02	4.19
47	1.22	2.03	4.33	6.04	0.96	1.62	3.29	4.58
48	1.36	2.21	4.80	6.55	1.04	1.76	3.58	4.99
49	1.51	2.41	5.34	7.11	1.13	1.91	3.89	5.44
50	1.68	2.64	5.94	7.75	1.23	2.08	4.22	5.91
51	1.86	2.93	6.62	8.61	1.34	2.25	4.59	6.45
52	2.07	3.24	7.35	9.54	1.45	2.42	4.98	7.02
53	2.29	3.59	8.14	10.54	1.57	2.61	5.39	7.62
54	2.53	3.96	8.97	11.60	1.71	2.82	5.83	8.26
55	2.79	4.37	9.85	12.71	1.85	3.04	6.30	8.94
56	3.06	4.81	10.58	13.71	2.06	3.41	6.85	9.65
57	3.36	5.29	11.36	14.77	2.29	3.80	7.43	10.41
58	3.68	5.82	12.19	15.91	2.54	4.23	8.07	11.22
59	4.05	6.41	13.10	17.15	2.81	4.70	8.75	12.10
60	4.45	7.06	14.09	18.50	3.11	5.21	9.48	13.05
61	5.09	8.06	15.95	20.37	3.46	5.85	10.34	14.33
62	5.79	9.15	17.93	22.37	3.83	6.55	11.27	15.71
63	6.56	10.33	20.04	24.50	4.25	7.32	12.27	17.19
64	7.39	11.63	22.29	26.77	4.70	8.16	13.35	18.78
65	8.31	13.05	24.70	29.20	5.20	9.08	14.51	20.50
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 15 Year Term - \$1,000,000 and over Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.36	0.65	1.19	1.70	0.30	0.57	0.89	1.23
19	0.36	0.65	1.19	1.71	0.30	0.57	0.89	1.23
20	0.36	0.65	1.19	1.71	0.30	0.57	0.89	1.23
21	0.36	0.65	1.19	1.72	0.30	0.57	0.90	1.23
22	0.36	0.65	1.19	1.73	0.30	0.57	0.90	1.23
23	0.36	0.65	1.19	1.74	0.30	0.57	0.91	1.24
24	0.36	0.66	1.19	1.75	0.30	0.57	0.92	1.24
25	0.36	0.66	1.19	1.76	0.30	0.57	0.93	1.24
26	0.36	0.66	1.21	1.77	0.30	0.57	0.94	1.26
27	0.36	0.66	1.23	1.78	0.30	0.58	0.96	1.28
28	0.36	0.66	1.26	1.79	0.30	0.58	0.97	1.30
29	0.36	0.67	1.29	1.80	0.30	0.59	0.99	1.32
30	0.36	0.67	1.33	1.82	0.30	0.59	1.01	1.34
31	0.37	0.68	1.35	1.85	0.30	0.59	1.03	1.39
32	0.38	0.69	1.37	1.89	0.31	0.59	1.05	1.45
33	0.39	0.71	1.40	1.93	0.31	0.60	1.07	1.51
34	0.40	0.72	1.43	1.98	0.32	0.60	1.09	1.59
35	0.41	0.74	1.46	2.03	0.32	0.60	1.12	1.67
36	0.44	0.79	1.57	2.18	0.34	0.64	1.22	1.78
37	0.46	0.85	1.69	2.34	0.37	0.69	1.34	1.90
38	0.50	0.92	1.82	2.53	0.40	0.75	1.47	2.04
39	0.53	1.00	1.97	2.73	0.43	0.81	1.61	2.20
40	0.57	1.08	2.14	2.96	0.47	0.88	1.78	2.38
41	0.64	1.18	2.36	3.32	0.52	0.95	1.93	2.60
42	0.71	1.29	2.61	3.72	0.58	1.03	2.09	2.84
43	0.79	1.42	2.88	4.16	0.64	1.12	2.27	3.10
44	0.88	1.55	3.17	4.62	0.71	1.22	2.47	3.39
45	0.98	1.70	3.48	5.12	0.79	1.33	2.69	3.71
46	1.08	1.84	3.83	5.52	0.85	1.44	2.93	4.05
47	1.19	2.00	4.21	5.96	0.91	1.55	3.20	4.41
48	1.32	2.18	4.63	6.44	0.98	1.68	3.48	4.81
49	1.47	2.38	5.10	6.99	1.05	1.81	3.79	5.23
50	1.63	2.61	5.64	7.61	1.13	1.96	4.11	5.67
51	1.81	2.86	6.25	8.34	1.23	2.11	4.45	6.07
52	2.02	3.15	6.91	9.14	1.34	2.28	4.80	6.48
53	2.24	3.45	7.62	10.00	1.46	2.45	5.18	6.93
54	2.48	3.79	8.37	10.91	1.58	2.64	5.58	7.40
55	2.74	4.15	9.16	11.86	1.72	2.85	6.01	7.90
56	3.01	4.62	9.83	12.84	1.93	3.23	6.55	8.76
57	3.30	5.12	10.54	13.88	2.15	3.65	7.14	9.68
58	3.63	5.68	11.31	15.01	2.40	4.10	7.76	10.68
59	3.99	6.30	12.15	16.23	2.66	4.59	8.44	11.73
60	4.39	6.99	13.05	17.56	2.95	5.12	9.17	12.88
61	5.02	7.98	14.70	19.48	3.26	5.64	10.01	13.87
62	5.70	9.06	16.45	21.53	3.60	6.20	10.93	14.93
63	6.44	10.23	18.33	23.71	3.97	6.82	11.90	16.07
64	7.26	11.51	20.32	26.03	4.38	7.50	12.95	17.30
65	8.15	12.92	22.45	28.52	4.83	8.24	14.09	18.62
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 20 Year Term - Under \$100,000 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.99	1.54	2.94	3.69	0.89	1.32	2.29	2.65
19	0.99	1.54	2.96	3.70	0.89	1.32	2.29	2.65
20	0.99	1.54	2.96	3.70	0.89	1.32	2.29	2.65
21	0.99	1.54	2.96	3.71	0.89	1.32	2.30	2.65
22	0.99	1.54	2.96	3.74	0.89	1.32	2.30	2.65
23	0.99	1.54	2.96	3.79	0.89	1.34	2.31	2.65
24	0.99	1.54	2.96	3.81	0.89	1.34	2.33	2.65
25	0.99	1.54	2.96	3.84	0.89	1.34	2.34	2.65
26	0.99	1.54	2.96	3.93	0.89	1.34	2.40	2.72
27	0.99	1.54	2.96	4.02	0.90	1.34	2.45	2.82
28	0.99	1.55	2.96	4.10	0.90	1.34	2.54	2.93
29	0.99	1.55	2.96	4.23	0.92	1.34	2.60	3.05
30	0.99	1.55	2.96	4.36	0.92	1.34	2.69	3.15
31	1.00	1.58	3.07	4.46	0.94	1.39	2.76	3.25
32	1.03	1.59	3.20	4.46	0.96	1.45	2.86	3.37
33	1.04	1.62	3.35	4.48	0.99	1.51	2.96	3.51
34	1.07	1.65	3.52	4.48	1.03	1.58	3.00	3.65
35	1.10	1.69	3.70	4.48	1.06	1.66	3.04	3.80
36	1.17	1.82	3.79	4.90	1.10	1.72	3.20	4.01
37	1.24	1.96	3.89	5.37	1.14	1.77	3.40	4.25
38	1.32	2.11	4.00	5.82	1.20	1.85	3.65	4.51
39	1.42	2.28	4.13	6.32	1.25	1.93	3.89	4.80
40	1.52	2.46	4.25	6.90	1.31	2.01	4.15	5.11
41	1.65	2.68	4.73	7.57	1.41	2.15	4.49	5.68
42	1.80	2.90	5.27	8.32	1.54	2.30	4.85	6.30
43	1.97	3.17	5.86	9.17	1.66	2.46	5.24	6.96
44	2.15	3.45	6.49	10.11	1.79	2.63	5.66	7.63
45	2.35	3.77	7.20	11.09	1.94	2.83	6.13	8.25
46	2.62	4.08	8.20	11.99	2.11	3.07	6.55	8.99
47	2.90	4.42	9.28	12.90	2.31	3.32	7.00	9.54
48	3.21	4.79	10.44	13.89	2.51	3.61	7.49	10.14
49	3.56	5.18	11.69	14.96	2.73	3.90	8.01	10.77
50	3.94	5.63	13.04	16.11	2.97	4.23	8.56	11.45
51	4.25	6.25	14.21	17.32	3.20	4.62	9.42	12.39
52	4.59	6.93	15.46	18.62	3.44	5.04	10.35	13.41
53	4.96	7.69	16.83	20.04	3.69	5.51	11.34	14.36
54	5.37	8.52	18.30	21.55	3.97	6.00	12.41	15.31
55	5.82	9.42	19.86	23.17	4.28	6.55	13.54	16.29
56	6.73	10.59	21.83	25.04	4.76	7.85	14.10	16.92
57	7.72	11.87	23.93	27.03	5.28	9.24	14.49	17.61
58	8.79	13.27	26.17	29.15	5.86	10.76	14.87	18.42
59	9.99	14.82	28.61	31.46	6.46	12.41	15.03	19.34
60	11.30	16.51	31.25	33.97	7.14	14.20	16.01	20.68
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 20 Year Term - \$100,000 - \$249,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.70	1.09	2.09	3.14	0.63	0.94	1.75	2.06
19	0.70	1.09	2.10	3.14	0.63	0.94	1.76	2.07
20	0.70	1.09	2.10	3.15	0.63	0.94	1.76	2.07
21	0.70	1.09	2.10	3.15	0.63	0.94	1.76	2.07
22	0.70	1.09	2.10	3.15	0.63	0.94	1.76	2.08
23	0.70	1.09	2.10	3.16	0.63	0.95	1.76	2.08
24	0.70	1.09	2.10	3.16	0.63	0.95	1.76	2.09
25	0.70	1.09	2.10	3.16	0.63	0.95	1.76	2.09
26	0.70	1.09	2.10	3.16	0.63	0.95	1.80	2.11
27	0.70	1.09	2.10	3.16	0.64	0.95	1.85	2.14
28	0.70	1.10	2.10	3.17	0.64	0.95	1.90	2.17
29	0.70	1.10	2.10	3.17	0.65	0.95	1.96	2.20
30	0.70	1.10	2.10	3.17	0.65	0.95	2.03	2.24
31	0.71	1.12	2.18	3.17	0.67	0.99	2.05	2.31
32	0.73	1.13	2.27	3.17	0.68	1.03	2.07	2.39
33	0.74	1.15	2.38	3.18	0.70	1.07	2.10	2.49
34	0.76	1.17	2.50	3.18	0.73	1.12	2.13	2.59
35	0.78	1.20	2.63	3.18	0.75	1.18	2.16	2.70
36	0.83	1.29	2.69	3.48	0.78	1.22	2.29	2.85
37	0.88	1.39	2.76	3.81	0.81	1.26	2.43	3.02
38	0.94	1.50	2.84	4.17	0.85	1.31	2.59	3.20
39	1.01	1.62	2.93	4.57	0.89	1.37	2.76	3.41
40	1.08	1.75	3.02	5.00	0.93	1.43	2.95	3.63
41	1.17	1.90	3.36	5.48	1.00	1.53	3.19	4.03
42	1.28	2.06	3.74	6.00	1.09	1.63	3.44	4.47
43	1.40	2.25	4.16	6.58	1.18	1.75	3.72	4.94
44	1.53	2.45	4.61	7.21	1.27	1.87	4.02	5.46
45	1.67	2.68	5.11	7.90	1.38	2.01	4.35	6.01
46	1.86	2.90	5.82	8.51	1.50	2.18	4.65	6.38
47	2.06	3.14	6.59	9.16	1.64	2.36	4.97	6.77
48	2.28	3.40	7.41	9.86	1.78	2.56	5.32	7.20
49	2.53	3.68	8.30	10.62	1.94	2.77	5.69	7.65
50	2.80	4.00	9.26	11.44	2.11	3.00	6.08	8.13
51	3.02	4.44	10.09	12.30	2.27	3.26	6.69	8.80
52	3.26	4.92	10.98	13.22	2.44	3.58	7.35	9.52
53	3.52	5.46	11.95	14.23	2.62	3.91	8.05	10.28
54	3.81	6.05	12.99	15.30	2.82	4.26	8.81	11.10
55	4.13	6.69	14.10	16.45	3.04	4.65	9.61	11.98
56	4.78	7.52	15.50	17.78	3.38	5.57	10.37	13.09
57	5.48	8.43	16.99	19.19	3.75	6.56	11.19	14.27
58	6.24	9.42	18.58	20.70	4.16	7.64	12.06	15.53
59	7.09	10.52	20.31	22.34	4.59	8.81	12.98	16.88
60	8.02	11.72	22.19	24.12	5.07	10.08	13.97	18.31
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 20 Year Term - \$250,000 - \$499,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.53	0.85	1.62	2.13	0.39	0.65	1.23	1.46
19	0.53	0.85	1.63	2.14	0.39	0.65	1.23	1.46
20	0.53	0.85	1.63	2.14	0.39	0.65	1.23	1.46
21	0.53	0.85	1.66	2.15	0.39	0.65	1.24	1.46
22	0.53	0.85	1.70	2.17	0.39	0.65	1.24	1.46
23	0.53	0.85	1.74	2.19	0.39	0.65	1.25	1.46
24	0.53	0.85	1.79	2.21	0.39	0.65	1.26	1.46
25	0.53	0.85	1.84	2.23	0.39	0.65	1.27	1.46
26	0.53	0.85	1.86	2.28	0.39	0.65	1.30	1.50
27	0.53	0.86	1.88	2.33	0.40	0.66	1.33	1.55
28	0.54	0.87	1.90	2.39	0.40	0.66	1.37	1.61
29	0.54	0.87	1.92	2.46	0.41	0.67	1.41	1.67
30	0.54	0.88	1.95	2.53	0.41	0.67	1.45	1.74
31	0.55	0.90	1.96	2.59	0.43	0.70	1.49	1.83
32	0.56	0.93	1.98	2.65	0.45	0.73	1.54	1.93
33	0.57	0.96	1.99	2.72	0.47	0.77	1.59	2.04
34	0.58	0.99	2.01	2.80	0.49	0.81	1.65	2.17
35	0.59	1.03	2.03	2.89	0.52	0.85	1.72	2.31
36	0.63	1.09	2.18	3.11	0.55	0.90	1.82	2.43
37	0.68	1.16	2.34	3.35	0.58	0.96	1.94	2.57
38	0.74	1.24	2.53	3.63	0.62	1.02	2.06	2.72
39	0.79	1.33	2.72	3.92	0.66	1.08	2.20	2.89
40	0.86	1.42	2.94	4.24	0.71	1.16	2.35	3.07
41	0.95	1.55	3.28	4.71	0.77	1.25	2.59	3.37
42	1.04	1.70	3.65	5.22	0.85	1.35	2.85	3.69
43	1.15	1.86	4.06	5.78	0.92	1.46	3.13	4.05
44	1.27	2.04	4.51	6.40	1.01	1.57	3.43	4.43
45	1.40	2.24	5.00	7.07	1.10	1.70	3.76	4.84
46	1.53	2.45	5.47	7.63	1.20	1.86	4.05	5.25
47	1.67	2.67	5.97	8.22	1.31	2.04	4.36	5.68
48	1.82	2.92	6.51	8.86	1.43	2.22	4.70	6.15
49	1.99	3.19	7.10	9.55	1.56	2.43	5.06	6.65
50	2.18	3.49	7.73	10.30	1.70	2.65	5.44	7.18
51	2.40	3.93	8.42	11.07	1.87	2.86	5.93	7.74
52	2.65	4.41	9.17	11.90	2.05	3.10	6.45	8.35
53	2.92	4.94	9.98	12.79	2.25	3.35	7.01	8.99
54	3.22	5.53	10.85	13.76	2.47	3.62	7.61	9.68
55	3.55	6.17	11.77	14.78	2.70	3.92	8.25	10.42
56	4.08	6.82	12.89	16.03	2.97	4.44	8.99	11.46
57	4.65	7.52	14.08	17.35	3.27	5.01	9.78	12.57
58	5.28	8.28	15.35	18.77	3.59	5.62	10.62	13.75
59	5.98	9.13	16.74	20.31	3.93	6.29	11.52	15.01
60	6.74	10.06	18.24	21.98	4.31	7.01	12.48	16.35
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
	Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087			

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 20 Year Term - \$500,000 - \$999,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.53	0.84	1.61	2.11	0.38	0.64	1.23	1.45
19	0.53	0.84	1.62	2.12	0.38	0.64	1.23	1.45
20	0.53	0.84	1.62	2.12	0.38	0.64	1.23	1.45
21	0.53	0.84	1.65	2.13	0.38	0.64	1.24	1.45
22	0.53	0.84	1.69	2.15	0.38	0.64	1.24	1.45
23	0.53	0.84	1.73	2.17	0.38	0.64	1.25	1.45
24	0.53	0.84	1.77	2.19	0.38	0.64	1.26	1.45
25	0.53	0.84	1.82	2.21	0.38	0.64	1.27	1.45
26	0.53	0.84	1.84	2.26	0.38	0.64	1.30	1.49
27	0.53	0.85	1.86	2.31	0.39	0.65	1.33	1.54
28	0.54	0.86	1.88	2.37	0.39	0.65	1.36	1.60
29	0.54	0.86	1.90	2.43	0.40	0.66	1.40	1.66
30	0.54	0.87	1.93	2.50	0.40	0.66	1.44	1.73
31	0.55	0.88	1.94	2.56	0.41	0.69	1.48	1.82
32	0.55	0.89	1.96	2.62	0.43	0.72	1.53	1.92
33	0.56	0.91	1.98	2.69	0.45	0.76	1.58	2.03
34	0.57	0.92	2.00	2.77	0.47	0.80	1.64	2.15
35	0.58	0.94	2.02	2.86	0.49	0.84	1.71	2.29
36	0.62	1.01	2.17	3.08	0.52	0.89	1.81	2.41
37	0.67	1.08	2.34	3.33	0.55	0.95	1.91	2.54
38	0.73	1.17	2.52	3.61	0.59	1.01	2.03	2.69
39	0.78	1.26	2.72	3.91	0.63	1.08	2.16	2.85
40	0.85	1.36	2.94	4.24	0.67	1.16	2.30	3.03
41	0.94	1.50	3.28	4.71	0.73	1.25	2.51	3.33
42	1.03	1.65	3.65	5.22	0.81	1.35	2.74	3.66
43	1.14	1.82	4.06	5.78	0.88	1.46	2.99	4.02
44	1.26	2.02	4.50	6.40	0.97	1.57	3.26	4.40
45	1.39	2.23	4.99	7.07	1.06	1.70	3.55	4.82
46	1.52	2.42	5.44	7.63	1.15	1.86	3.88	5.15
47	1.66	2.63	5.93	8.22	1.26	2.03	4.23	5.51
48	1.82	2.87	6.45	8.86	1.37	2.22	4.60	5.89
49	1.99	3.12	7.01	9.55	1.49	2.42	5.00	6.30
50	2.18	3.40	7.62	10.30	1.62	2.64	5.43	6.73
51	2.39	3.80	8.33	11.07	1.76	2.85	5.90	7.28
52	2.62	4.25	9.10	11.90	1.91	3.08	6.40	7.88
53	2.87	4.74	9.93	12.79	2.07	3.33	6.94	8.51
54	3.15	5.28	10.82	13.76	2.25	3.61	7.51	9.19
55	3.46	5.87	11.77	14.78	2.44	3.90	8.13	9.92
56	3.86	6.53	12.89	16.03	2.73	4.43	8.89	11.04
57	4.30	7.24	14.08	17.35	3.05	4.99	9.70	12.24
58	4.77	8.02	15.35	18.77	3.39	5.61	10.56	13.51
59	5.30	8.87	16.73	20.31	3.76	6.28	11.49	14.87
60	5.88	9.82	18.23	21.98	4.17	7.01	12.47	16.32
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 20 Year Term - \$1,000,000 and over Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.51	0.80	1.57	2.05	0.36	0.60	1.19	1.39
19	0.51	0.80	1.58	2.06	0.36	0.60	1.19	1.39
20	0.51	0.80	1.58	2.06	0.36	0.60	1.19	1.39
21	0.51	0.80	1.58	2.06	0.36	0.60	1.19	1.39
22	0.51	0.80	1.58	2.06	0.36	0.60	1.19	1.39
23	0.51	0.80	1.58	2.06	0.36	0.60	1.19	1.40
24	0.51	0.81	1.58	2.06	0.36	0.60	1.19	1.40
25	0.51	0.81	1.58	2.06	0.36	0.60	1.19	1.40
26	0.51	0.82	1.59	2.08	0.36	0.61	1.20	1.42
27	0.51	0.83	1.60	2.10	0.37	0.61	1.21	1.45
28	0.51	0.84	1.62	2.13	0.37	0.62	1.23	1.47
29	0.51	0.85	1.63	2.15	0.38	0.63	1.24	1.51
30	0.51	0.87	1.65	2.18	0.38	0.64	1.26	1.54
31	0.52	0.88	1.69	2.26	0.39	0.67	1.31	1.64
32	0.53	0.89	1.74	2.36	0.41	0.70	1.36	1.75
33	0.54	0.90	1.80	2.47	0.42	0.73	1.42	1.87
34	0.55	0.91	1.86	2.59	0.44	0.77	1.49	2.01
35	0.56	0.93	1.93	2.73	0.46	0.81	1.56	2.16
36	0.60	0.99	2.07	2.94	0.49	0.86	1.67	2.30
37	0.64	1.07	2.22	3.18	0.52	0.92	1.79	2.46
38	0.69	1.15	2.39	3.44	0.56	0.98	1.93	2.63
39	0.74	1.24	2.57	3.72	0.60	1.05	2.08	2.81
40	0.80	1.34	2.77	4.03	0.65	1.13	2.24	3.02
41	0.89	1.48	3.13	4.45	0.71	1.21	2.44	3.32
42	0.98	1.63	3.52	4.91	0.78	1.30	2.66	3.64
43	1.09	1.80	3.95	5.42	0.85	1.40	2.90	4.00
44	1.22	1.99	4.43	5.98	0.93	1.51	3.15	4.38
45	1.35	2.20	4.94	6.59	1.02	1.63	3.43	4.79
46	1.47	2.38	5.39	7.14	1.10	1.79	3.77	5.12
47	1.60	2.58	5.88	7.74	1.20	1.96	4.13	5.48
48	1.75	2.80	6.40	8.37	1.30	2.15	4.52	5.86
49	1.91	3.04	6.97	9.06	1.40	2.35	4.93	6.27
50	2.08	3.30	7.58	9.81	1.52	2.57	5.37	6.70
51	2.29	3.70	8.24	10.60	1.66	2.79	5.79	7.22
52	2.53	4.13	8.96	11.44	1.82	3.02	6.24	7.78
53	2.78	4.62	9.73	12.36	1.98	3.28	6.72	8.38
54	3.07	5.15	10.56	13.34	2.16	3.55	7.23	9.02
55	3.38	5.73	11.44	14.39	2.36	3.85	7.78	9.71
56	3.76	6.34	12.45	15.70	2.63	4.31	8.60	10.63
57	4.18	7.00	13.53	17.09	2.93	4.81	9.46	11.61
58	4.64	7.72	14.49	18.58	3.25	5.35	10.39	12.65
59	5.14	8.51	15.94	20.20	3.60	5.93	11.38	13.77
60	5.70	9.39	17.30	21.95	3.98	6.57	12.43	14.96
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 30 Year Term - Under \$100,000 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	1.75	2.38	4.04	5.08	1.24	1.77	3.35	3.94
19	1.75	2.39	4.04	5.08	1.24	1.77	3.37	4.00
20	1.75	2.39	4.05	5.08	1.24	1.77	3.37	4.08
21	1.75	2.39	4.05	5.08	1.24	1.77	3.37	4.12
22	1.75	2.39	4.05	5.08	1.24	1.77	3.37	4.13
23	1.76	2.41	4.08	5.08	1.25	1.79	3.38	4.14
24	1.76	2.41	4.08	5.08	1.25	1.79	3.38	4.15
25	1.76	2.41	4.08	5.08	1.25	1.79	3.38	4.17
26	1.77	2.44	4.17	5.15	1.27	1.82	3.44	4.25
27	1.79	2.45	4.27	5.24	1.28	1.85	3.51	4.34
28	1.80	2.48	4.37	5.34	1.30	1.89	3.59	4.46
29	1.82	2.52	4.49	5.45	1.32	1.93	3.68	4.57
30	1.83	2.55	4.61	5.57	1.34	1.97	3.76	4.70
31	1.85	2.59	4.80	5.75	1.35	2.01	3.86	4.85
32	1.87	2.63	5.00	5.94	1.37	2.07	3.96	5.00
33	1.89	2.69	5.23	6.17	1.39	2.11	4.07	5.20
34	1.92	2.75	5.46	6.41	1.41	2.18	4.20	5.39
35	1.94	2.82	5.73	6.67	1.44	2.24	4.32	5.60
36	2.00	3.00	5.80	6.75	1.54	2.44	4.68	5.68
37	2.06	3.18	6.30	7.16	1.63	2.63	5.04	6.07
38	2.13	3.41	6.54	7.64	1.75	2.86	5.25	6.59
39	2.20	3.63	6.99	8.18	1.87	3.11	5.41	7.15
40	2.27	3.89	7.52	8.79	2.00	3.38	5.63	7.47
41	2.62	4.34	8.12	9.47	2.17	3.68	5.85	7.90
42	3.00	4.85	8.78	10.23	2.37	3.99	6.15	8.41
43	3.42	5.38	9.48	11.05	2.56	4.34	6.81	9.06
44	3.89	5.99	10.15	11.93	2.80	4.72	7.66	9.79
45	4.39	6.63	10.97	12.85	3.04	5.13	8.39	10.59
46	4.89	7.45	—	—	3.49	5.66	—	—
47	5.42	8.34	—	—	3.97	6.25	—	—
48	6.00	9.30	—	—	4.51	6.84	—	—
49	6.63	10.25	—	—	5.07	7.34	—	—
50	7.32	11.06	—	—	5.69	7.88	—	—
51	—	—	—	—	—	—	—	—
52	—	—	—	—	—	—	—	—
53	—	—	—	—	—	—	—	—
54	—	—	—	—	—	—	—	—
55	—	—	—	—	—	—	—	—
56	—	—	—	—	—	—	—	—
57	—	—	—	—	—	—	—	—
58	—	—	—	—	—	—	—	—
59	—	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—	—
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 30 Year Term - \$100,000 - \$249,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	1.24	1.69	3.03	4.30	0.88	1.26	2.38	3.13
19	1.24	1.70	3.03	4.31	0.88	1.26	2.39	3.13
20	1.24	1.70	3.04	4.32	0.88	1.26	2.39	3.14
21	1.24	1.70	3.04	4.32	0.88	1.26	2.39	3.14
22	1.24	1.70	3.04	4.32	0.88	1.26	2.39	3.14
23	1.25	1.71	3.05	4.33	0.89	1.27	2.40	3.15
24	1.25	1.71	3.05	4.33	0.89	1.27	2.40	3.15
25	1.25	1.71	3.05	4.33	0.89	1.27	2.40	3.15
26	1.26	1.73	3.10	4.36	0.90	1.29	2.44	3.18
27	1.27	1.74	3.15	4.40	0.91	1.31	2.49	3.22
28	1.28	1.76	3.21	4.44	0.92	1.34	2.55	3.26
29	1.29	1.79	3.27	4.48	0.94	1.37	2.61	3.30
30	1.30	1.81	3.34	4.53	0.95	1.40	2.67	3.35
31	1.31	1.84	3.48	4.66	0.96	1.43	2.74	3.48
32	1.33	1.87	3.63	4.81	0.97	1.47	2.81	3.61
33	1.34	1.91	3.80	4.97	0.99	1.50	2.89	3.76
34	1.36	1.95	3.98	5.15	1.00	1.55	2.98	3.92
35	1.38	2.00	4.19	5.35	1.02	1.59	3.07	4.09
36	1.42	2.13	4.57	5.88	1.09	1.73	3.32	4.38
37	1.46	2.26	4.97	6.42	1.16	1.87	3.58	4.70
38	1.51	2.42	5.41	7.01	1.24	2.03	3.87	5.04
39	1.56	2.58	5.88	7.65	1.33	2.21	4.18	5.41
40	1.61	2.76	6.36	8.33	1.42	2.40	4.51	5.81
41	1.86	3.08	7.08	9.00	1.54	2.61	4.95	6.34
42	2.13	3.44	7.83	9.72	1.68	2.83	5.43	6.91
43	2.43	3.82	8.64	10.50	1.82	3.08	5.95	7.53
44	2.76	4.25	9.50	11.33	1.99	3.35	6.52	8.19
45	3.12	4.71	10.42	12.21	2.16	3.64	7.12	8.91
46	3.47	5.29	—	—	2.48	4.02	—	—
47	3.85	5.92	—	—	2.82	4.44	—	—
48	4.26	6.60	—	—	3.20	4.89	—	—
49	4.71	7.35	—	—	3.60	5.38	—	—
50	5.20	8.18	—	—	4.04	5.91	—	—
51	—	—	—	—	—	—	—	—
52	—	—	—	—	—	—	—	—
53	—	—	—	—	—	—	—	—
54	—	—	—	—	—	—	—	—
55	—	—	—	—	—	—	—	—
56	—	—	—	—	—	—	—	—
57	—	—	—	—	—	—	—	—
58	—	—	—	—	—	—	—	—
59	—	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—	—
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 30 Year Term - \$250,000 - \$499,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.84	1.41	2.58	3.54	0.57	1.02	1.89	2.63
19	0.84	1.41	2.58	3.55	0.57	1.02	1.90	2.63
20	0.84	1.41	2.59	3.56	0.57	1.02	1.90	2.64
21	0.84	1.41	2.59	3.56	0.57	1.02	1.90	2.64
22	0.84	1.41	2.59	3.56	0.57	1.02	1.90	2.64
23	0.85	1.42	2.60	3.57	0.58	1.03	1.91	2.65
24	0.85	1.42	2.60	3.57	0.58	1.03	1.91	2.65
25	0.85	1.42	2.60	3.57	0.58	1.03	1.91	2.65
26	0.85	1.42	2.63	3.63	0.60	1.04	1.96	2.70
27	0.86	1.42	2.67	3.70	0.61	1.06	2.01	2.76
28	0.86	1.43	2.71	3.78	0.63	1.08	2.06	2.83
29	0.87	1.43	2.76	3.87	0.66	1.10	2.12	2.90
30	0.87	1.43	2.81	3.96	0.68	1.12	2.19	2.98
31	0.88	1.47	2.89	4.10	0.70	1.15	2.27	3.08
32	0.89	1.51	2.97	4.26	0.72	1.18	2.35	3.18
33	0.91	1.56	3.07	4.44	0.74	1.22	2.44	3.30
34	0.92	1.62	3.17	4.63	0.76	1.26	2.54	3.42
35	0.94	1.68	3.29	4.85	0.79	1.30	2.65	3.55
36	1.02	1.82	3.62	5.25	0.84	1.39	2.84	3.85
37	1.12	1.98	3.98	5.68	0.90	1.50	3.05	4.17
38	1.22	2.16	4.36	6.15	0.96	1.61	3.28	4.51
39	1.33	2.34	4.77	6.65	1.03	1.73	3.52	4.88
40	1.45	2.55	5.21	7.18	1.10	1.86	3.78	5.28
41	1.62	2.79	5.81	7.84	1.22	2.02	4.21	5.72
42	1.81	3.05	6.45	8.55	1.35	2.19	4.67	6.20
43	2.02	3.33	7.13	9.31	1.49	2.37	5.18	6.72
44	2.25	3.64	7.87	10.12	1.65	2.58	5.72	7.28
45	2.50	3.98	8.65	10.98	1.82	2.80	6.30	7.88
46	2.75	4.41	—	—	1.98	3.19	—	—
47	3.01	4.88	—	—	2.16	3.62	—	—
48	3.30	5.39	—	—	2.35	4.09	—	—
49	3.62	5.95	—	—	2.56	4.59	—	—
50	3.97	6.57	—	—	2.78	5.13	—	—
51	—	—	—	—	—	—	—	—
52	—	—	—	—	—	—	—	—
53	—	—	—	—	—	—	—	—
54	—	—	—	—	—	—	—	—
55	—	—	—	—	—	—	—	—
56	—	—	—	—	—	—	—	—
57	—	—	—	—	—	—	—	—
58	—	—	—	—	—	—	—	—
59	—	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—	—
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 30 Year Term - \$500,000 - \$999,999 Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.83	1.41	2.49	3.53	0.56	1.01	1.89	2.62
19	0.83	1.41	2.50	3.54	0.56	1.01	1.90	2.62
20	0.83	1.41	2.50	3.55	0.56	1.01	1.90	2.63
21	0.83	1.41	2.50	3.55	0.56	1.01	1.90	2.63
22	0.83	1.41	2.50	3.55	0.56	1.01	1.90	2.63
23	0.84	1.42	2.51	3.56	0.57	1.02	1.91	2.64
24	0.84	1.42	2.51	3.56	0.57	1.02	1.91	2.64
25	0.84	1.42	2.51	3.56	0.57	1.02	1.91	2.64
26	0.84	1.42	2.52	3.62	0.59	1.04	1.96	2.69
27	0.85	1.42	2.53	3.69	0.60	1.05	2.01	2.75
28	0.86	1.43	2.54	3.77	0.62	1.07	2.06	2.81
29	0.86	1.43	2.55	3.86	0.65	1.10	2.12	2.88
30	0.87	1.43	2.56	3.95	0.67	1.12	2.19	2.96
31	0.88	1.46	2.68	4.09	0.69	1.15	2.27	3.06
32	0.89	1.50	2.81	4.25	0.70	1.18	2.35	3.17
33	0.91	1.55	2.95	4.42	0.72	1.22	2.44	3.28
34	0.92	1.60	3.11	4.62	0.74	1.26	2.54	3.41
35	0.94	1.65	3.29	4.83	0.76	1.30	2.64	3.54
36	1.02	1.80	3.62	5.23	0.82	1.39	2.83	3.83
37	1.11	1.96	3.98	5.66	0.88	1.49	3.04	4.15
38	1.21	2.14	4.36	6.13	0.94	1.60	3.27	4.49
39	1.32	2.33	4.77	6.63	1.01	1.71	3.51	4.85
40	1.44	2.54	5.21	7.16	1.09	1.84	3.77	5.25
41	1.61	2.78	5.81	7.82	1.19	1.99	4.20	5.69
42	1.79	3.03	6.44	8.53	1.30	2.16	4.66	6.17
43	1.99	3.31	7.13	9.29	1.41	2.35	5.17	6.69
44	2.21	3.62	7.86	10.11	1.54	2.55	5.71	7.25
45	2.45	3.96	8.64	10.97	1.68	2.77	6.29	7.85
46	2.69	4.39	—	—	1.86	3.12	—	—
47	2.96	4.85	—	—	2.06	3.49	—	—
48	3.24	5.35	—	—	2.27	3.90	—	—
49	3.56	5.90	—	—	2.50	4.34	—	—
50	3.90	6.51	—	—	2.75	4.82	—	—
51	—	—	—	—	—	—	—	—
52	—	—	—	—	—	—	—	—
53	—	—	—	—	—	—	—	—
54	—	—	—	—	—	—	—	—
55	—	—	—	—	—	—	—	—
56	—	—	—	—	—	—	—	—
57	—	—	—	—	—	—	—	—
58	—	—	—	—	—	—	—	—
59	—	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—	—
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates
Policy Form F4200 - 30 Year Term - \$1,000,000 and over Face Amount Band
Guaranteed Initial Level Premium Rates Per \$1,000 - \$65 Annual Policy Fee

Issue Age	Male				Female			
	Non-Nicotine		Nicotine		Non-Nicotine		Nicotine	
	Pref	Std	Pref	Std	Pref	Std	Pref	Std
18	0.82	1.40	2.43	3.35	0.55	1.00	1.83	2.47
19	0.82	1.40	2.44	3.35	0.55	1.00	1.84	2.48
20	0.82	1.40	2.44	3.36	0.55	1.00	1.84	2.48
21	0.82	1.40	2.44	3.36	0.55	1.00	1.84	2.48
22	0.82	1.40	2.44	3.36	0.55	1.00	1.84	2.48
23	0.83	1.41	2.45	3.37	0.56	1.01	1.85	2.49
24	0.83	1.41	2.45	3.37	0.56	1.01	1.85	2.49
25	0.83	1.41	2.45	3.37	0.56	1.01	1.85	2.49
26	0.83	1.41	2.46	3.44	0.58	1.03	1.88	2.56
27	0.83	1.41	2.47	3.52	0.60	1.05	1.91	2.64
28	0.84	1.42	2.48	3.61	0.62	1.07	1.95	2.72
29	0.84	1.42	2.49	3.70	0.64	1.09	1.99	2.82
30	0.84	1.42	2.50	3.81	0.67	1.12	2.03	2.92
31	0.85	1.44	2.62	3.94	0.68	1.14	2.10	3.01
32	0.86	1.47	2.76	4.08	0.68	1.17	2.19	3.11
33	0.87	1.50	2.91	4.23	0.69	1.20	2.27	3.21
34	0.89	1.53	3.08	4.41	0.70	1.23	2.37	3.33
35	0.90	1.57	3.27	4.60	0.71	1.26	2.47	3.45
36	0.98	1.70	3.59	5.02	0.76	1.36	2.67	3.74
37	1.07	1.84	3.93	5.48	0.82	1.46	2.89	4.06
38	1.17	2.00	4.30	5.98	0.89	1.58	3.12	4.40
39	1.27	2.17	4.70	6.51	0.95	1.70	3.37	4.77
40	1.39	2.36	5.12	7.07	1.03	1.84	3.64	5.17
41	1.53	2.59	5.73	7.75	1.13	1.99	4.00	5.56
42	1.69	2.84	6.38	8.47	1.25	2.15	4.39	5.98
43	1.86	3.11	7.08	9.25	1.37	2.32	4.82	6.43
44	2.05	3.41	7.83	10.08	1.51	2.51	5.28	6.92
45	2.25	3.74	8.63	10.96	1.66	2.72	5.77	7.45
46	2.52	4.14	—	—	1.81	3.04	—	—
47	2.81	4.58	—	—	1.97	3.38	—	—
48	3.13	5.05	—	—	2.15	3.76	—	—
49	3.48	5.57	—	—	2.34	4.16	—	—
50	3.86	6.14	—	—	2.54	4.60	—	—
51	—	—	—	—	—	—	—	—
52	—	—	—	—	—	—	—	—
53	—	—	—	—	—	—	—	—
54	—	—	—	—	—	—	—	—
55	—	—	—	—	—	—	—	—
56	—	—	—	—	—	—	—	—
57	—	—	—	—	—	—	—	—
58	—	—	—	—	—	—	—	—
59	—	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—	—
61	—	—	—	—	—	—	—	—
62	—	—	—	—	—	—	—	—
63	—	—	—	—	—	—	—	—
64	—	—	—	—	—	—	—	—
65	—	—	—	—	—	—	—	—
Semi-Annual 0.520		Quarterly 0.280		Monthly 0.087				

Fidelity Life Association, A Legal Reserve Life Insurance Company
Hybrid Term Rates (all states except WA)
Policy Form F4200 - Annual Renewal Term Rates After Initial Level Term Period - All Face Amounts
Guaranteed Annual Renewable Term Rates Per \$1,000 - \$65 Annual Policy Fee

Attained Age	Non-nicotine		Nicotine	
	Male	Female	Male	Female
20	2.38	1.13	3.18	1.45
21	2.38	1.15	3.33	1.53
22	2.38	1.20	3.50	1.63
23	2.40	1.20	3.65	1.68
24	2.43	1.25	3.85	1.80
25	2.45	1.25	4.08	1.93
26	2.55	1.33	4.28	2.03
27	2.68	1.43	4.53	2.18
28	2.63	1.45	4.55	2.30
29	2.58	1.55	4.53	2.48
30	2.55	1.60	4.50	2.58
31	2.53	1.70	4.50	2.80
32	2.53	1.80	4.55	2.98
33	2.60	1.90	4.68	3.20
34	2.65	2.05	4.85	3.48
35	2.73	2.23	5.00	3.83
36	2.88	2.38	5.28	4.13
37	3.00	2.58	5.58	4.48
38	3.23	2.68	6.00	4.70
39	3.43	2.83	6.43	5.00
40	3.65	3.00	6.93	5.30
41	3.95	3.18	7.58	5.65
42	4.33	3.38	8.33	6.08
43	4.75	3.63	9.23	6.58
44	5.25	3.93	10.30	7.15
45	5.83	4.28	11.43	7.83
46	6.38	4.68	12.48	8.58
47	6.98	5.18	13.65	9.53
48	7.33	5.73	14.30	10.70
49	7.73	6.33	15.05	12.03
50	8.30	7.03	16.13	13.48
51	8.98	7.80	17.40	15.05
52	9.90	8.68	19.15	16.78
53	10.90	9.63	21.13	18.60
54	12.18	10.63	23.60	20.60
55	13.75	11.70	26.40	22.70
56	15.35	12.95	29.25	24.95
57	17.08	14.25	32.28	27.35
58	18.55	15.65	34.65	29.68
59	20.25	17.05	37.40	32.25

Attained Age	Non-nicotine		Nicotine	
	Male	Female	Male	Female
60	22.30	18.50	40.73	34.93
61	24.80	20.08	44.85	37.70
62	27.85	21.80	49.83	40.83
63	31.28	23.58	55.35	43.95
64	34.88	25.50	61.00	47.25
65	38.68	27.63	66.58	50.85
66	42.53	29.98	71.95	54.68
67	46.43	32.55	77.18	58.98
68	50.63	35.43	82.68	63.70
69	54.98	38.58	88.13	68.83
70	60.25	42.05	94.73	74.55
71	66.15	46.05	101.95	81.08
72	73.90	50.53	111.78	88.28
73	82.08	55.38	121.65	96.03
74	90.68	60.70	131.63	104.53
75	100.08	66.60	143.23	113.08
76	110.33	73.08	155.58	122.40
77	122.23	80.20	169.85	132.43
78	136.13	88.08	186.35	143.23
79	152.18	96.58	205.13	154.90
80	169.68	106.08	225.18	167.48
81	189.60	118.98	247.63	185.18
82	210.35	133.53	270.28	204.40
83	232.73	148.03	294.03	223.13
84	257.50	164.05	319.85	243.25
85	285.18	182.10	350.23	263.53
86	315.85	198.48	383.48	280.43
87	349.35	223.13	419.23	307.23
88	385.25	248.88	456.80	333.98
89	423.13	276.33	495.68	360.88
90	462.65	301.63	535.33	382.63
91	499.83	314.43	571.08	387.35
92	538.58	339.60	607.55	406.65
93	579.45	376.95	645.25	437.75
94	622.63	424.10	684.35	477.43

Modal Factors:	Semi-Annual	Quarterly	Monthly
	0.520	0.280	0.087

10 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-10	55	53	49	29	7
Preferred Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-10	53	51	35	17	4
Preferred Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-10	41	21	11	4	4
Preferred Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-10	13	6	4	4	4
Preferred Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-10	4	4	4	4	4
Preferred Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-10	55	48	38	23	17
Preferred Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-10	40	40	21	14	10
Preferred Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-10	23	13	4	4	4
Preferred Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-10	4	4	4	4	4
Preferred Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-10	4	4	4	4	4
Preferred Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-10	57	48	38	14	8
Standard Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-10	57	38	21	4	14
Standard Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-10	42	19	11	4	8
Standard Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-10	21	4	4	4	4
Standard Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-10	4	4	4	4	4
Standard Non-nicotine	Female	Band 5	11+	5	5	6	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-10	54	43	27	14	14
Standard Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-10	41	25	13	5	5
Standard Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-10	21	11	4	4	4
Standard Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-10	4	4	4	4	4
Standard Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-10	4	4	4	4	4
Standard Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Nicotine	Female	Band 1	2-10	63	46	31	15	6
Preferred Nicotine	Female	Band 1	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Nicotine	Female	Band 2	2-10	55	35	21	8	4
Preferred Nicotine	Female	Band 2	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Nicotine	Female	Band 3	2-10	53	28	17	15	8
Preferred Nicotine	Female	Band 3	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Nicotine	Female	Band 4	2-10	31	18	6	4	4
Preferred Nicotine	Female	Band 4	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100	100

Preferred Nicotine	Female	Band 5	2-10	4	4	4	4	4
Preferred Nicotine	Female	Band 5	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100	100

10 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Preferred Nicotine	Male	Band 1	2-10	40	40	16	11	8
Preferred Nicotine	Male	Band 1	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Nicotine	Male	Band 2	2-10	37	22	4	4	4
Preferred Nicotine	Male	Band 2	11+	5	5	6	5	6
Preferred Nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Nicotine	Male	Band 3	2-10	25	13	4	4	4
Preferred Nicotine	Male	Band 3	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Nicotine	Male	Band 4	2-10	11	4	4	4	4
Preferred Nicotine	Male	Band 4	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Nicotine	Male	Band 5	2-10	4	4	4	4	4
Preferred Nicotine	Male	Band 5	11+	5	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100	100
Standard Nicotine	Female	Band 1	2-10	57	35	26	19	9
Standard Nicotine	Female	Band 1	11+	5	5	5	5	9
Standard Nicotine	Female	Band 2	1	100	100	100	100	100
Standard Nicotine	Female	Band 2	2-10	52	22	17	12	9
Standard Nicotine	Female	Band 2	11+	5	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100	100
Standard Nicotine	Female	Band 3	2-10	37	15	14	11	9
Standard Nicotine	Female	Band 3	11+	5	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100	100
Standard Nicotine	Female	Band 4	2-10	21	4	4	4	4
Standard Nicotine	Female	Band 4	11+	5	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100	100
Standard Nicotine	Female	Band 5	2-10	4	4	4	4	4
Standard Nicotine	Female	Band 5	11+	5	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100	100
Standard Nicotine	Male	Band 1	2-10	41	23	16	7	7
Standard Nicotine	Male	Band 1	11+	5	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100	100
Standard Nicotine	Male	Band 2	2-10	30	13	8	4	4
Standard Nicotine	Male	Band 2	11+	6	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100	100
Standard Nicotine	Male	Band 3	2-10	18	7	7	4	4
Standard Nicotine	Male	Band 3	11+	5	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100	100
Standard Nicotine	Male	Band 4	2-10	9	4	4	4	4
Standard Nicotine	Male	Band 4	11+	5	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100	100
Standard Nicotine	Male	Band 5	2-10	4	4	4	4	4
Standard Nicotine	Male	Band 5	11+	5	5	5	5	5

10 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-10	69	20	64	42	57
Tier 1 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-10	54	54	55	47	48
Tier 1 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-10	29	30	35	29	30
Tier 1 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-10	16	17	28	23	33
Tier 1 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-10	5	6	28	30	30
Tier 1 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-10	58	60	57	44	44
Tier 1 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-10	36	35	37	33	33
Tier 1 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-10	6	6	13	7	7
Tier 1 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-10	6	6	6	6	6
Tier 1 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-10	6	6	6	6	6
Tier 1 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-10	75	70	66	57	54
Tier 2 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-10	64	60	56	44	44
Tier 2 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-10	43	44	42	38	30
Tier 2 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-10	36	33	37	25	26
Tier 2 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-10	28	35	34	34	38
Tier 2 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-10	50	55	54	42	39
Tier 2 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-10	46	41	43	33	32
Tier 2 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-10	24	28	24	17	17
Tier 2 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-10	15	29	18	12	12
Tier 2 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-10	7	6	8	6	6
Tier 2 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-10	66	63	60	51	48
Tier 3 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-10	67	53	52	38	48
Tier 3 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-10	50	39	42	24	29
Tier 3 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-10	58	38	38	22	23
Tier 3 Non-nicotine	Female	Band 4	11+	5	5	5	5	5

Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-10	53	35	45	34	28
Tier 3 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-10	55	51	53	34	30
Tier 3 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-10	50	38	41	28	23
Tier 3 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-10	36	16	24	12	11
Tier 3 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-10	33	14	22	7	7
Tier 3 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-10	31	18	18	6	6
Tier 3 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-10	68	67	52	42	31
Tier 1 Nicotine	Female	Band 1	11+	5	5	5	5	5

10 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-10	46	45	45	32	25
Tier 1 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-10	56	38	41	28	18
Tier 1 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-10	45	34	38	16	12
Tier 1 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-10	38	26	38	12	9
Tier 1 Nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-10	55	48	42	34	22
Tier 1 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-10	42	31	21	6	6
Tier 1 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-10	24	11	6	6	6
Tier 1 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-10	58	6	6	6	6
Tier 1 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-10	21	6	6	6	6
Tier 1 Nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-10	62	42	38	30	18
Tier 2 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-10	47	33	33	24	29
Tier 2 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-10	42	36	27	14	9
Tier 2 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-10	37	26	17	18	6
Tier 2 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-10	34	22	14	8	8
Tier 2 Nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-10	46	39	34	23	13
Tier 2 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-10	40	30	26	6	6
Tier 2 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-10	27	56	8	6	6
Tier 2 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-10	26	6	6	6	6
Tier 2 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-10	14	6	6	6	6
Tier 2 Nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-10	45	28	26	24	54
Tier 3 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-10	47	27	24	19	11
Tier 3 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-10	43	29	14	7	6
Tier 3 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-10	41	20	14	6	6
Tier 3 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-10	36	18	8	4	6
Tier 3 Nicotine	Female	Band 5	11+	5	5	5	5	5

Tier 3 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-10	36	28	25	11	6
Tier 3 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-10	36	15	9	5	6
Tier 3 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-10	36	6	6	6	6
Tier 3 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-10	18	6	6	6	6
Tier 3 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-10	11	6	6	6	6
Tier 3 Nicotine	Male	Band 5	11+	5	5	5	5	5

15 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-15	61	55	44	21	7
Preferred Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-15	57	49	32	9	4
Preferred Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-15	54	28	11	4	4
Preferred Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-15	44	13	4	4	4
Preferred Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-15	4	4	4	4	4
Preferred Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-15	62	52	36	25	22
Preferred Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-15	56	40	23	16	13
Preferred Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-15	36	18	4	4	4
Preferred Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-15	26	7	4	4	4
Preferred Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-15	4	4	4	4	4
Preferred Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-15	62	46	32	12	11
Standard Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-15	62	34	18	4	4
Standard Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-15	51	20	9	4	4
Standard Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-15	46	4	4	4	4
Standard Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-15	31	4	4	4	4
Standard Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-15	57	37	29	13	13
Standard Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-15	47	22	15	4	4
Standard Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-15	33	12	4	4	4
Standard Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-15	22	4	4	4	4
Standard Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-15	4	4	4	4	4
Standard Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Nicotine	Female	Band 1	2-15	57	47	31	19	4
Preferred Nicotine	Female	Band 1	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Nicotine	Female	Band 2	2-15	54	41	23	13	12
Preferred Nicotine	Female	Band 2	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Nicotine	Female	Band 3	2-15	49	27	14	11	9
Preferred Nicotine	Female	Band 3	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Nicotine	Female	Band 4	2-15	46	21	12	9	6
Preferred Nicotine	Female	Band 4	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100	100

Preferred Nicotine	Female	Band 5	2-15	4	4	4	4	4
Preferred Nicotine	Female	Band 5	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100	100

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Preferred Nicotine	Male	Band 1	2-15	58	43	25	20	17
Preferred Nicotine	Male	Band 1	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Nicotine	Male	Band 2	2-15	51	33	16	14	12
Preferred Nicotine	Male	Band 2	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Nicotine	Male	Band 3	2-15	39	21	12	11	11
Preferred Nicotine	Male	Band 3	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Nicotine	Male	Band 4	2-15	34	18	6	6	6
Preferred Nicotine	Male	Band 4	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Nicotine	Male	Band 5	2-15	4	4	4	4	4
Preferred Nicotine	Male	Band 5	16+	5	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100	100
Standard Nicotine	Female	Band 1	2-15	62	43	27	16	4
Standard Nicotine	Female	Band 1	16+	5	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100	100
Standard Nicotine	Female	Band 2	2-15	56	31	20	8	6
Standard Nicotine	Female	Band 2	16+	5	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100	100
Standard Nicotine	Female	Band 3	2-15	43	18	17	16	13
Standard Nicotine	Female	Band 3	16+	5	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100	100
Standard Nicotine	Female	Band 4	2-15	39	13	13	13	13
Standard Nicotine	Female	Band 4	16+	5	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100	100
Standard Nicotine	Female	Band 5	2-15	4	4	4	4	4
Standard Nicotine	Female	Band 5	16+	5	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100	100
Standard Nicotine	Male	Band 1	2-15	51	33	22	17	16
Standard Nicotine	Male	Band 1	16+	5	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100	100
Standard Nicotine	Male	Band 2	2-15	43	25	16	11	11
Standard Nicotine	Male	Band 2	16+	5	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100	100
Standard Nicotine	Male	Band 3	2-15	32	6	13	13	13
Standard Nicotine	Male	Band 3	16+	5	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100	100
Standard Nicotine	Male	Band 4	2-15	28	6	6	6	6
Standard Nicotine	Male	Band 4	16+	5	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100	100
Standard Nicotine	Male	Band 5	2-10	4	4	4	4	4
Standard Nicotine	Male	Band 5	16+	5	5	5	5	5

15 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-15	70	61	60	46	42
Tier 1 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-15	60	54	56	45	45
Tier 1 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-15	42	33	38	29	21
Tier 1 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-15	32	33	38	28	29
Tier 1 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-15	24	24	33	34	39
Tier 1 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-15	60	57	52	47	47
Tier 1 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-15	42	40	44	45	45
Tier 1 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-15	17	12	13	28	28
Tier 1 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-15	6	6	11	23	23
Tier 1 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-15	6	6	14	22	22
Tier 1 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-15	68	61	55	43	41
Tier 2 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-15	61	61	55	44	44
Tier 2 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-15	53	44	44	30	35
Tier 2 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-15	47	38	32	21	27
Tier 2 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-15	46	61	53	45	41
Tier 2 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-15	58	53	50	42	42
Tier 2 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-15	47	43	45	42	42
Tier 2 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-15	33	23	31	30	38
Tier 2 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-15	22	18	23	26	28
Tier 2 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-15	20	20	28	22	22
Tier 2 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-15	61	47	44	33	35
Tier 3 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-15	61	51	51	38	41
Tier 3 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-15	60	42	42	25	30
Tier 3 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-15	41	32	35	22	23
Tier 3 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100	100

Tier 3 Non-nicotine	Female	Band 5	2-15	51	48	53	44	38
Tier 3 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-15	49	39	40	34	35
Tier 3 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-15	45	37	43	37	38
Tier 3 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-15	41	28	30	36	29
Tier 3 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-15	34	20	30	28	24
Tier 3 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-15	34	30	32	19	30
Tier 3 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-15	64	54	41	26	6
Tier 1 Nicotine	Female	Band 1	16+	5	5	5	5	5

15 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-15	57	48	41	23	22
Tier 1 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-15	45	36	37	35	22
Tier 1 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-15	48	34	42	34	29
Tier 1 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-15	43	33	40	31	38
Tier 1 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-15	57	44	36	32	32
Tier 1 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-15	60	33	36	28	28
Tier 1 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-15	34	35	29	15	15
Tier 1 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-15	28	12	19	14	14
Tier 1 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-15	24	6	17	7	7
Tier 1 Nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-15	54	44	34	18	6
Tier 2 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-15	52	43	55	13	13
Tier 2 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-15	44	34	34	24	16
Tier 2 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-15	42	32	32	32	17
Tier 2 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-15	40	35	35	24	23
Tier 2 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-15	47	35	28	22	20
Tier 2 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-15	44	36	26	13	6
Tier 2 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-15	33	15	17	6	6
Tier 2 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-15	21	14	14	6	6
Tier 2 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-15	27	13	13	6	6
Tier 2 Nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-15	48	35	23	6	6
Tier 3 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-15	42	35	25	6	6
Tier 3 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-15	40	30	27	17	6
Tier 3 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-15	47	34	33	24	6
Tier 3 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-15	48	35	32	29	6
Tier 3 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100	100

Tier 3 Nicotine	Male	Band 1	2-15	48	54	20	13	6
Tier 3 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-15	42	34	35	6	6
Tier 3 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-15	33	15	16	6	6
Tier 3 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-15	30	11	13	6	6
Tier 3 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-15	30	22	11	6	6
Tier 3 Nicotine	Male	Band 5	16+	5	5	5	5	5

20 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-20	59	50	32	13
Preferred Non-nicotine	Female	Band 1	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-20	55	37	13	4
Preferred Non-nicotine	Female	Band 2	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-20	42	16	4	4
Preferred Non-nicotine	Female	Band 3	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-20	13	4	4	4
Preferred Non-nicotine	Female	Band 4	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-20	4	4	4	4
Preferred Non-nicotine	Female	Band 5	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-20	51	51	26	13
Preferred Non-nicotine	Male	Band 1	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-20	46	26	7	4
Preferred Non-nicotine	Male	Band 2	21+	5	6	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-20	23	7	4	4
Preferred Non-nicotine	Male	Band 3	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-20	4	4	4	4
Preferred Non-nicotine	Male	Band 4	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-20	4	4	4	4
Preferred Non-nicotine	Male	Band 5	21+	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-20	57	41	17	6
Standard Non-nicotine	Female	Band 1	21+	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-20	43	21	4	4
Standard Non-nicotine	Female	Band 2	21+	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-20	22	6	4	4
Standard Non-nicotine	Female	Band 3	21+	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-20	11	4	4	4
Standard Non-nicotine	Female	Band 4	21+	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-20	4	4	4	4
Standard Non-nicotine	Female	Band 5	21+	5	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-20	51	31	15	9
Standard Non-nicotine	Male	Band 1	21+	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-20	33	9	4	4
Standard Non-nicotine	Male	Band 2	21+	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-20	13	4	4	4
Standard Non-nicotine	Male	Band 3	21+	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-20	4	4	4	4
Standard Non-nicotine	Male	Band 4	21+	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-20	4	4	4	4
Standard Non-nicotine	Male	Band 5	21+	5	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100	100
Preferred Nicotine	Female	Band 1	2-20	61	48	30	23
Preferred Nicotine	Female	Band 1	21+	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100
Preferred Nicotine	Female	Band 2	2-20	51	33	25	12
Preferred Nicotine	Female	Band 2	21+	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100
Preferred Nicotine	Female	Band 3	2-20	45	27	11	8
Preferred Nicotine	Female	Band 3	21+	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100
Preferred Nicotine	Female	Band 4	2-20	25	13	4	4

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Preferred Nicotine	Female	Band 4	21+	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100
Preferred Nicotine	Female	Band 5	2-20	4	4	4	4
Preferred Nicotine	Female	Band 5	21+	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100
Preferred Nicotine	Male	Band 1	2-20	56	42	17	15
Preferred Nicotine	Male	Band 1	21+	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100
Preferred Nicotine	Male	Band 2	2-20	43	26	6	6
Preferred Nicotine	Male	Band 2	21+	5	5	6	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100
Preferred Nicotine	Male	Band 3	2-20	37	13	4	4
Preferred Nicotine	Male	Band 3	21+	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100
Preferred Nicotine	Male	Band 4	2-20	23	7	4	4
Preferred Nicotine	Male	Band 4	21+	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100
Preferred Nicotine	Male	Band 5	2-20	4	4	4	4
Preferred Nicotine	Male	Band 5	21+	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100
Standard Nicotine	Female	Band 1	2-20	54	33	21	11
Standard Nicotine	Female	Band 1	21+	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100
Standard Nicotine	Female	Band 2	2-20	46	22	13	7
Standard Nicotine	Female	Band 2	21+	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100
Standard Nicotine	Female	Band 3	2-20	33	11	4	4
Standard Nicotine	Female	Band 3	21+	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100
Standard Nicotine	Female	Band 4	2-20	13	4	4	4
Standard Nicotine	Female	Band 4	21+	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100
Standard Nicotine	Female	Band 5	2-20	4	4	4	4
Standard Nicotine	Female	Band 5	21+	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100
Standard Nicotine	Male	Band 1	2-20	46	46	16	12
Standard Nicotine	Male	Band 1	21+	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100
Standard Nicotine	Male	Band 2	2-20	42	4	4	4
Standard Nicotine	Male	Band 2	21+	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100
Standard Nicotine	Male	Band 3	2-20	23	4	4	4
Standard Nicotine	Male	Band 3	21+	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100
Standard Nicotine	Male	Band 4	2-20	4	4	4	4
Standard Nicotine	Male	Band 4	21+	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100
Standard Nicotine	Male	Band 5	2-20	4	4	4	4
Standard Nicotine	Male	Band 5	21+	5	5	5	5

20 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-20	70	65	53	40
Tier 1 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-20	60	60	54	44
Tier 1 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-20	47	40	36	32
Tier 1 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-20	28	30	37	34
Tier 1 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-20	33	33	41	40
Tier 1 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-20	62	56	45	38
Tier 1 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-20	47	43	42	33
Tier 1 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-20	28	16	24	24
Tier 1 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-20	10	6	10	22
Tier 1 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-20	16	8	30	28
Tier 1 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-20	68	60	47	33
Tier 2 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-20	53	60	52	42
Tier 2 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-20	33	45	34	28
Tier 2 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-20	45	39	38	26
Tier 2 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-20	48	46	47	43
Tier 2 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-20	58	46	43	29
Tier 2 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-20	40	44	48	54
Tier 2 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-20	38	23	28	28
Tier 2 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-20	23	17	25	25
Tier 2 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-20	33	26	38	35
Tier 2 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-20	60	43	36	29
Tier 3 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-20	60	55	45	34
Tier 3 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-20	53	41	35	24
Tier 3 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-20	57	40	34	25
Tier 3 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100

Tier 3 Non-nicotine	Female	Band 5	2-20	60	57	48	42
Tier 3 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-20	42	25	34	24
Tier 3 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-20	45	29	42	33
Tier 3 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-20	42	26	26	29
Tier 3 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-20	40	12	25	27
Tier 3 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-20	47	33	42	25
Tier 3 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-20	43	48	34	23
Tier 1 Nicotine	Female	Band 1	21+	5	5	5	5

20 Year Term - ILLEGIBLE

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-20	59	45	42	29
Tier 1 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-20	51	41	41	50
Tier 1 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-20	51	40	43	28
Tier 1 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-20	49	38	41	33
Tier 1 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-20	54	41	24	24
Tier 1 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-20	49	37	32	31
Tier 1 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-20	38	15	25	24
Tier 1 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-20	35	12	24	23
Tier 1 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-20	32	13	29	21
Tier 1 Nicotine	Male	Band 5	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-20	53	35	24	12
Tier 2 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-20	52	29	25	15
Tier 2 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-20	43	37	12	19
Tier 2 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-20	42	25	35	26
Tier 2 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-20	42	17	32	59
Tier 2 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-20	46	25	25	15
Tier 2 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-20	45	26	26	19
Tier 2 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-20	34	14	14	14
Tier 2 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-20	31	17	14	11
Tier 2 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-20	29	19	17	10
Tier 2 Nicotine	Male	Band 5	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-20	44	25	23	6
Tier 3 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-20	47	25	21	10
Tier 3 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-20	44	27	25	11
Tier 3 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-20	46	25	21	10
Tier 3 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-20	46	25	21	12
Tier 3 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100

Tier 3 Nicotine	Male	Band 1	2-20	36	13	15	11
Tier 3 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-20	44	14	14	4
Tier 3 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-20	28	15	13	4
Tier 3 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-20	25	14	11	4
Tier 3 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-20	23	15	14	6
Tier 3 Nicotine	Male	Band 5	21+	5	5	5	5

30 Year Term - MED

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Preferred Non-nicotine	Female	Band 1	1	100	100	100
Preferred Non-nicotine	Female	Band 1	2-30	61	44	25
Preferred Non-nicotine	Female	Band 1	31+	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100
Preferred Non-nicotine	Female	Band 2	2-30	56	32	11
Preferred Non-nicotine	Female	Band 2	31+	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100
Preferred Non-nicotine	Female	Band 3	2-30	45	13	4
Preferred Non-nicotine	Female	Band 3	31+	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100
Preferred Non-nicotine	Female	Band 4	2-30	9	4	4
Preferred Non-nicotine	Female	Band 4	31+	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100
Preferred Non-nicotine	Female	Band 5	2-30	4	4	4
Preferred Non-nicotine	Female	Band 5	31+	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100
Preferred Non-nicotine	Male	Band 1	2-30	59	44	25
Preferred Non-nicotine	Male	Band 1	31+	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100
Preferred Non-nicotine	Male	Band 2	2-30	57	32	11
Preferred Non-nicotine	Male	Band 2	31+	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100
Preferred Non-nicotine	Male	Band 3	2-30	41	4	4
Preferred Non-nicotine	Male	Band 3	31+	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100
Preferred Non-nicotine	Male	Band 4	2-30	9	4	4
Preferred Non-nicotine	Male	Band 4	31+	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100
Preferred Non-nicotine	Male	Band 5	2-30	4	4	4
Preferred Non-nicotine	Male	Band 5	31+	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100
Standard Non-nicotine	Female	Band 1	2-30	59	33	19
Standard Non-nicotine	Female	Band 1	31+	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100
Standard Non-nicotine	Female	Band 2	2-30	55	17	11
Standard Non-nicotine	Female	Band 2	31+	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100
Standard Non-nicotine	Female	Band 3	2-30	43	4	4
Standard Non-nicotine	Female	Band 3	31+	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100
Standard Non-nicotine	Female	Band 4	2-30	9	4	4
Standard Non-nicotine	Female	Band 4	31+	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100
Standard Non-nicotine	Female	Band 5	2-30	4	4	4
Standard Non-nicotine	Female	Band 5	31+	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100
Standard Non-nicotine	Male	Band 1	2-30	54	29	19
Standard Non-nicotine	Male	Band 1	31+	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100
Standard Non-nicotine	Male	Band 2	2-30	47	15	11
Standard Non-nicotine	Male	Band 2	31+	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100
Standard Non-nicotine	Male	Band 3	2-30	37	4	4
Standard Non-nicotine	Male	Band 3	31+	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100
Standard Non-nicotine	Male	Band 4	2-30	9	4	4
Standard Non-nicotine	Male	Band 4	31+	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100
Standard Non-nicotine	Male	Band 5	2-30	4	4	4
Standard Non-nicotine	Male	Band 5	31+	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100
Preferred Nicotine	Female	Band 1	2-30	62	40	25
Preferred Nicotine	Female	Band 1	31+	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100
Preferred Nicotine	Female	Band 2	2-30	59	33	24

30 Year Term - MED

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Preferred Nicotine	Female	Band 2	31+	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100
Preferred Nicotine	Female	Band 3	2-30	53	28	22
Preferred Nicotine	Female	Band 3	31+	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100
Preferred Nicotine	Female	Band 4	2-30	21	18	16
Preferred Nicotine	Female	Band 4	31+	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100
Preferred Nicotine	Female	Band 5	2-30	13	4	4
Preferred Nicotine	Female	Band 5	31+	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100
Preferred Nicotine	Male	Band 1	2-30	56	38	23
Preferred Nicotine	Male	Band 1	31+	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100
Preferred Nicotine	Male	Band 2	2-30	52	33	22
Preferred Nicotine	Male	Band 2	31+	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100
Preferred Nicotine	Male	Band 3	2-30	49	25	21
Preferred Nicotine	Male	Band 3	31+	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100
Preferred Nicotine	Male	Band 4	2-30	21	13	11
Preferred Nicotine	Male	Band 4	31+	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100
Preferred Nicotine	Male	Band 5	2-30	13	4	4
Preferred Nicotine	Male	Band 5	31+	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100
Standard Nicotine	Female	Band 1	2-30	59	34	23
Standard Nicotine	Female	Band 1	31+	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100
Standard Nicotine	Female	Band 2	2-30	53	25	22
Standard Nicotine	Female	Band 2	31+	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100
Standard Nicotine	Female	Band 3	2-30	49	21	19
Standard Nicotine	Female	Band 3	31+	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100
Standard Nicotine	Female	Band 4	2-30	21	14	12
Standard Nicotine	Female	Band 4	31+	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100
Standard Nicotine	Female	Band 5	2-30	13	4	4
Standard Nicotine	Female	Band 5	31+	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100
Standard Nicotine	Male	Band 1	2-30	51	21	16
Standard Nicotine	Male	Band 1	31+	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100
Standard Nicotine	Male	Band 2	2-30	47	19	17
Standard Nicotine	Male	Band 2	31+	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100
Standard Nicotine	Male	Band 3	2-30	45	15	12
Standard Nicotine	Male	Band 3	31+	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100
Standard Nicotine	Male	Band 4	2-30	21	9	6
Standard Nicotine	Male	Band 4	31+	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100
Standard Nicotine	Male	Band 5	2-30	9	4	4
Standard Nicotine	Male	Band 5	31+	5	5	5

30 Year Term - NMD

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-30	71	50	46
Tier 1 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-30	66	56	42
Tier 1 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-30	52	47	47
Tier 1 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-30	51	47	49
Tier 1 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-30	45	40	46
Tier 1 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-30	66	54	45
Tier 1 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-30	55	45	42
Tier 1 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-30	41	31	36
Tier 1 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-30	36	26	30
Tier 1 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-30	36	25	22
Tier 1 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-30	47	53	47
Tier 2 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-30	64	55	53
Tier 2 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-30	55	52	49
Tier 2 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-30	63	55	53
Tier 2 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-30	55	51	55
Tier 2 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-30	60	45	45
Tier 2 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-30	54	43	48
Tier 2 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-30	50	45	36
Tier 2 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-30	47	36	44
Tier 2 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-30	50	43	40
Tier 2 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-30	50	44	43
Tier 3 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-30	62	51	52
Tier 3 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-30	61	52	46
Tier 3 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-30	65	56	54
Tier 3 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100

Tier 3 Non-nicotine	Female	Band 5	2-30	65	58	53
Tier 3 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-30	54	39	43
Tier 3 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-30	51	40	43
Tier 3 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-30	53	44	42
Tier 3 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-30	52	43	47
Tier 3 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-30	58	46	44
Tier 3 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100
Tier 1 Nicotine	Female	Band 1	2-30	52	47	27
Tier 1 Nicotine	Female	Band 1	31+	5	5	5

30 Year Term - MMD

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Tier 1 Nicotine	Female	Band 2	1	100	100	100
Tier 1 Nicotine	Female	Band 2	2-30	53	36	36
Tier 1 Nicotine	Female	Band 2	31+	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100
Tier 1 Nicotine	Female	Band 3	2-30	49	34	33
Tier 1 Nicotine	Female	Band 3	31+	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100
Tier 1 Nicotine	Female	Band 4	2-30	47	32	
Tier 1 Nicotine	Female	Band 4	31+	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100
Tier 1 Nicotine	Female	Band 5	2-30	43	30	29
Tier 1 Nicotine	Female	Band 5	31+	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100
Tier 1 Nicotine	Male	Band 1	2-30	53	29	26
Tier 1 Nicotine	Male	Band 1	31+	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100
Tier 1 Nicotine	Male	Band 2	2-30	45	30	25
Tier 1 Nicotine	Male	Band 2	31+	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100
Tier 1 Nicotine	Male	Band 3	2-30	37	26	18
Tier 1 Nicotine	Male	Band 3	31+	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100
Tier 1 Nicotine	Male	Band 4	2-30	33	15	12
Tier 1 Nicotine	Male	Band 4	31+	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100
Tier 1 Nicotine	Male	Band 5	2-30	22	14	12
Tier 1 Nicotine	Male	Band 5	31+	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100
Tier 2 Nicotine	Female	Band 1	2-30	53	44	35
Tier 2 Nicotine	Female	Band 1	31+	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100
Tier 2 Nicotine	Female	Band 2	2-30	53	36	30
Tier 2 Nicotine	Female	Band 2	31+	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100
Tier 2 Nicotine	Female	Band 3	2-30	50	31	28
Tier 2 Nicotine	Female	Band 3	31+	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100
Tier 2 Nicotine	Female	Band 4	2-30	46	33	28
Tier 2 Nicotine	Female	Band 4	31+	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100
Tier 2 Nicotine	Female	Band 5	2-30	48	33	30
Tier 2 Nicotine	Female	Band 5	31+	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100
Tier 2 Nicotine	Male	Band 1	2-30	50	34	28
Tier 2 Nicotine	Male	Band 1	31+	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100
Tier 2 Nicotine	Male	Band 2	2-30	47	30	22
Tier 2 Nicotine	Male	Band 2	31+	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100
Tier 2 Nicotine	Male	Band 3	2-30	37	22	17
Tier 2 Nicotine	Male	Band 3	31+	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100
Tier 2 Nicotine	Male	Band 4	2-30	25	20	54
Tier 2 Nicotine	Male	Band 4	31+	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100
Tier 2 Nicotine	Male	Band 5	2-30	17	6	5
Tier 2 Nicotine	Male	Band 5	31+	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100
Tier 3 Nicotine	Female	Band 1	2-30	57	38	35
Tier 3 Nicotine	Female	Band 1	31+	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100
Tier 3 Nicotine	Female	Band 2	2-30	40	21	29
Tier 3 Nicotine	Female	Band 2	31+	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100
Tier 3 Nicotine	Female	Band 3	2-30	48	30	29
Tier 3 Nicotine	Female	Band 3	31+	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100
Tier 3 Nicotine	Female	Band 4	2-30	47	29	27
Tier 3 Nicotine	Female	Band 4	31+	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100
Tier 3 Nicotine	Female	Band 5	2-30	49	22	30
Tier 3 Nicotine	Female	Band 5	31+	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100

Tier 3 Nicotine	Male	Band 1	2-30	42	31	27
Tier 3 Nicotine	Male	Band 1	31+	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100
Tier 3 Nicotine	Male	Band 2	2-30	43	27	20
Tier 3 Nicotine	Male	Band 2	31+	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100
Tier 3 Nicotine	Male	Band 3	2-30	35	30	15
Tier 3 Nicotine	Male	Band 3	31+	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100
Tier 3 Nicotine	Male	Band 4	2-30	33	19	14
Tier 3 Nicotine	Male	Band 4	31+	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100
Tier 3 Nicotine	Male	Band 5	2-30	16	6	6
Tier 3 Nicotine	Male	Band 5	31+	5	5	5

EXHIBIT F

UNDERWRITING GUIDELINES AND NOTIFICATION

(To Be Inserted)

FIDELITYLIFE
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Hybrid Life

from Fidelity Life Association

Product, New Business
and Underwriting Guide

For Producer Use Only Not for Distribution
to the General Public

Introducing Hybrid Life From Fidelity Life Association

The Only Way to Obtain High Face Amount, Low Cost Term Insurance Right Away!

As an agent, you know that today's customer is seeking a good value for their premium dollar. High face amount, low cost term insurance is a popular option for this reason. Unfortunately, the typical life insurance company can take up to 12 weeks (or even longer) to issue a high face amount policy at a reasonable cost. Potential customers often drop out of the process and never become policyholders due to the lengthy, invasive medical underwriting process. This creates inefficiency and lost opportunity for the agent.

Alternatively, some companies issues coverage quickly, but either limit the total amount of coverage that can be purchased, or change a very high premium – or both. This increases the chance that the policyholder will lapse their coverage once a higher face amount, lower premium product is found. Up until now, there has simply been no company that is issuing high face amount, low cost term life insurance quickly.

Changing the Way Life Insurance is Sold

Fidelity Life Association has developed Hybrid Life, a patent pending life insurance product designed to solve this problem. Only available from Fidelity Life, Hybrid Life provides a blend of level term “all cause” life insurance and an accidental death benefit through a convenient, quick non-medical underwriting process. In fact, most policies can be issued in 24 hours or less.

With Hybrid Life, the customer has up to six months to complete the optional medical underwriting process. Based on the customer's medical underwriting results, the company will increase the “all cause” portion (up to 100%) and reduce the accidental death portion proportionally. If a customer's medical underwriting results do not allow for any improvement in policy benefits, the initial blend of coverage remains in force as originally issued.

Hybrid Life allows coverage to be put in force very quickly while giving the customer the option to complete medical underwriting at their convenience in order to maximize policy benefits. This directly improves the number of cases the agent can place, which drives up profitability per agent. In addition, Hybrid Life's competitive premium rates and high coverage limits increase the chance that once a policy is in force, it stays in force.

Experience the Hybrid Life Difference

Hybrid Life offers several distinct advantages for both the agent and customer alike. Unlike other companies who may issue temporary insurance agreements or conditional receipts, Hybrid Life is unconditional coverage that can be kept in force for the length of the term period chosen and beyond (up to age 95).

With typical medically underwritten products available elsewhere, the customer must take the medical exam immediately before even temporary or conditional coverage can be issued. In contrast, Hybrid Life allows the customer up to six months to undergo a medical exam. This not only allows for convenient scheduling, it also allows the customer to improve health issues such as weight, cholesterol or blood pressure which may ultimately allow for a more favorable blend of benefits.

These unique features make for a product that fits the needs of most customers seeking high face amount, low cost term life insurance coverage. This adds up to a product that has been proven to increase agent placement and profitability.

Continue reading to learn more about how Hybrid Life can benefit you and your customers. Most importantly, begin offering Hybrid Life today!



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Fidelity Life Association,
A Legal Reserve Life Insurance Company

8700 W. Bryn Mawr Ave., Ste. 9005, Chicago, IL 60611

www.FidelityLife.com



Hybrid Life Product Features

- 10, 15, 20 and 30-year term life insurance
- Blender coverage providing an initial All Cause Death Benefit and Accidental Death Benefit
- Initial blend of coverage is issued after the customer is approved through a non-medical, 24-to-48 hour under-writing process.
- Option to undergo medical underwriting within the first six months of the policy's issue date to potentially qualify for an improved blend of policy benefits.
- All Cause Death Benefit is renewable on a level premium basis through the initial term period, and on an annual renewable term (ART) basis up to age 95.
- The Accident Death Benefit expires after the initial term period.

Issue Ages by Term Period

<u>Term Period</u>	<u>Non-Nicotine</u>	<u>Nicotine</u>
10-year	18-65	18-65
15-year	18-65	18-65
20-year	18-60	18-60
30-year	18-50*	18-45†

* Issue limit—Age 50: \$50,000 to \$900,000

† Issue limits—Age 18 - 44: \$50,000 to \$690,000; Age 45: \$50,000 to \$640,000

Issue Limits

<u>Issue Age</u>	<u>Minimum</u>	<u>Maximum</u>
18-65	\$50,000	\$1,000,000

* Issue limits for Non-Nicotine user 10-year term—Age 50: \$50,000 to \$900,000; Nicotine user 30-year term— Age 18-44: \$50,000 to \$640,000; Age 45: \$50,000 to \$640,000

† The total combined account of coverage available with all FLA products is \$1,000,000.

Age Basis

This product is age nearest, rather than age last birthday.

Conversion

This product is non-convertible

Premium Bands

- 1) \$50,000 - \$99,999
- 2) \$100,000 - \$249,999
- 3) \$250,000 - \$499,999
- 4) \$500,000 - \$999,999
- 5) \$1,000,000

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Premium Classes (Non-Med)

- Three non-medical premium classes are offered, Tier 1, Tier 2 and Tier 3.
- The premium paid for Tier 1 is equivalent to the premium charged for the Preferred, medically underwritten premium class assuming 100% all cause coverage.
- The premium paid for Tier 2 is equivalent to the premium charged for the Standard, medically underwritten premium class assuming 100% all cause coverage.
- The premium paid for Tier 3 is equivalent to the premium charged for a Table D, medically underwritten premium class assuming 100% all cause coverage.

Premium Classes (Medical)

- Preferred
- Preferred Nicotine
- Standard
- Standard Nicotine

Substandard Ratings (Medical)

Ratings through Table H are allowed. In addition to Flat Extra's up to \$7.50.

Hybrid Life
from Fidelity Life Association

Hybrid Life Example: 35 year-old male, \$500,000, 20-year term

Annual Policy Fee: \$65

	<u>Initial Non-Medical Premium Class</u>	<u>Equivalent Medical Premium</u>	<u>Initial All Cause Benefit</u>	<u>Initial All Cause %</u>	<u>Initial ADB Benefit</u>	<u>Initial ADB %</u>	<u>Premium Class After Medical Underwriting</u>	<u>New All Cause Benefit</u>	<u>New All Cause %</u>	<u>New ADB Benefit</u>	<u>New ADB %</u>
Tier 1											
ILLEGIBLE											
ILLEGIBLE											
Tier 2											
ILLEGIBLE											
ILLEGIBLE											
Tier 3											
ILLEGIBLE											
ILLEGIBLE							Table E	\$250,000	50%	\$250,000	50%
ILLEGIBLE							Table F	\$225,000	45%	\$275,000	55%
ILLEGIBLE							Table G	\$200,000	40%	\$300,000	60%
ILLEGIBLE							Table H	\$175,000	35%	\$325,000	65%
ILLEGIBLE											
ILLEGIBLE							Table E	\$325,000	65%	\$175,000	35%
ILLEGIBLE							Table F	\$300,000	60%	\$200,000	40%
ILLEGIBLE							Table G	\$275,000	55%	\$225,000	45%
ILLEGIBLE							ILLEGIBLE	\$250,000	50%	\$250,000	50%

Rate and splits remain at non-medical level if customer chooses to NOT to undergo Medical underwriting or if rated below the last medical premium class listed under each tier.

* Any form of tobacco or nicotine product, including Cigarettes, electronic Cigarettes, cigars, pipes, chewing tobacco, Snuff, nicotine patches or nicotine gum.



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The Underwriting Approach

Does your client qualify for Non-Medical Hybrid Life?

1. Client must be a U.S. citizen or have a permanent resident status (a green card) and have a valid Social Security Number.
2. My Client lives and works in the United States.
3. My Client (older than 55 years) has seen his/her personal physician within the past 5 years.

Conditions NOT Acceptable at All—Do NOT Submit (within the last 10 years unless otherwise stated)

Alcohol/Drug dependence within 5 years or currently elevated liver function tests

ALS (Lou Gherig's Disease)

Alzheimers, Dementia or Memory Impairment

Anemia other than Iron Deficiency

Aneurysm (Aortic or Brain)

Angina

Atrial Fibrillation

Arrhythmia

Autism

Blockage or narrowing of the arteries

Cancer/Melanoma (other than Basal or Squamous Cell)

Cardiac Bypass or Stent Placement

Cardiomyopathy

Cerebral Palsy

Congestive Heart Disease

COPD/Emphysema-Severe

COPD/Sarcoidosis (pulmonary)

COPD with tobacco use

Crohn's Disease/Ulcerative Colitis-less than 2 years since last symptoms

Cystic Fibrosis

Defibrillator or Pacemaker

Diabetes with Cerebral/Cardio Vascular Disease

Down's Syndrome

Hepatitis-other than A

HIV/AIDS

Kidney Disorder including renal failure or dialysis

Leukemia

Liver Disease

Lupus (SLE)

Malignant Neoplasm/Lymphoma

Mentally Challenged

Mental Illness—Bi-Polar, Schizophrenia or Psychosis

Mitral Valve Prolapse with Treatment

Muscular Dystrophy

Multiple Sclerosis

Pancreatitis

Parkinson's Disease

Seizures-Grand Mal/Partial/Focal-with only Moderate control

Stroke (CVA) or Multiple TIAs

Transplant Recipients

Vascular Disease-other than mild with no surgery

APS Ordering Requirements

Price Amount

ILLEGIBLE

To \$250,000

\$250,000-\$500,000

\$500,000-\$1,000,000

Ages

18-40	41-50	51-65
IC	IC	6 months*
IC	6 months*	1 year*
IC	1 year*	2 year*

IC-Individual Consideration

* If the ILLEGIBLE insured has seen a doctor within this timeframe, an APS will be ordered.

Age & Amount Medical Underwriting Requirements

	18-29	30-39	40-49	50-59	60-65
Less than 50K	N/A	N/A	N/A	N/A	Paramed, Blood/HOS
\$50,000-\$249,999	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS
\$250,000-\$499,999	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS/EKG
\$500,000-\$999,999	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Blood/HOS/EKG	Paramed, Blood/HOS/EKG
\$1,000,000+	Paramed, Blood/HOS	Paramed, Blood/HOS	Paramed, Bld/HOS/EKG	MD Exam, Blood/HOS/ EKG, Inspection	MD Exam, Blood/HOS/ EKG, Inspection/APS

**Hybrid Life
from Fidelity Life Association**

Initial Non-Medical Tier Criteria

<u>Medical History</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Additional Clarifications</u>
ADD & ADHD	NO	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Anemla—Iron Deficiency	YES	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Arthritis, Osteoarthritis, etc.	YES	YES	YES	
Arthritis, Rheumatoid or Psoriatic	NO	YES (mild)	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Asthma w/tobacco use (MILD only)	NO	NO	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
CAD—Mild Insufficiency/Stenosis/Regarg	NO	NO	NO	
CAD—Angioplasty, Stent	NO	NO	NO	
CAD—Heart Murrnuz Grade I-II (treatment)	NO	YES	YES	
CAD—Myocardial Infarction	NO	NO	YES (IC)	45+ yrs, after 6 months, mild (1-3 vessels, less than 40% blockage), no bypass, no tobacco, normal BP & Cholesterol and regular cardiac follow up with no progression of CAD
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Cerebral Palsy	NO	NO	NO	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Colon Polyps (bengin)	YES	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	Mild-minimal or no symptoms or no tobacco use
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Corhn’s-mild/mod & 2 yrs with no symptoms	NO	YES	YES	No steroids in past 2 years
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Diabetes I or Insulim Dependent	NO	NO	YES	
Diabetes I or Insulim Dependent w/tobacco use	NO	NO	NO	
Diabetes II w/good control (AIC) 40+ years	NO	NO	YES	Control—based on A1C and other impirments
Diabetes II w/good control below age 40	NO	NO	YES	
Diabetes II w/tobacco use	NO	NO	YES	
Diabetes II w/proteinuria or complications	NO	NO	YES	
Diabetes, Gestational	NO	YES	YES	
Diabetes & Sleep Apnea, Neuropathy or DI	NO	NO	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLEEE
Family History—more than 1 death from	NO	YES	YES	CAD/Cancer or Diabetes in parens or sibling prior to age 60
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE



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Initial Non-Medical Tier Criteria (continued)

Medical History	Tier 1	Tier 2	Tier 3	Additional Clarifications
GERD—with or without treatment	YES	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
Hepatitis A (fully recovered)	YES	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	YES	YES	YES	
ILLEGIBLE	NO	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	YES	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
Lupus	NO	NO	NO	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	NO	YES	YES	
ILLEGIBLE	NO	NO	NO	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	NO	YES	YES	NO treatment or no episodes in last 3 years
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	NO	NO	NO	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	
Sleep Apnea—mild and under control	NO	YES	YES	Mild—AI 5-20 and RDI 10-30
Sleep Apnea—moderate/severe	NO	NO	YES	Moderate—AI 21-40 and RDI 31-50
Sleep Apnea—w/tobacco use or rated build	NO	NO	YES	
Tobacco—no use with 12-24 months	NO	YES	YES	
vascular Disease (DVT), mild, no surgery	NO	YES	YES	If last treatment was over 6 months ago & no complications
Weight Loss Surgery w/no complications	NO	YES	YES	

**Hybrid Life
from Fidelity Life Association**

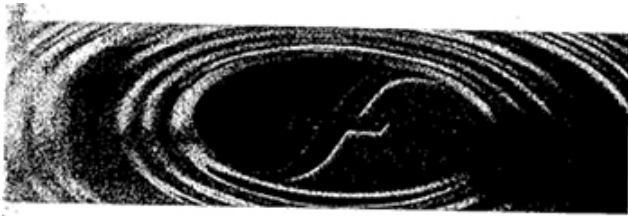
Hybrid Life Medically Underwritten Premium Class Criteria

	Preferred	Standard	Table D
Non Nicotine Use	24+ Months	12 Months	Yes
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Cholesterol Max ²	240 w/ratio 6.0	300 w/ratio 8.0	350 w/ratio 10.5
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
BP/Female	140/90	155/92	See BP Guides
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Moving Violations ²	No more than 2 in last 5 years.	No more than 3 in the last 2 years.	Yes
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
US Residency	2 years with permanent resident status.	Must have permanent resident status.	Must have permanent resident status.
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Foreign Travel ¹ (Under-developed, unstable or hazardous areas)	None in next 2 years.	Yes	Yes

¹ When ILLEGIBLE are over 250, disregard elevated Chol/HDL ratios over 6.0

² Flat Extras allowed ILLEGIBLE, ILLEGIBLE, Driving History, Foreign Travel & Occupations.

³ Foreign Travel - Do not ask in the state of Florida. Residences of the states of California, ILLEGIBLE, ILLEGIBLE, ILLEGIBLE, ILLEGIBLE, ILLEGIBLE, ILLEGIBLE, New Jersey, New York, ILLEGIBLE & Washington cannot have adverse actions taken for future travel.



Hybrid Life Non-Medical Build Chart*

	<u>Minimum</u>	<u>Maximum Tier 1</u>	<u>Maximum Tier 2</u>	<u>Maximum Tier 3</u>
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
4' 6"	RTU	RTU	RTU	RTU
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
4' 8"	83	150	179	202
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
4' 10"	90	160	191	215
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
5' 0"	96	170	205	230
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
5' 2"	102	180	219	246
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
5' 4"	109	192	233	262
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
5' 6"	116	204	248	279
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
5' 8"	123	216	263	296
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
5' 10"	130	229	279	314
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
6' 0"	138	243	295	332
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
6' 2"	146	256	312	351
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
6' 4"	154	270	329	370
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
6' 6"	162	285	346	389
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
6' 8"	170	300	364	410
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
6' 10"	179	318	383	430
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
7' 0"	RTU	RTU	RTU	RTU

RTU—Refer to Underwriting

Prescription & Miscellaneous Quoting Criteria

<u>Medications*</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Notes</u>
2 Blood Pressure & 1 Cholesterol	NO	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
3 Blood Pressure or 3 Cholesterol	NO	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
1 Anxiety/Depression, 1 Blood Pressure & 1 Cholesterol	NO	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
1 Anxiety/Depression & 1 Sleeping Aide	NO	YES	YES	
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Blood Thinner (Coumadin)	NO	YES (IC)	YES	Depends on details
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
Narcotic Pain (daily)	NO	YES	YES	Depends on medication and duration
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE

* All of these combinations are Individual Consideration depending on the impairments prescribed for.

<u>Miscellaneous</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
No DUI or 3 violations in past 2 years	NO	YES	YES
Non-valid Drivers License w/reasonable explanation**	YES	YES	YES
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
After 5 years, not on probation	YES	YES	YES
Within 5 years	NO	NO	NO
Currently on probation	NO	NO	NO

** Reasonable-no suspended or revoked Drivers License

<u>Driving History Flat Extras</u>			
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
0-6 points	7-9 points	10-11 points	Over 12 points
0 debits/Standard	\$1.00-\$3.50	\$5.00-\$7.50	†

† We accept up to \$7.50 per \$1,000 flat extras for driving history.

If Driver's License from state other than resident state, okay to accept with explanation at Tier 1, 2 or 3.

Non-Valid Driver's License for the following reasons are IC (Individual Consideration):

Child Support
No Insurance
Never had a License
Just Moved
Parking Tickets
Expired Tag or License
Court Costs or No Show
Emission Testing



Financial Justification

Financial Justification of the amount of life insurance requested is an important consideration. While large business or estate planning cases can present both special and complex challenges, personal insurance remains straight forward.

Please use the following factors for determining the amount of personal insurance available to applicants.

<u>Age</u>	<u>Earned Income Factor</u>	<u>Unearned Income Factor</u>
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE
ILLEGIBLE	ILLEGIBLE	ILLEGIBLE

For example, someone aged 35 earning \$40,000 per year would be eligible for total coverage (all sources) of \$1,000,000 (40,000 x 25).

Earned income includes all the taxable income and pensions and other wages obtained through employment.

For our calculations, SSI benefits, disability pension benefits, welfare or other city, state or federal assistance benefits are considered unearned income.

Exceptions:

1. Except in rare cases, the minimum face amount, in the absence of other coverage, may be allowed regardless of income.
2. Rounding should be done to the next \$10,000. For example, if someone qualifies for \$102,000 of coverage we would allow \$110,000.

As always, underwriter discretion (allowing more or less coverage) may be applied provided documented justification is properly added to the file using an "exception" note.

Family Income

An unemployed spouse may have an amount equal to that in force (or applied for) on the employed spouse up to \$300,000. For amounts over that, the unemployed spouse is usually limited to 50% of the amount in force (applied for) on the employed spouse. Homemakers are OK without an interview up to the maximum for age providing the spouse or children are the primary beneficiaries.

Student Coverage

Our general guidelines are a maximum of \$100,000 on high school and trade school students, a maximum of \$200,000 for college students and a maximum of \$300,000 for post-graduate students (Masters, PhD, Law School or Medical school).

Military

Military personnel are evaluated based on what they do, not their rank/grade. We do not offer coverage to combat specialists, members of combat teams, hazardous military occupations and recruits or enlisted Grades 1 through 4.

Military risks serving in, or alerted for service in areas of conflict or potential conflict are not acceptable.

Aviation exclusions are only available to Air National Guard or reserve pilots. All exclusions must be witnessed by the beneficiary.

All military applicants are subject to an underwriting interview.

Foreign Travel

The factors that affect consideration of applicants who plan foreign travel can change very quickly. These guidelines are not a substitute for common sense. The current political, environmental, military, criminal and health factors for each country or area where travel is contemplated must be considered.

Always check the State Department Web site (www.travel.state.gov) for any travel warnings. If present, coverage is not available.

NOTE: While a small number of states do not allow underwriting action based on hazardous foreign travel, this does not apply to foreign residence. The travel question on the application MUST be answered in all cases.

The following guidelines apply to U.S. citizens traveling abroad. Permanent Residents (green card holders) will be considered only if proposed travel is to low risk areas.

Foreign Travel Defined

- a. Vacation travel is a single trip of 30 days or less.
- b. Business travel totaling not more than 90 days per year and not more than four weeks at a time.
- c. Longer periods of travel (4-6 months) will be classified as Foreign Residence and rated appropriately.

Occupations

Where business travel is indicated and the occupation does not appear to be appropriate (e.g., janitor) a clear explanation will be required.

Travel by Missionaries (and related religious activities), Diplomats, Journalists, Archeologists, Geologists, Volunteer and foreign Aid workers will not be considered. Military and U.S. State Department personnel may be considered on an individual basis.

Vacation

Travel to resort destinations is usually considered at best class. The same holds true for cruise ships which have ports of call in areas of moderate concern.

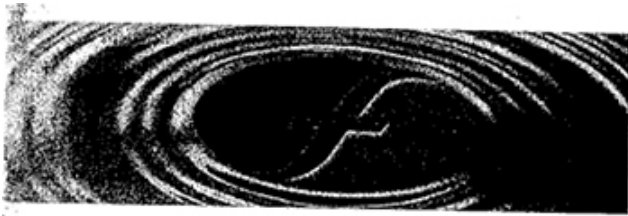
Visits to “family” should not be considered as true vacation travel and should be handled strictly in accordance with the area classification.

The standard requirement for our business is that the proposed Insured must be a U.S. citizen living in the United States or a permanent Resident (green card holder) living in the United States.

In some cases, a U.S. citizen living outside the United States on a temporary basis might be considered if they are residing in a low risk country. The temporary residency must be for a period of 90 days or less. Where a longer period of time is anticipated or where the total amount of time living outside the United States will exceed 4 months per year, we will underwrite on a case by case basis.

Temporary Residents

Applicants who are in the United States on the basis of a temporary visa will not be considered.



Hybrid Life Billing Information

Hybrid Life is available for quoting exclusively through Fidelity Life's proprietary Rapid App system.

Billing Modes

Annual	Direct, Credit Card or EFT
Semi-Annual	Direct, Credit Card or EFT
Quarterly	Direct, Credit Card or EFT
Monthly	Credit Card or EFT

The credit card payment option may not be available in all states.

Modal Factors

Annual	1.00
Semi-Annual	.52
Quarterly	.28
Monthly	.087

Hybrid Life Follow-up Schedule

In the event the customer does not schedule their paramed exam, the company initiates the following process to remind the customer to schedule the exam.

<u>Timing</u>	<u>Activity Scheduled</u>
30 days post-issue	E-mail reminder (call if no e-mail available)
60 days post-issue	Regular mail reminder letter
90 days post-issue	E-mail reminder (call if no e-mail available)
120 days post-issue	Regular mail reminder letter
150 days post-issue	Regular mail reminder letter
165 days post-issue	Final reminder phone call
180 days post-issue	Final reminder letter

**Hybrid Life
from Fidelity Life Association**

General Business Standards

Fidelity Life Association complies with all federal and state regulations. Each person transacting business with Fidelity Life Association is expected to be familiar with the regulations of the state in which they do business and to act within both the letter and the spirit of the law.

Home Office Contacts

Policyowner Service and Commissions
Toll-free (800) 369-3990

New Business and Appointments
Toll-free (888) 440-1540

Underwriting and Risk Assessment
Toll-free (866) 947-8739
Switchboard (630) 522-0392

General E-mail

New Business	newbus@FidelityLife.com
Policyowner Services	pos@FidelityLife.com
Agency/Marketing	agency@FidelityLife.com

New Business

Phone:	(888) 440-1540
Fax:	(866) 947-8730 (New Applications)
Fax:	(866) 947-8735 (Requirements)

Mail and Courier

Mailing Address
Fidelity Life Association
P.O. Box 5030
Des Plaines, IL 60017

Courier Address

Fidelity Life Association
8700 W. Bryn Mawr Ave., Ste. 900S
Chicago, IL 60631

Underwriting Contacts

Underwriting at Fidelity Life is completed by a combination of home office staff and outside underwriting groups. We recognize that producers have a need to contact an underwriter for any number of reasons and encourage you to do so. Our success, like yours, depends on being able to put profitable business on the books.

Need to speak to an underwriter? Call: (866) 947-8739 This toll-free number searches the underwriting group and finds an available underwriter here at the home office.

Underwriting Case Status: (888) 440-1540

You may receive communication from underwriters who are not listed below. Feel free to deal with these other underwriters on a case by case basis. General questions or situations of concern should, however, be addressed to the following:

Doug Coe, Chief Underwriter
(224) 265-9726
doug.coe@FidelityLife.com

Fran Gramberg, Underwriting Administration
(224) 265-9759
fran.gramberg@FidelityLife.com

Jeannine Duplessis, Underwriting Manager
(224) 265-9757
jeannine.duplessis@FidelityLife.com

Danny Kidd, Underwriting Consultant
(224) 265-9755
danny.kidd@FidelityLife.com

Mary Peifer, Underwriting Consultant
(224) 265-9758
mary.peifer@FidelityLife.com

Tracy Morin, Underwriter
(224) 265-9716
tracy.morin@FidelityLife.com

Other Contact Information

Underwriting E-Fax	(866) 947-8734
General Underwriting E-Mail	und@FidelityLife.com
Fidelity Life Website	www.FidelityLife.com

Innovation Designed Around You

With an A. {Excellent} rating from A.M. Best,* Fidelity Life Association offers financial strength and security. As an innovator, we provide the kind of flexibility and quickness-to-market that keeps you ahead of the curve in taking advantage of opportunities for success.

- * Total access to key decision-makers.
- * The ability to create custom life solutions for your customers.
- * Unique Web-based application and underwriting process—among the most convenient in the industry.

To learn more about Hybrid Life from Fidelity Life Association, call us at (866) 710-1013.



Established 1896

Innovation Is Our Policy*

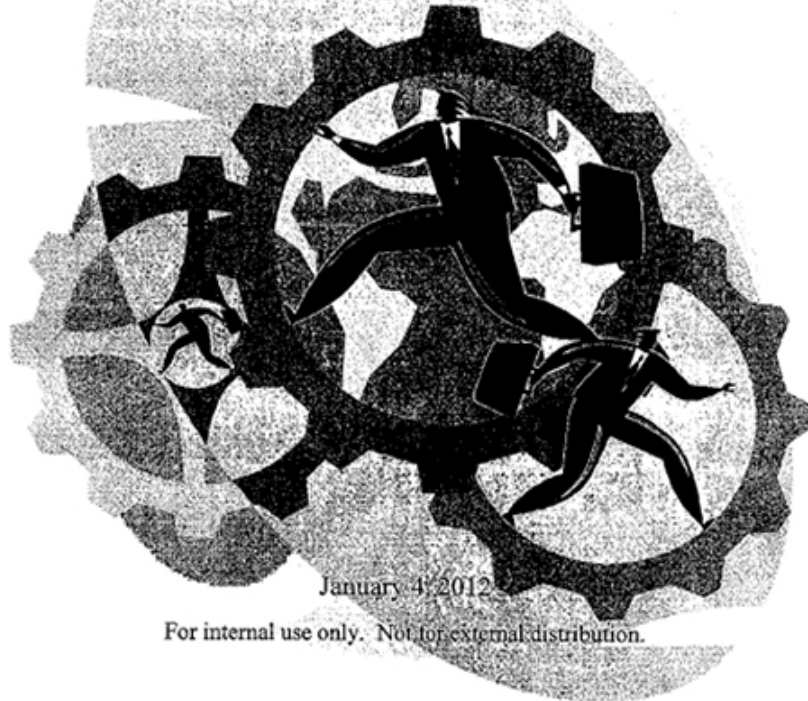
Fidelity Life Association,

A Legal Reserve Life Insurance Company

www.FidelityLife.com

M4200 January 2012

Hybrid Life Underwriting Guide



January 4, 2012

For internal use only. Not for external distribution.

Fidelity Life Association
8700 W. Bryn Mawr Avenue, #900S
Chicago, IL 60631

The guide is a work in progress and not a substitute for common sense.
The underwriter must exercise good judgment and prudent risk selection skills in every case.

Hybrid Life is level death benefit term life insurance renewable to age 95. It offers guaranteed level premium periods of 10, 15, 20 and 30 years. After the level premium period, rates increase each year through age 94. Coverage is a blend of level term insurance (All Cause) with an Accidental Death Benefit (ADB). This benefit is embedded into the base plan. Hybrid Life includes a provision whereby the customer may undergo medical underwriting for evaluation within six months of the policy issued date. Based on the results of medical underwriting we may modify the blend of coverage originally issued by increasing the All Cause percentage and reducing or eliminating the Accidental Death Benefit.

Issue Ages

(Age nearest birthday)

Term	Non-Nic.	Nicotine
10 yr	18-65	18-65
15 yr	18-65	18-65
20 yr	18-60	18-60
30 yr	18-50	18-45

Min / Max Face Amounts:

Ages 18 - 65

\$50,000 - \$1,000,000

* For 30 year term, nicotine classes

Ages 18-44	Minimum \$50,000	Maximum \$690,000
Age 45	Minimum \$50,000	Maximum \$640,000

Face Amount Limits

The total combined amount of coverage available with all FLA products is \$1,000,000

Premium Classes (Non-Med):

- Three non-medical premium classes are offered (i.e. Tiers 1, 2 or 3). Tiers 2 and 3 are designed to accommodate substandard risks through Table 8 (H).
- The premium paid for **Tier 1** is equivalent to the premium charged for the **Preferred**, medically underwritten premium class assuming 100% all cause coverage.
- The premium paid for **Tier 2** is equivalent to the premium charged for the **Standard**, medically underwritten premium class assuming 100% all cause coverage.
- The premium paid for **Tier 3** is equivalent to the premium charged for a **Table 4**, medically underwritten premium class assuming 100% all cause coverage.

Non-Medical Premium Classes:

Tier 1

Non-Nicotine

Nicotine

Tier 2

Non-Nicotine

Nicotine

Tier 3

Non-Nicotine

Nicotine

Medical Premium Classes:

Preferred Non-Nicotine

Standard Non-Nicotine

Preferred Nicotine

Standard Nicotine

Substandard Ratings (Medical):

Ratings through Table 8 (H) are allowed

Flat extra's through \$7.50 per \$1,000

Premium Rate Bands by Face Amount:

Premium Bands

- 1) \$50,000 - \$99,999
- 2) \$100,000 - \$249,999
- 3) \$250,000 - \$499,999
- 4) \$500,000 - \$999,999
- 5) \$1,000,000

Expiry Age – 95

Policy Fee (non-commissionable) \$65.00

Conversion:

This product is non-convertible. However, requests for conversion will be honored as though the policy is convertible to a permanent plan of insurance offered by the company for such purpose. The last conversion date is the earlier of 1 year prior to the expiration of the initial term period or prior to the insured's attained age 65.

Age/Amount Medical Requirements:*(as of 5/15/09)*

	18-29	30-39	40-49	50-59	60-65
Less than 50K	N/A	N/A	N/A	N/A	Paramed Blood/HOS
\$50,000 - \$249,999	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS
\$250,000 - \$499,999	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS/EKG
\$500,000 - \$999,999	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Bld/HOS/EKG	Paramed Bld/HOS/EKG
\$1,000,000+	Paramed Blood/HOS	Paramed Blood/HOS	Paramed Bld/HOS/EKG	MD Exam Bld/HOS/EKG Inspection	MD Exam Bld/HOS/EKG Inspection/APS

APS Ordering Requirements:

AGES FACE AMOUNT	18-40	41-50	51-65
To \$250,000	IC	IC	6 months
\$250,00 - \$500,000	IC	6 months	1 year
\$500,001-\$1,000,000	IC	1 year	2 years
\$1,000,001-\$2,000,000	6 months	2 years	3 years

While we need to keep the number of APS requests to a minimum, the prudent evaluation of the risk means that there are cases where an APS is mandatory. The underwriter has the task of walking a fine line between the two extremes. As with all guidelines, common sense (including underwriter intuition) makes the exception.

In addition to underwriter discretion, an APS should be ordered using the above “check-up or routine exam” chart. Also, where the medical history includes; Diabetes I, CAD, cancer, emphysema/COPD, brain disorders, alcohol/drug abuse and major depression or anxiety.

For all other medical history or laboratory results, please see the FLA Impairment Guide, Hannover Manual or the Hybrid Medical Guide.

Hybrid Medical

Premium Class Criteria

For all other medical history or laboratory results, please see the Fidelity Manuals and /or the Hannover(ASCENT) manual.

	Preferred	Standard	Table D
Non-Nicotine Use	24 Months	12 Months	Yes
Nicotine Rates	Yes	Yes	Yes
Cholesterol Max*	240 w/ratio 6.0	300 w/ratio 8.0	350 w/ratio 10.5
BP/Male	140/90	155/92	See BP Guides
BP/Female	140/90	155/92	See BP Guides
Family History	One <u>death</u> from CAD, Cancer or Diabetes in parent or sibling prior to age 60.	More than <u>one death</u> from CAD, Cancer or Diabetes in parent or sibling prior to age 60.	More than <u>one death</u> from CAD, Cancer or Diabetes in parent or sibling prior to age 60.
Moving Violations**	No more than 2 in last 5 years.	No more than 3 in last 2 years	Yes
DUI	None in past 5 years.	None in past 2 years.	Yes
US Residency	2 years with permanent resident status.	Must have permanent resident status.	Must have permanent resident status
Hazardous Occupation or Avocation**	None in past 2 years and none planned.	Yes	Yes
Foreign Travel (Under-developed, unstable or hazardous areas)	None in next 2 years.	Yes	Yes

- ***When triglycerides are over 250, disregard elevated Chol/HDL ratios over 6.0**
- ****Flat extras are allowed on Aviation, Avocations, Driving History, Travel & Occupations**
- **Foreign Travel - Do not ask in the state of Florida. Residents of the states of California, Colorado, Connecticut, Georgia, Illinois, Massachusetts, Missouri, New York, New Jersey, Tennessee and Washington cannot have adverse actions taken for future travel.**

Underwriting Workflow

Electronic Application 1045E
Age nearest birthday

Medical Underwriting

Agent is able to quote Tier 1, 2 or 3 on a non-medical basis and up to Table 8 (H) on a medical basis

Age/Face Medical Requirements

APS Ordering Guidelines

The medical underwriting has no bearing on the initial face amount. If the Insured is declined or rated beyond a certain Table rating, the initial face amount stays intact. The all-cause death benefit will never be reduced regardless of the outcome of the medical underwriting.* Upon completion of medical underwriting, the policy's mix of coverage will be adjusted based upon the rate class for which the client is approved.

* The only exception is if we uncover something as the result of medical underwriting that indicates the Insured misrepresented themselves on the initial application.

Hybrid Life & Hybrid Medical Life Workflow

1045E application loaded into the system

Verified in New Business

Forwarded to UW Queue for Underwriter – Hybrid Non-Medical

Underwrite using Tier 1, 2 or 3 guidelines

Final Decision – Approve/Close/Decline

If approved, input “Approved Tier 1, 2 or 3” with the date and UW initials

In the system input Preferred for Tier I, Standard for Tier 2 & Rated for Tier 3

If approved other than applied (a higher Tier), approve w/modifications

Please add reason why approved at a different premium class.

This will generate a “Should we Issue?” requirement for the agent

An amendment or endorsement is not required for Non-Medical cases if approved at a higher Tier.


If closed or declined, please be specific. If due to MIB, add category (cardiac, labs, respiratory, etc.)

Issue & Activate

An automatic letter is sent to the Insured about scheduling their Exam or the agent has ordered at the point of sale (E Financial only).


The Insured has up to 12 months to contact New Business for the exam.

New Business will reopen the case, change plan to Hybrid Medical which automatically orders an appropriate age/amount Paramed requirement and transmits to Portamedic.

The case is moved back to the UW Queue, reflecting the previous Tier approval, status changed to Pending Requirements Outstanding and a “hold” icon  is displayed.


If the original data bureau requirements (MIB/MVR/Rx) are over 90 days old, please re-order and review.

FLA does accept medical exams and lab results from other carriers if completed within 90 days and the tests are identical to FLA's. We always reserve the right to request our own exam and labs. It is the agent's responsibility to obtain both parts.


Once the exam is completed, Heritage sends the exam package to FLA electronically. The status is automatically changed to Pending Requirements Received and a “high priority” icon  is displayed. A report will be forwarded to the Underwriters on a daily basis of exams received that day. (24 hour turnaround)

There is no review of these requirements until the UW reviews them!

It is up to the UW to make sure all appropriate requirements are attached, all questions are answered and all signatures and dates are completed. If all the above is verified, only then can the UW mark it as **Reviewed**.


If any of the above is NOT there, the UW must make a note in the file, email NB as to what is missing and then mark as **Partially Received**. * This will automatically trigger the file to be added to the New Business (NB) follow-up report. NB reviews the report daily and notifies Portamedic by e-mail of the missing requirements. Once Portamedic has verified the e-mail, they add an automatic note to the file. The icon on the file will then change to “hold”  ..

***After marking the file *Partially Received*, the UW must Save & Exit.
if this step is missed, none of the above will happen.**

Once NB has notified Portamedic there is a two day wait. If the missing requirements are not received in 2 days, NB calls Portamedic which will trigger another automatic note on the file, as to the status of the requirement. (NB will make their own note, just in case). This procedure continues until the requirement is received. Once the requirement is received, the case in the UW queue will show the “high priority” icon  which starts the whole process Over again.

If repeat labs need to be ordered, New Business will use the Portamedic website, bring up the Insured's order and directly email the branch with what is required. Additional specimens need to be ordered through NB, send email with what is needed and NB will reopen the Paramed requirement. **Please check with Home Office before ordering “repeat” specimens.**

If additional requirements are needed (APS, Insp., etc.), the UW will email Home Office with specifics for Tracy to send the request. The UW will add the APS requirement on FLAPs to include the Physician's name. Please use the specific requirement, i.e. APS Medical, APS Age/Amount & APS PIL.

Do not forget to hit Save & Exit so the  icon does not show.

APS' are received through Home Office and will be forwarded to the file.

A daily report will be sent to the UWs working the case. (*48 hour turnaround*)

Once approved the UW will input on the Plan Underwriting Screen the approved rate class under the originally approved Tier.

Tier 1 – Preferred

Tier 2 – Standard

Tier 3 – Table D, E, F, G & H

If approved at a rate class not available in the original Tier, click “No Improvement” on the Plan Underwriting Screen. If the rate class is over Table H, please add “Uninsurable”.

On the Final Decision Screen give details in the Field Message Comments with the **actual approved rate class**. Be specific – build of 5'4" 280 lbs, cholesterol of 275 or medical history from APS.

Add your Internal Comments and click “Submit”. The top portion of this page is already completed for you, there is no need to change anything.

The approvals should be input in both the Field Message and Internal Comments on the Final Decision screen. The agent and New Business will need to understand both the 1st and 2nd approval notes.

At issue, New Business will calculate the “All Cause” face amount and ADB split for the approved rate class. If questions, they will contact the agent via email.

A new “Policy Schedule Page” will be sent to the Insured upon issue.

Amendments cannot be added to Hybrid Medical cases, if one is needed, either endorse or note the system depending on the significance of the information.

If the Insured misrepresented themselves, notify Home Office to process a rescission.

On the Final Decision screen, input Field Message Comments, Letter & Internal Comments, The top portion of the page is already completed for you.

If a Hybrid Medical is either “No Improvement” or “Uninsurable” the initial policy stays intact unless the Insured misrepresented themselves.

Closed – once Portamedic closes their handling, New Business will automatically be notified and will contact the Insured and try and reschedule the exam. If unsuccessful, the case will be sent back to the Completed Queue as an “active” Hybrid Non-Medical case. The UW is not responsible for closing out these files.

Declined – if the Hybrid Medical is a “No Improvement” or “Uninsurable” and the Insured did not misrepresent themselves the case will be sent back to the Completed Queue as an “active” Hybrid Non-Medical case. The UW will just need to input the Field Message, Internal Comments and Letter #3A.

Rescissions – if the Insured misrepresented themselves on the original application, the H.O. Underwriter will process a rescission. This will happen in the case of positive cotinine* on our lab results or medical history that is obtained via the exam or APS which was not admitted on the original application and is an outright decline. The UW would input “No Improvement” on the case and complete the same process as above. Notify Home Office if you encounter this.

Flat Extras

If the case requires a flat extra for foreign travel, avocation, aviation or driving history and all else okay then Tier 1 plus the flat extra.

You can add a flat extra on a case that is already a Tier 2 or 3, i.e. Diabetes or Sleep Apnea, etc.

**Rapid Underwriting System
(RUS) Workflow**

Log into system each morning

Pop Up Box when a case is available

Click on case

Advise agent via “Contact Agent” you are reviewing the file

SS Check, MIB, MVR and Rx run automatically

Review Tabs – Insured, Beneficiary, Coverage, Applicant/Owner and 3rd Party Review Application (Click button on upper right side of screen) - Pay attention to Additional Comments of the application for details, which might not require a phone interview.

Interview Needed/Interview Not Completed

Attempt to call while reviewing case

Add initial review of case under Underwriter Notes (Note Pad Icon)

When attempt not successful, add details under Agent Notes (provide your reason for the UI)

Send a final chat to agent- “Sending the case to Standard Processing to await the UI”

Click on “Underwriting Decision”

Click “Needs Review” (will send case to FLAPPs)

Add additional details under New Business Notes

Click “Make Decision”

Interview not Needed/Interview Completed

Add review of underwriting material under Underwriter Notes (Note Pad Icon)

If a decision can be made, send final chat to agent with that decision Click on “Underwriting Decision”

Click option; Approved as Applied, Issue w/Endors., Decline, etc.

Add final decision under Agent Notes (provide specific details for higher Tier offer).

Add issue or decline instructions under New Business Notes including the Letter #

Click “Make Decision”

NOTE: Once you “Make a Decision” you can no longer “chat” with the agent via RUS. If you would like to communicate w/the agent you can e-mail or call them via the “Contact Agent” information listed on RUS.

Case now sent via Standard Processing to FLAPPS

If case (“Needs Review”) is still pending for outstanding requirements – New Business will copy and paste the notes from RUS and email the assigned RUS Underwriter when the case is in UW Queue

If case has final decision – file will automatically be sent to the Issue Queue

REMINDERS:

It is very important that you select “Needs Review” if you are sending a case to Standard Processing. This plan type is the only way that New Business knows to copy/paste the notes for you. If you select another option, the case will not show up on her report and might be subject to another TPU UW taking the case and underwriting it a second time. New Business does have access (as do all of the New Business reps) to RUS and copying/pasting the notes into an e-mail to her is no longer necessary.

If you send a case to Standard Processing and you do not see that it has made it to FLAPPS, please send an e-mail to New Business and cc Underwriting at und@fidelitylife.com. They will investigate why the case has not been moved along to Underwriting in FLAPPS. We will also monitor those rare cases to make sure they are moving along. This has occurred before and we have had to manually push the case through.

If a case has been sent to Standard Processing to await an UI and the person calls you right back, you can still access your case on RUS. It might be in transition to FLAPPS (so not yet on that system). You can view all notes, requirements, application etc. on RUS even if you are not the assigned UW. You have to log into RUS as “Reviewer” and look up the case by name or policy number.

Note: Cases that go through Standard Processing might take several hours to show up on FLAPPS.

COMMON AVIATION SITUATIONS**Commercial Aviation**

Major scheduled airline pilots and crew members*	Rating or Best Possible Class
At least one base in U.S. or Canada	Select
Others	2.50 per \$1,000
Nonscheduled commercial pilots and crew members flying well-maintained company-owned multi-engine planes on company business*	Standard
Nonscheduled airline pilots and crew members flying multi-engine Commercial passenger and cargo planes	
Based in the U.S. or Canada	Select
Others	3.00 per \$1,000 and up. IC
Nonscheduled single engine pilots and crew members	IC
Traffic reporting	Standard

Private Aviation

Private pilots flying factory built fixed wing aircraft	
Student pilots or less than 75 hr solo experience	75–400 hr solo experience
Flying up to 200 hr per yr	2.50 per \$1,000
Flying over 200 hr per yr	Standard
Over 400 hr solo experience	2.50 per \$1,000
Flying up to 300 hr per yr	Standard
Flying over 300 hr per yr	2.50 per \$1,000
Helicopters	IC
Homebuilt aircraft	Decline
Glider Pilots	
Student pilots or less than 25 hr solo experience	2.50 per \$1,000
At least 25 hr solo experience	Standard
Ultralites	Decline

* If the airline is not one of the major airlines; American, United etc. and they are based in rural areas, please investigate to make sure the airline does not participate in any aerial fire fighting. If they do, please complete an Interview and question the Insured to see if they are involved in activity.

FOREIGN TRAVEL

The factors that affect consideration of applicants who plan foreign travel can change very quickly. These guidelines are not a substitute for common sense. The current political, environmental, military, criminal and health factors for each country or area where travel is contemplated must be considered.

Always check the Reinsurer's Guide for current criteria. The State Department web site ([www.travel.state.gov/travel warnings](http://www.travel.state.gov/travel_warnings)) is also a good source for any travel warnings. If present, coverage is not available.

The following guidelines apply to U.S. citizens traveling abroad. Permanent Residents (Green Card holders) will be considered only if proposed travel is to A+ or A areas only.

Foreign Travel Defined:

- a. A single trip for vacation of 30 days or less.
- b. Business travel totaling not more than 90 days per year and not more than four weeks at a time.
- c. Longer periods of travel (4-6 months) should be classified as Foreign Residence and rated appropriately. Use your judgement, depending on where traveling.

Occupations:

Where business travel is indicated and the occupation does not appear to be appropriate (i.e.: janitor) an explanation should be requested.

Travel by Missionaries (and related religious activities), Diplomats, Journalists, Archeologists, Geologists, Volunteer and Foreign Aid workers will not be considered. Military and US State Department personnel may be considered on an individual basis.

Vacation:

Travel to resort destinations is usually considered at best class. The same holds true for cruise ships which have ports of call in areas of moderate concern.

Visits to "family" should not be considered as true vacation travel and should be handled strictly in accordance with the area classification.

Country Classifications

The underwriter needs to begin by checking the appropriate reinsurance guide to determine the acceptability of any country or area.

Beyond that, however, the underwriter is expected to be aware of and/or to carefully check available resources for current hazards related to travel plans for each applicant.

Country Guide

Rating Key:

A+ - Preferred	A - Standard
B - \$1.50/1000	C - \$3/1000
D - \$5/1000	E - Minimum of \$7.50/1000
U - Uninsurable	

Subject to change without notice.

Country	Rating		
Afghanistan	U	Congo, Republic of	U
Albania	U	Cook Islands	C
Algeria	U	Costa Rica	A
Andorra	A+	Croatia	U
Angola	U	Cuba	U
Anguilla	A	Curacao	A
Antigua	A	Cyprus	C
Argentina	A	Czech Republic	B
Armenia	U	Denmark	A+
Aruba	A	Djibouti	U
Australia	A+	Dominica	B
Austria	A+	Dominican Republic	B
Azerbaijan	U	Ecuador	A
Bahamas	A	Egypt	U
Bahrain	U	El Salvador	D
Bangladesh	U	England	A+
Barbados	A	Equatorial Guinea	U
Barbuda	A	Eritrea	U
Belarus	U	Estonia	D
Belgium	A+	Ethiopia	U
Belize	A	Fiji	C
Benin	U	Finland	A+
Bermuda	A+	France	A+
Bhutan	U	French Guiana	D
Bolivia	U	French Polynesia	C
Bosnia Herzegovina	U	Gabon	U
Botswana	U	Gambia	U
Brazil	A	Georgia	U
Brunel	A	Germany	A+
Bulgaria	E	Ghana	U
Burkina Faso	U	Gibraltar	A
Burundi	U	Greece	A
Caicos Islands	A	Greenland	A+
Cambodia	U	Grenada	A
Cameroon	U	Grenadines	A
Canada	A+	Guadeloupe	A
Canary Islands	A+	Guam	A
Cape Verde Islands	A	Guatemala	D
Cayman Islands	A	Guinea	U
Central African Republic	U	Guinea-Bissau	U
Chad	U	Guyana	U
Chile	A	Haiti	U
China	D***	Honduras	C
Colombia	U	Hong Kong	A
Comoros	U	Hungary	B
Congo, Democratic Republic	U	Iceland	A+
		India	D****

Indonesia	E	Niger	U
Iran	U	Nigeria	U
Iraq	U	Nive	U
Ireland	A+	Northern Marianas	A
Israel	U	Norway	A+
Italy	A+	Oman	U
Ivory Coast	U	Pakistan	U
Jamaica	A	Palao	U
Japan	A+	Panama	B
Jordan	U	Paraguay	B
Kazakhstan	U	Peru	C
Kenya	U	Philippines	U*
Kiribati	U	Poland	B
Korea, North	U	Portugal	A+
Korea, South	A	Puerto Rico	A
Kuwait	U	Qatar	U
Kyrgystan	U	Romania	E
Laos	U	Russia	U*
Latvia	C	Rwanda	U
Lebanon	U	Samoa	B
Lesotho	U	San Marino	A+
Liberia	U	Sao Tome and Principe	U
Libya	U	Saudi Arabia	U
Liechtenstein	A+	Scotland	A+
Lithuania	C	Senegal	U
Luxembourg	A+	Serbia	U
Macau	B	Seychelles	B
Macedonia	U	Sierra Leone	U
Madagascar	U	Singapore	A
Madeira	B	Slovak Republic	B
Malawi	U	Slovenia	U
Malaysia	B	Solomon Islands	U
Maldives	E	Somalia	U
Mali	U	South Africa	D
Malta	A	Spain	A+
Marshall Islands	D	Sri Lanka	U
Martinique	A	St. Barthelemy	B
Mauritania	U	St. John	A
Mauritius	C	St. Kitts	A
Mexico	A	St. Lucia	A
Micronesia	C	St. Martin	A
Monaco	A+	St. Nevis	A
Mongolia	U	St. Thomas	A
Monserrat	B	St. Vincent	A
Montenegro	U	Sudan	U
Morocco	U	Surinam	E
Mozambique	U	Swaziland	U
Myanmar (Burma)	U	Sweden	A+
Namibia	U	Switzerland	A+
Nauru	E	Syria	U
Nepal	U	Taiwan	A
Netherlands (Holland)	A+	Tajikistan	U
Netherlands Antilles	A	Tanzania	U
New Caledonia	B	Thailand	U**
New Guinea	D	Tibet	U
New Zealand	A+	Tobago	A
Nicaragua	D	Togo	U

Tokelau	U
Tonga	U
Trinidad	A
Tunisia	U
Turkey	U
Turkmenistan	U
Turks	A
Tuvalu	U
Uganda	U
Ukraine	E
United Arab Emirates	U
United Kingdom	A+
United States	A
Uruguay	A
US - Protectorates, etc.	A
Uzbekistan	U
Vanuatu	C
Vatican City	A
Venezuela (all other locations)	E
Venezuela (to a major city by Venezuelan Nationals only)	A*
Vietnam	U
Virgin Islands	A
Wales	A+
Western Sahara	U
Yemen	U
Yugoslavia	U
Zambia	U
Zimbabwe	U

NOTE: Flat extras up to \$7.50/1,000 are allowed for Hybrid Life. (i.e. STD with the flat extra must be added to the Plan Underwriting Screen **if** a flat extra applies.)

Flat extras over \$7.50/\$1,000 will be declined for Hybrid Life.

- Philippines: Luzon and major cities will be considered on an individual case basis.
- ** Thailand: Bangkok will be a "D".
 - *** China: Major cities – Beijing, Guangzhou, Hangzhou, Shanghai and Shenzhen will be a "C".
- **** India: Travel to Mumbai, Calcutta, Hyderabad, New Delhi, and Bangalore will be a "D", all other locations in India are a decline.
- Russia:** St. Petersburg and Moscow may qualify for an "E" classification subject to consideration. Both cities will be limited to a maximum face amount of \$1 million.

Rating Key:

A+	- Preferred
A	- Standard
B	- \$1.50/1000
C	- \$3/1000
D	- \$5/1000
E	- Minimum of \$7.50/1000
U	- Uninsurable

STATE LAWS & FOREIGN TRAVEL

Several states have enacted legislation prohibiting the use of information regarding planned foreign travel in the evaluation of the risk. Effective immediately, travel information developed on any application in the following states should not be used as a basis for adverse action.

California
Colorado
Connecticut
Florida
Georgia
Illinois
Maryland
Massachusetts
Missouri
New Jersey
New York
Tennessee
Washington

If the underwriter is aware of foreign travel plans which would otherwise be of concern, a note should be added to the file indicating that their travel information is being ignored in accordance with state statute.

Exclusions: Politicians, Public Figures, Missionaries, Government Leaders, Elected Officials, Journalists, Judicial Policy, Trade Union Officials, Military Personnel, Prominent Individuals, Former Elected Officials and close family members of the Politicians.

The prohibition against the use of travel plans in the underwriting process does not apply to foreign residence, only foreign travel. For this reason, the travel question, as it currently exists on our applications must be answered. The question includes a reference to foreign residence and this information must be provided.

Travel over 4-6 months is considered foreign residency and should be rated accordingly.

FOREIGN NATIONALS

The standard requirement for our business is that the Proposed Insured must be a US citizen, living in the United States or, a Permanent Resident (green card holder) living in the United States. Canadians and European citizens must have a green card to qualify.

In some cases, a US citizen living outside the United States on a temporary basis might be considered if they are residing in a low risk country. The temporary residency must be for a period of 90 days or less. Where a longer period of time is anticipated or where the total amount of time living outside the United States will exceed 4 months per year, the case, if consideration is warranted, must be referred to our reinsurer on a facultative basis.

Temporary Residents

In general, applicants living in the United States on a basis of a visa cannot be considered. For fully examined business, applicants (and family members living with them) residing in the United States on H1B visas and who are from a low risk country can be considered on an individual basis.

If there is any question whatsoever regarding the applicant's status, the underwriter should feel free to investigate without apology.

SSN Check

When the SSN is checked, the date of issue must make sense compared to the DOB of the applicant and or their resident status.

Citizenship:

INS regulations state that in order to be eligible for citizenship the applicant;

1. Must have been a permanent resident for at least 5 years.

or

2. Must have been married to a US citizen for at least 3 years.

or

3. Must have served in the US military for at least 1 year.

Immigrants whose SSN was issued outside these guidelines and who claim to be citizens will be investigated.

MVR

Mortality associated with an adverse driving record is significant. Where multiple infractions exist the underwriter should consider adding additional debits to those shown.

Violation ¹	Points Chart				
	Points for Each Incident from Date of Violation ²				
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years
DUI (single incident)	12	8	6	4	2
License suspended or revoked	8	8	6	4	2
Reckless or negligent Driving	7	5	3	2	1
Major accident (at fault/injury)	5	4	2	1	0
Speeding = 15 mph over maximum posted limit or > 85 mph	4	3	2	1	0
Speeding <15 mph over maximum posted limit or unspecified	2	1	1	0	0
Other moving violations (i.e., careless driving, Improper turn, disregarding traffic device, lane violation, failure to yield, minor accident)	2	1	1	0	0

- 1 The underwriter should view the MVR as reflecting the most favorable information about the client's driving habits. If there are any discrepancies with Information on the application, inspection report or APS, further investigation may be needed to obtain an accurate picture. In assessing the accident risk, it is important to consider not only the motor vehicle record but the entire profile, including any habits criticism, avocations, indication of immaturity, instability or risk-taking behavior, as well as medical impairments.
- 2 It may be appropriate to combine points if the applicant is charged with more than one violation per incident (e.g., speeding and an accident).

Rating Chart	
Total Points	Annual Extra Premium/\$1,000 of Face Amount
0-6	+0
7-9	\$2.50/M - \$3.50/M
10-11	\$5.00/M - \$6.00/M
12-13	\$7.50/M - \$10.00/M
14 or more	Decline

Modifying Factors

Multiple DUIs, revocations or suspensions; license not currently valid due to multiple moving violations	Decline
Criticism regarding habits, avocations, maturity (lack of), instability, risk-taking behavior or medical impairments	IC
Motorcycle violations	Use higher rating
Over age 70	Use higher rating
Multiple violations within 2 years, OR driving in a high risk state (Alabama, Arizona, Arkansas, Kentucky, Mississippi, Montana, Nevada, New Mexico, Oklahoma and South Carolina), OR male gender, OR under age 25	Use higher rating

**Multiple suspensions do not apply to non-moving violations (child support, emissions, etc.)
No DUI within 1 year!**

MVR RATING SCHEDULE

Driving Rating

- a. If MPH unknown, assume 15–29 over limit.
- b. When ticketed for more than one violation at the same time, assign only the highest point.
- c. Option riders to increase coverage, ADB and WP Riders are not available when ratable.

MVR Rating Schedule

Total Rating Points	Life
0-6 points	Tier 1, 2 or 3
0 dbts	
7-9 points	Tier 1, 2 or 3
\$1.00 - \$3.50 FE	
10-11 points	Tier 1, 2 or 3
\$5.00 - \$6.00 FE	
12 points	Tier 1, 2 or 3
\$7.50 FE	
Over 12 points	Decline*

* We accept up to \$7.50 per \$1,000 flat extras for driving history

DRIVER’S LICENSE STATUS

One of the key elements in the Hybrid Life process is the information obtained from the client’s Motor Vehicle Record. Without this information our assessment is incomplete. If the driver’s license is from a state other than the residence state, it will require an interview to as to why. We will accept a driver’s license from a state other than a residence state if a clean MVR from the Driver’s License state.

We will accept a Hybrid application even if the Proposed Insured cannot provide a valid U.S. driver’s license, but can provide a state ID number.

NOTE: This restriction does not apply to our Graded Death Benefit products.

Where the license is currently “not valid”:

DUI or Reckless Driving	Decline
Tickets	Decline
Financial Responsibility	Decline
Revoked	Decline
Reason Unknown	Decline
Expired Tag or License	Eligible**
Child Support	Eligible**
No Insurance	Eligible**
Court Costs or No Show	Eligible**
Emission Testing	Eligible**

** *If reasonable explanation, Individual Consideration.*

MVR Reports

Moving vs Non-Moving Violations

Moving Violation – traffic violation committed by a moving vehicle

Non-Moving Violation – related to a car that is not in motion

Moving Violations

Speeding

Accidents

Improper Passing

Reckless/Careless Driving

Driving while license expired, suspended or revoked

Driving in wrong direction

Improper Lane Usage

Following too closely

Driving too fast for conditions

Red Light or Stop Sign violation

Cell Phone Use (if illegal in that city/state)

No Seat Belt

No Child Restraint

Non-Moving Violations

No Insurance

Expired Tag

Parking Violations

Faulty Equipment or Illegal Vehicle Modifications

Financial Underwriting

Please use the following factors for determining the amount of personal insurance available to applicants.

Age	Earned Income (Taxable Income/Wages*) Factor	Unearned Income (DI, Pension, SSI, etc.) Factor
20 - 30	30	3
31 - 40	25	3
41 - 50	20	3
51 - 65	15	3

As always, underwriter discretion (allowing more or less coverage) may be applied provided documented justification is properly added to the file using an “exception” note.

*** Also Includes deferred compensation and other employee benefits that will cease upon the Insured’s death.**

Examples: Government and/or Teacher pensions

Insurable Interest

Owners and beneficiaries need to make sense. The owner should usually be the insured, spouse or employer. The beneficiary should have a reasonable relationship with the insured and appropriate financial/emotional loss upon the insured’s death. We need to conduct an underwriting interview on questionable cases.

Family Income

An unemployed spouse may have an amount equal to that in force (or applied for) on the employed spouse up to \$300,000. For amounts over that, the unemployed spouse is usually limited to 50% of the amount in force (applied for) on the employed spouse. Homemakers are okay without an interview at 50% of the amount the working spouse has in force, providing the spouse or children are primary beneficiaries.

Occupations

The occupation in general should be questioned if listed as retired and under age 55, self-employed, independent contractor, consultant or sales with no company name listed and/or unemployed. Full-time professional athletes or entertainers are not acceptable for this product.

Student Coverage

Our general guideline is \$100,000 on High School Students-Trade School Students, \$200,000 for College-University Students and \$300,000 for Post Graduate Students (Masters, Ph.D. Medical School or Law School). We do have exceptions to this guideline.

Military**

Military personnel are evaluated based on what they do not their rank/grade. We do not offer coverage to combat specialists, members of combat teams, hazardous military occupations and recruits or enlisted Grades 1 through 4.

Military risks serving in, or alerted for service in areas of conflict or potential conflict are not acceptable.

****Please interview all military occupations!**

Attachments
Current Build Chart
Quoting Chart
Unacceptable Impairments
Misc. & Pharmacy

<u>Height</u>	<u>Minimum</u>	<u>Maximum Select</u>	<u>Maximum Standard (T1-T2)</u>	<u>Maximum T3-T4</u>	<u>Maximum T5 T8</u>
4’ 9	76	153	176	185	208
4’ 10	79	158	182	191	215
4’ 11	82	163	188	198	223
5’ 0	84	169	195	205	230
5’ 1	87	175	201	212	238
5’ 2	90	180	208	219	246
5’ 3	93	186	215	226	254
5’ 4	96	192	221	233	262
5’ 5	99	198	228	240	270
5’ 6	102	204	235	248	279
5’ 7	105	211	243	255	287
5’ 8	109	217	250	263	296
5’ 9	112	223	257	271	305
5’ 10	115	230	265	279	314
5’ 11	118	237	272	287	323
6’ 0	122	243	280	295	332
6’ 1	125	250	288	303	341
6’ 2	129	257	296	312	351
6’ 3	132	264	304	320	360
6’ 4	136	271	312	329	370
6’ 5	139	278	320	337	380
6’ 6	143	286	329	346	389
6’ 7	146	293	337	355	399
6’ 8	150	300	346	364	410
6’ 9	159	308	355	373	420
6’ 10	163	316	363	383	430
BMI		33	38	40	45

BMI over 45 will be declined.

Using the Hybrid terminology, it reduces to:

<u>Height</u>	<u>Minimum</u>	<u>Maximum Tier 1</u>	<u>Maximum Tier 2</u>	<u>Maximum Tier 3</u>
4’ 8	73	170	179	202
4’ 9	76	176	185	208
4’ 10	79	182	191	215
4’ 11	82	188	198	223
5’ 0	84	195	205	230
5’ 1	87	201	212	238
5’ 2	90	208	219	246
5’ 3	93	215	226	254
5’ 4	96	221	233	262
5’ 5	99	228	240	270
5’ 6	102	235	248	279
5’ 7	105	243	255	287
5’ 8	109	250	263	296
5’ 9	112	257	271	305

5' 10	115	265	279	314
5' 11	118	272	287	323
6' 0	122	280	295	332
6' 1	125	288	303	341
6' 2	129	296	312	351
6' 3	132	304	320	360
6' 4	136	312	329	370
6' 5	139	320	337	380
6' 6	143	329	346	389
6' 7	146	337	355	399
6' 8	150	346	364	410
6' 9	159	355	373	420
6'10	163	363	383	430

AMENDMENT I
TO THE REINSURANCE AGREEMENT

between

FIDELITY LIFE ASSOCIATION
(the "Company")

and

HANNOVER LIFE REASSURANCE COMPANY OF AMERICA
(the "Reinsurer")

This Amendment is to be attached to and made a part of the Automatic Coinsurance Reinsurance Agreement which became effective on January 1, 2012. All provisions of the Reinsurance Agreement not in conflict with the provisions of this Amendment shall remain unchanged.

The Amendment shall add the following:

Exhibit E - Hybrid Term Allowances, for new business issued on or after January 20, 2014 (includes back dated and forward dated policies with issue dates January 20, 2014 and later).

Exhibit F - The use of the Company's updated underwriting guidelines, Hybrid Life Underwriting Guide 08/2013.

In witness of the above, this Amendment is signed in duplicate at the dates and places indicated with an effective date of **January 20, 2014**.

FIDELITY LIFE ASSOCIATION
Chicago, Illinois

By: /s/ James Harkensee
Title: President, COO
Date: 3/12/2014

By: /s/ Daniel Cotter
Title: Vice President GC, Secretary
Date: 3/13/14

HANNOVER LIFE REASSURANCE COMPANY OF AMERICA
Orlando, Florida

By: UNDICIPHERABLE
Title: AVP, Marketing
Date: 3/14/14

By: UNDICIPHERABLE
Title: VP
Date: 3/14/14

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
AMENDMENT I

EXHIBIT E
Hybrid Term Allowances

10 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-10	62.3	59.4	54.9	32.1	7.8
Preferred Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-10	60	57.1	39.2	18.8	4.4
Preferred Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-10	46.4	23.5	12.3	4.4	4.4
Preferred Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-10	14.7	6.7	4.5	4.4	4.4
Preferred Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Preferred Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-10	62.3	54.9	40.3	25.5	18.8
Preferred Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-10	53.2	44.8	23.5	15.5	11.1
Preferred Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-10	26	14.6	4.5	4.4	4.4
Preferred Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-10	4.5	4.5	4.5	4.4	4.4
Preferred non-nicotine	Male	Band 4	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Preferred Non-nicotine	Male	Band 5	11+	5	5	5	5	5

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
AMENDMENT I

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18 -29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Standard Non-nicotine	Female	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-10	64.5	51.5	40.3	15.5	8.9
Standard Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-10	64.5	40.3	23.5	4.4	15.5
Standard Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-10	47.5	21.3	12.3	4.4	8.9
Standard Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-10	23.8	4.5	4.5	4.4	4.4
Standard Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Standard Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-10	61.1	48.2	30.2	15.5	15.5
Standard Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-10	46.4	28	14.6	5.5	5.5
Standard Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-10	23.8	12.3	4.5	4.4	4.4
Standard Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-10	4.5	4.5	4.5	4.4	4.4
Standard Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Standard Non-nicotine	Male	Band 5	11+	5	5	5	5	5

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Preferred Nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Nicotine	Female	Band 1	2-10	71.3	51.5	34.7	16.6	6.6
Preferred Nicotine	Female	Band 1	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Nicotine	Female	Band 2	2-10	62.3	39.2	23.5	10	4.4
Preferred Nicotine	Female	Band 2	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Nicotine	Female	Band 3	2-10	60	31.4	19	16.6	6.6
Preferred Nicotine	Female	Band 3	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Nicotine	Female	Band 4	2-10	35.1	20.2	6.7	4.4	4.4
Preferred Nicotine	Female	Band 4	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Nicotine	Female	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Preferred Nicotine	Female	Band 5	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Nicotine	Male	Band 1	2-10	55.5	44.8	17.9	12.2	8.9
Preferred Nicotine	Male	Band 1	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Nicotine	Male	Band 2	2-10	41.9	24.6	4.5	4.4	4.4
Preferred Nicotine	Male	Band 2	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Nicotine	Male	Band 3	2-10	28.3	14.6	4.5	4.4	4.4
Preferred Nicotine	Male	Band 3	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Nicotine	Male	Band 4	2-10	12.5	4.5	4.5	4.4	4.4
Preferred Nicotine	Male	Band 4	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Nicotine	Male	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Preferred Nicotine	Male	Band 5	11+	5	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100	100
Standard Nicotine	Female	Band 1	2-10	64.5	39.2	29.1	21.1	10
Standard Nicotine	Female	Band 1	11+	5	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100	100
Standard Nicotine	Female	Band 2	2-10	58.9	24.6	19	13.3	10
Standard Nicotine	Female	Band 2	11+	5	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100	100
Standard Nicotine	Female	Band 3	2-10	41.9	16.8	15.7	12.2	10
Standard Nicotine	Female	Band 3	11+	5	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100	100
Standard Nicotine	Female	Band 4	2-10	23.8	4.5	4.5	4.4	4.4
Standard Nicotine	Female	Band 4	11+	5	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100	100
Standard Nicotine	Female	Band 5	2-10	4.5	4.5	4.5	4.4	4.4
Standard Nicotine	Female	Band 5	11+	5	5	5	5	5

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
AMENDMENT I

10 Year Term - MED**Class**

Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine
Standard Nicotine

								1/20/2014
<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>	
Male	Band 1	1	100	100	100	100	100	
Male	Band 1	2-10	46.4	25.8	17.9	7.8	7.8	
Male	Band 1	11+	5	5	5	5	5	
Male	Band 2	1	100	100	100	100	100	
Male	Band 2	2-10	34	14.6	9	4.4	4.4	
Male	Band 2	11+	5	5	5	5	5	
Male	Band 3	1	100	100	100	100	100	
Male	Band 3	2-10	20.4	7.8	7.8	4.4	4.4	
Male	Band 3	11+	5	5	5	5	5	
Male	Band 4	1	100	100	100	100	100	
Male	Band 4	2-10	10.2	4.5	4.5	4.4	4.4	
Male	Band 4	11+	5	5	5	5	5	
Male	Band 5	1	100	100	100	100	100	
Male	Band 5	2-10	4.5	4.5	4.5	4.4	4.4	
Male	Band 5	11+	5	5	5	5	5	

10 Year Term - NMD**Class**

Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine
Tier 1 Non-nicotine

								1/20/2014
<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>	
Female	Band 1	1	100	100	100	100	100	
Female	Band 1	2-10	72	72.8	70.7	64.2	59.1	
Female	Band 1	11+	5	5	5	5	5	
Female	Band 2	1	100	100	100	100	100	
Female	Band 2	2-10	56.4	56.2	57.2	48.7	47.7	
Female	Band 2	11+	5	5	5	5	5	
Female	Band 3	1	100	100	100	100	100	
Female	Band 3	2-10	30.3	31.2	36.4	29	33.2	
Female	Band 3	11+	5	5	5	5	5	
Female	Band 4	1	100	100	100	100	100	
Female	Band 4	2-10	15.7	17.7	29.1	23.8	23.8	
Female	Band 4	11+	5	5	5	5	5	
Female	Band 5	1	100	100	100	100	100	
Female	Band 5	2-10	6.3	6.2	29.1	31.1	31.1	
Female	Band 5	11+	5	5	5	5	5	

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-10	60.6	62.4	59.3	45.6	45.6
Tier 1 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-10	36.5	36.4	38.5	34.2	34.2
Tier 1 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-10	6.3	6.2	13.5	7.3	7.3
Tier 1 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-10	6.3	6.2	6.2	6.2	6.2
Tier 1 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-10	6.3	6.2	6.2	6.2	6.2
Tier 1 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-10	73.1	72.8	68.6	59.1	55.9
Tier 2 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-10	63.7	59.3	58.2	45.6	45.6
Tier 2 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-10	44.9	41.6	43.7	31.1	31.1
Tier 2 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-10	37.6	34.3	38.5	26.9	26.9
Tier 2 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-10	29.2	26	40.6	35.2	34.2
Tier 2 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-10	61.6	61.4	60.3	43.4	40.4
Tier 2 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-10	48	42.6	44.7	34.2	33.2
Tier 2 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-10	25.1	20.8	25	17.6	17.6
Tier 2 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-10	15.7	10.4	18.7	12.4	12.4
Tier 2 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-10	7.3	6.2	8.3	6.2	6.2
Tier 2 Non-nicotine	Male	Band 5	11+	5	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-10	68.9	65.5	62.4	52.8	49.7
Tier 3 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-10	69.9	55.1	54.1	39.4	41.4
Tier 3 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-10	59.5	40.6	43.7	24.9	26.9
Tier 3 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-10	57.4	39.5	39.5	22.8	23.8
Tier 3 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-10	55.3	36.4	46.8	35.2	29
Tier 3 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-10	57.4	53	55.1	35.2	31.1
Tier 3 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-10	55.3	37.4	42.6	29	23.8
Tier 3 Non-nicotine	Male	Bend 2	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-10	37.6	19.8	25	12.4	11.4
Tier 3 Non-nicotine	Male	Bend 3	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-10	34.5	14.6	22.9	7.3	7.3
Tier 3 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-10	32.4	16.6	13.5	6.2	6.2
Tier 3 Non-nicotine	Male	Band 5	11+	5	5	5	5	5

AUTOMATIC COINSURANCE
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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>90-65</u>
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-10	68.9	59.3	54.1	41.4	32.1
Tier 1 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-10	58.5	46.8	46.8	33.2	26.9
Tier 1 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-10	52.2	39.5	42.6	26.9	16.6
Tier 1 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-10	47	35.4	39.5	16.6	12.4
Tier 1 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 1 Nicotine	Famale	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-10	36.5	27	39.5	12.4	9.3
Tier 1 Nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-10	57.4	49.9	43.7	35.2	22.8
Tier 1 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 1 Nicotine	Mete	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-10	43.8	32.2	21.8	6.2	6.2
Tier 1 Nicotine	Mate	Band 2	11+	5	5	5	5	5
Tier 1 Nicotine	Mate	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-10	25.1	11.4	6.2	6.2	6.2
Tier 1 Nicotine	Male	band 3	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-10	18.8	6.2	6.2	6.2	6.2
Tier 1 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-10	21.9	6.2	6.2	6.2	6.2
Tier 1 Nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-10	54.3	43.7	39.5	31.1	18.6
Tier 2 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-10	49.1	38.5	38.4	24.9	20.7
Tier 2 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-10	43.8	34.3	28.1	14.5	9.3
Tier 2 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-10	38.6	27	17.7	10.4	6.2
Tier 2 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Female	Bend 5	2-10	35.5	22.9	14.6	8.3	6.2
Tier 2 Nicotine	Female	Band 5	11+	5	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-10	48	40.6	35.4	23.8	13.5
Tier 2 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-10	41.8	31.2	20.8	6.2	6.2
Tier 2 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-10	28.2	16.6	8.3	6.2	6.2
Tier 2 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-10	20.9	9.4	6.2	6.2	6.2
Tier 2 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-10	14.6	6.2	6.2	6.2	6.2
Tier 2 Nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-10	47	29.1	27	24.9	14.5
Tier 3 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-10	49.1	28.1	25	19.7	11.4
Tier 3 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-10	42.8	30.2	14.6	7.3	6.2
Tier 3 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-10	42.8	20.8	10.4	6.2	6.2
Tier 3 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-10	37.6	18.7	8.3	6.2	6.2
Tier 3 Nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-10	36.5	29.1	26	11.4	6.2
Tier 3 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-10	37.6	15.6	9.4	6.2	6.2
Tier 3 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-10	27.1	6.2	6.2	6.2	6.2
Tier 3 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-10	10.4	6.2	6.2	6.2	6.2
Tier 3 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-10	11.5	6.2	6.2	6.2	6.2
Tier 3 Nicotine	Male	Band 5	11+	5	5	5	5	5

AUTOMATIC COINSURANCE
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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-15	70.4	62.7	50.2	23.6	7.9
Preferred Non-nicotine	Famale	Band 1	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-15	65.8	55.9	36.5	10.1	4.5
Preferred Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-15	62.3	31.9	14.8	4.5	4.5
Preferred Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-15	50.8	14.8	4.6	4.5	4.5
Preferred Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Preferred Non-nicotine	Famale	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Preferred Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-15	71.5	59.3	41	28.2	24.8
Preferred Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-15	64.6	45.6	26.2	18	14.6
Preferred Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-15	41.5	20.5	4.6	4.5	4.5
Preferred Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-15	30	8	4.6	4.5	4.5
Preferred Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Preferred Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-15	71.5	52.4	36.5	13.5	12.4
Standard Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-15	71.5	38.8	20.5	4.5	4.5
Standard Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-15	58.9	22.8	10.3	4.5	4.5
Standard Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-15	51.9	9.1	4.6	4.5	4.5
Standard Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-15	35.8	4.6	4.6	4.5	4.5
Standard Non-nicotine	Female	Band 5	16+	5	5	5	5	5

AUTOMATIC COINSURANCE
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15 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Standard Non-nicotine	Male	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-15	65.8	42.2	33.1	14.6	14.6
Standard Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-15	54.2	25.1	17.1	4.5	4.5
Standard Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-15	38.1	13.7	4.6	4.5	4.5
Standard Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-15	25.4	4.6	4.6	4.5	4.5
Standard Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Standard Non-nicotine	Male	Band 5	16+	5	5	5	5	5

15 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Preferred Nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Nicotine	Female	Band 1	2-15	65.8	53.6	35.3	21.4	4.5
Preferred Nicotine	Female	Band 1	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Nicotine	Female	Band 2	2-15	62.3	46.7	26.2	14.6	13.5
Preferred Nicotine	Female	Band 2	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Nicotine	Female	Band 3	2-15	56.5	30.8	16	12.4	10.1
Preferred Nicotine	Female	Band 3	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Nicotine	Female	Band 4	2-15	53.1	23.9	13.7	10.1	6.8
Preferred Nicotine	Female	Band 4	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Nicotine	Female	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Preferred Nicotine	Female	Band 5	16+	5	5	5	5	5

AUTOMATIC COINSURANCE
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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Preferred Nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Nicotine	Male	Band 1	2-15	66.9	49	28.5	22.5	19.1
Preferred Nicotine	Male	Band 1	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Nicotine	Male	Band 2	2-15	58.9	37.6	18.2	15.8	13.5
Preferred Nicotine	Male	Band 2	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Nicotine	Male	Band 3	2-15	45	23.9	13.7	12.4	12.4
Preferred Nicotine	Male	Band 3	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Nicotine	Male	Band 4	2-15	39.2	18.2	6.8	6.8	6.8
Preferred Nicotine	Male	Band 4	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Nicotine	Male	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Preferred Nicotine	Male	Band 5	16+	5	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100	100
Standard Nicotine	Female	Band 1	2-15	71.5	49	30.8	18	4.5
Standard Nicotine	Female	Band 1	16+	5	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100	100
Standard Nicotine	Female	Band 2	2-15	63.5	35.3	22.8	10.1	6.8
Standard Nicotine	Female	Band 2	16+	5	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100	100
Standard Nicotine	Female	Band 3	2-15	49.6	20.5	19.4	18	14.6
Standard Nicotine	Female	Band 3	16+	5	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100	100
Standard Nicotine	Female	Band 4	2.15	45	14.8	14.8	14.6	14.6
Standard Nicotine	Female	Band 4	16+	5	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100	100
Standard Nicotine	Female	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Standard Nicotine	Female	Band 5	16+	5	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100	100
Standard Nicotine	Male	Band 1	2-15	58.9	37.6	25.1	19.1	18
Standard Nicotine	Male	Band 1	16+	5	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100	100
Standard Nicotine	Male	Band 2	2-15	49.6	28.5	18.2	12.4	12.4
Standard Nicotine	Male	Band 2	16+	5	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100	100
Standard Nicotine	Male	Band 3	2-15	36.9	6.8	14.8	14.6	14.6
Standard Nicotine	Male	Band 3	16+	5	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100	100
Standard Nicotine	Male	Band 4	2-15	32.3	6.8	6.8	6.8	6.8
Standard Nicotine	Male	Band 4	16+	5	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100	100
Standard Nicotine	Male	Band 5	2-15	4.6	4.6	4.6	4.5	4.5
Standard Nicotine	Male	Band 5	16+	5	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-15	73.1	69.7	62.4	47.7	43.5
Tier 1 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-15	62.6	60.3	58.2	46.6	46.6
Tier 1 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-15	43.8	34.3	39.5	30	30
Tier 1 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-15	33.4	22.9	31.2	25.9	25.9
Tier 1 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Bend 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-15	25.1	25	40.6	40.4	40.4
Tier 1 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-15	62.6	59.3	54.1	48.7	48.7
Tier 1 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-15	43.8	43.7	45.8	46.6	46.6
Tier 1 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-15	17.7	12.5	17.7	26.9	26.9
Tier 1 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-15	6.3	6.2	11.4	23.8	23.8
Tier 1 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-15	6.3	6.2	14.6	22.8	22.68
Tier 1 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-15	71	63.4	57.2	44.5	42.5
Tier 2 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-15	63.7	59.3	57.2	45.6	45.6
Tier 2 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-15	55.3	45.8	45.8	31.1	31.1
Tier 2 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-15	49.1	37.4	38.5	28	28
Tier 2 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-15	45.9	42.6	52	46.6	42.5
Tier 2 Non-nicotine	Female	Band 5	16+	5	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-15	60.6	55.1	52	43.5	43.5
Tier 2 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-15	49.1	44.7	47.8	43.5	43.5
Tier 2 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-15	36.5	28.1	32.2	31.1	31.1
Tier 2 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-15	27.1	18.7	23.9	26.9	26.9
Tier 2 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-15	20.9	20.8	30.2	22.8	22.8
Tier 2 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-15	63.7	48.9	45.8	34.2	36.3
Tier 3 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-15	63.7	53	53	39.4	42.5
Tier 3 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-15	62.6	43.7	43.7	25.9	28
Tier 3 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-15	62.6	38.5	36.4	22.8	23.8
Tier 3 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-15	61.6	51	55.1	45.6	39.4
Tier 3 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-15	51.2	40.6	41.6	35.2	38.3
Tier 3 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-15	47	38.5	44.7	38.3	39.4
Tier 3 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-15	42.8	27	31.2	26.9	28
Tier 3 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-15	37.6	20.8	23.9	23.8	24.9
Tier 3 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-15	35.5	31.2	33.3	19.7	20.7
Tier 3 Non-nicotine	Male	Band 5	16+	5	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-15	66.8	56.2	44.7	26.9	6.2
Tier 1 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-15	59.5	49.9	42.6	23.8	22.8
Tier 1 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-15	51.2	37.4	38.5	26.9	23.8
Tier 1 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-15	50.1	37.4	43.7	35.2	22.8
Tier 1 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-15	44.9	31.2	41.6	32.1	31.1
Tier 1 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-15	59.5	45.8	37.4	33.2	33.2
Tier 1 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-15	52.2	34.3	37.4	26.9	26.9
Tier 1 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-15	35.5	16.6	27	15.5	15.5
Tier 1 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-15	29.2	12.5	19.8	14.5	14.5
Tier 1 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	00	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-15	25.1	9.4	17.7	7.3	7.3
Tier 1 Nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-15	60.6	45.8	35.4	18.6	6.2
Tier 2 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-15	54.3	44.7	33.3	13.5	13.5
Tier 2 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-15	45.9	35.4	35.4	24.9	19.7
Tier 2 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-15	43.8	38.5	38.5	33.2	17.6
Tier 1 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-15	41.8	36.4	36.4	24.9	23.8
Tier 2 Nicotine	Female	Band 5	16+	5	5	5	5	5

AUTOMATIC COINSURANCE
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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-15	49.1	38.5	29.1	22.8	20.7
Tier 2 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-15	45.9	37.4	27	17.6	8.3
Tier 2 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-15	33.4	17.7	17.7	6.2	6.2
Tier 2 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-15	29.2	14.6	14.6	6.2	6.2
Tier 2 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-15	28.2	13.5	13.5	6.2	6.2
Tier 2 Nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-15	50.1	34.3	23.9	7.3	6.2
Tier 3 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-15	51.2	36.4	26	6.2	6.2
Tier 3 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-15	48	31.2	28.1	17.6	8.3
Tier 3 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-15	49.1	35.4	34.3	26.9	6.2
Tier 3 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-15	51.2	36.4	34.3	20.7	13.5
Tier 3 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-15	41.8	27	20.8	13.5	8.3
Tier 3 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-15	43.8	31.2	20.8	6.2	6.2
Tier 3 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-15	34.5	16.6	15.6	6.2	6.2
Tier 3 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-15	31.3	11.4	13.5	6.2	6.2
Tier 3 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-15	31.3	12.5	11.4	6.2	6.2
Tier 3 Nicotine	Male	Band 5	16+	5	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-20	76.5	63.8	41.3	17.2
Preferred Non-nicotine	Female	Band 1	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-20	71.4	47.5	17.5	6.1
Preferred Non-nicotine	Female	Band 2	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-20	54.8	21.3	6.3	6.1
Preferred Non-nicotine	Female	Band 3	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-20	16.6	5	5	4.9
Preferred Non-nicotine	Female	Band 4	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-20	5.1	5	5	4.9
Preferred Non-nicotine	Female	Band 5	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-20	77.8	63.8	32.5	15.9
Preferred Non-nicotine	Male	Band 1	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-20	58.7	32.5	8.8	4.9
Preferred Non-nicotine	Male	Band 2	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-20	29.3	8.8	5	4.9
Preferred Non-nicotine	Male	Band 3	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-20	5.1	5	5	4.9
Preferred Non-nicotine	Male	Band 4	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-20	5.1	5	5	4.9
Preferred Non-nicotine	Male	Band 5	21+	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-20	72.7	51.3	21.3	7.4
Standard Non-nicotine	Female	Band 1	21+	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-20	54.8	26.3	5	4.9
Standard Non-nicotine	Female	Band 2	21+	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-20	28.1	7.5	5	4.9
Standard Non-nicotine	Female	Band 3	21+	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-20	14	5	5	4.9
Standard Non-nicotine	Female	Band 4	21+	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-20	5.1	5	5	4.9
Standard Non-nicotine	Female	Band 5	21+	5	5	5	5

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20 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40 -49</u>	<u>50-60</u>
Standard Non-nicotine	Male	Band 1	1	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-20	65	38.8	18.8	11
Standard Non-nicotine	Male	Band 1	21+	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-20	42.1	11.3	5	4.9
Standard Non-nicotine	Male	Band 2	21+	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-20	16.6	5	5	4.9
Standard Non-nicotine	Male	Band 3	21+	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-20	5.1	5	5	4.9
Standard Non-nicotine	Male	Band 4	21+	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-20	5.1	5	5	4.9
Standard Non-nicotine	Male	Band 5	21+	5	5	5	5

20 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Preferred Nicotine	Female	Band 1	1	100	100	100	100
Preferred Nicotine	Female	Band 1	2-20	77.8	60	37.5	28.2
Preferred Nicotine	Female	Band 1	21+	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100
Preferred Nicotine	Female	Band 2	2-20	65	41.3	31.3	14.7
Preferred Nicotine	Female	Band 2	21+	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100
Preferred Nicotine	Female	Band 3	2-20	57.4	33.8	13.8	9.8
Preferred Nicotine	Female	Band 3	21+	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100
Preferred Nicotine	Female	Band 4	2-20	33.2	16.3	5	4.9
Preferred Nicotine	Female	Band 4	21+	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100
Preferred Nicotine	Female	Band 5	2-20	5-1	5	5	4.9
Preferred Nicotine	Female	Band 5	21+	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Preferred Nicotine	Male	Band 1	1	100	100	100	100
Preferred Nicotine	Male	Band 1	2-20	71.4	52.5	21.3	18.4
Preferred Nicotine	Male	Band 1	21+	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100
Preferred Nicotine	Male	Band 2	2-20	54.8	32.5	7.5	7.4
Preferred Nicotine	Male	Band 2	21+	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100
Preferred Nicotine	Male	Band 3	2-20	47.2	16.3	5	4.9
Preferred Nicotine	Male	Band 3	21+	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100
Preferred Nicotine	Male	Band 4	2-20	29.3	8.8	5	4.9
Preferred Nicotine	Male	Band 4	21+	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100
Preferred Nicotine	Male	Band 5	2-20	5.1	5	5	4.9
Preferred Nicotine	Male	Band 5	21+	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100
Standard Nicotine	Female	Band 1	2-20	68.9	41.3	26.3	13.5
Standard Nicotine	Female	Band 1	21+	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100
Standard Nicotine	Female	Band 2	2-20	58.7	27.5	16.3	8.6
Standard Nicotine	Female	Band 2	21+	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100
Standard Nicotine	Female	Band 3	2-20	42.1	13.8	5	4.9
Standard Nicotine	Female	Band 3	21+	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100
Standard Nicotine	Female	Band 4	2-20	16.6	5	5	4.9
Standard Nicotine	Female	Band 4	21+	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100
Standard Nicotine	Female	Band 5	2-20	5.1	5	5	4.9
Standard Nicotine	Female	Band 5	21+	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100
Standard Nicotine	Male	Band 1	2-20	58.7	22.5	20	14.7
Standard Nicotine	Male	Band 1	21+	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100
Standard Nicotine	Male	Band 2	2-20	53.6	5	5	4.9
Standard Nicotine	Male	Band 2	21+	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100
Standard Nicotine	Male	Band 3	2-20	29.3	5	5	4.9
Standard Nicotine	Male	Band 3	21+	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100
Standard Nicotine	Male	Band 4	2-20	5.1	5	5	4.9
Standard Nicotine	Male	Band 4	21+	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100
Standard Nicotine	Male	Band 5	2-20	5.1	5	5	4.9
Standard Nicotine	Male	Band 5	21+	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-20	75.4	69.6	56.7	42.5
Tier 1 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-20	66.8	64.2	57.8	46.8
Tier 1 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-20	50.6	42.8	39.6	34
Tier 1 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-20	40.9	32.1	33.2	25.5
Tier 1 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-20	35.5	35.3	43.9	42.5
Tier 1 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-20	66.8	59.9	48.2	29.8
Tier 1 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-20	50.6	46	44.9	35.1
Tier 1 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-20	30.2	17.1	25.7	25.5
Tier 1 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-20	20.5	6.4	20.3	23.4
Tier 1 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-20	16.2	8.6	32.1	29.8
Tier 1 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-20	73.2	64.2	50.3	39.3
Tier 2 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-20	67.9	64.2	55.6	44.6
Tier 2 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-20	57.1	48.2	40.7	29.8
Tier 2 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-20	52.8	41.7	37.5	27.6
Tier 2 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-20	51.7	49.2	50.3	45.7
Tier 2 Non-nicotine	Female	Band 5	21+	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-20	62.5	52.4	46	30.8
Tier 2 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-20	52.8	47.1	46	36.1
Tier 2 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-20	40.9	30	30	29.8
Tier 2 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-20	35.5	18.2	26.8	26.6
Tier 2 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-20	35.5	27.8	40.7	37.2
Tier 2 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-20	64.6	52.4	38.5	30.8
Tier 3 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-20	67.9	58.9	49.2	40.4
Tier 3 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-20	63.5	43.9	37.5	25.5
Tier 3 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-20	61.4	42.8	36.4	24.4
Tier 3 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-20	64.6	54.6	51.4	44.6
Tier 3 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-20	50.6	37.5	36.4	25.5
Tier 3 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-20	49.5	41.7	42.8	31.9
Tier 3 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-20	45.2	27.8	27.8	30.8
Tier 3 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-20	43.1	18.2	26.8	28.7
Tier 3 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-20	50.6	35.3	44.9	37.2
Tier 3 Non-nicotine	Male	Band 5	21+	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-20	67.9	51.4	38.5	24.4
Tier 1 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-20	63.5	51.4	44.9	30.8
Tier 1 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-20	54.9	43.9	43.9	31.9
Tier 1 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-20	54.9	46	46	38.3
Tier 1 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-20	52.8	40.7	43.9	35.1
Tier 1 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-20	58.2	43.9	25.7	25.5
Tier 1 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-20	52.8	39.6	34.2	33
Tier 1 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-20	40.9	17.1	27.8	25.5
Tier 1 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-20	37.7	12.8	25.7	24.4
Tier 1 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-20	34.5	13.9	31	22.3
Tier 1 Nicotine	Male	Band 5	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-20	57.1	38.5	30	12.8
Tier 2 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-20	56	41.7	37.5	17
Tier 2 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-20	46.3	39.6	34.2	20.2
Tier 2 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-20	45.2	40.7	40.7	27.6
Tier 2 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-20	45.2	39.6	39.6	24.4
Tier 2 Nicotine	Female	Band 5	21+	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-60</u>
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-20	49.5	26.8	26.8	15.9
Tier 2 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-20	48.5	30	27.8	20.2
Tier 2 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-20	36.6	19.3	19.3	14.9
Tier 2 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-20	33.4	18.2	15	13.8
Tier 2 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-20	31.2	20.3	18.2	10.6
Tier 2 Nicotine	Male	Band 5	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-20	47.4	26.8	24.8	6.4
Tier 3 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-20	50.6	27.8	22.5	10.6
Tier 3 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-20	47.4	28.9	21.4	11.7
Tier 3 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-20	49.5	27.8	22.5	13.8
Tier 3 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-20	49.5	27.8	22.5	12.8
Tier 3 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-20	38.8	13.9	17.1	11.7
Tier 3 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-20	47.4	15	15	9.6
Tier 3 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-20	30.2	17.1	13.9	6.4
Tier 3 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-20	26.9	15	11.8	6.4
Tier 3 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-20	24.8	16.1	15	6.4
Tier 3 Nicotine	Male	Band 5	21+	5	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Preferred Non-nicotine	Female	Band 1	1	100	100	100
Preferred Non-nicotine	Female	Band 1	2-30	81.1	57.2	32.5
Preferred Non-nicotine	Female	Band 1	31+	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100
Preferred Non-nicotine	Female	Band 2	2-30	74.5	41.6	14.3
Preferred Non-nicotine	Female	Band 2	31+	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100
Preferred Non-nicotine	Female	Band 3	2-30	59.9	16.9	5.2
Preferred Non-nicotine	Female	Band 3	31+	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100
Preferred Non-nicotine	Female	Band 4	2-30	12	5.2	5.2
Preferred Non-nicotine	Female	Band 4	31+	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100
Preferred Non-nicotine	Female	Band 5	2-30	5.3	5.2	5.2
Preferred Non-nicotine	Female	Band 5	31+	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100
Preferred Non-nicotine	Male	Band 1	2-30	78.5	57.2	32.5
Preferred Non-nicotine	Male	Band 1	31+	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100
Preferred Non-nicotine	Male	Band 2	2-30	75.8	41.6	14.3
Preferred Non-nicotine	Male	Band 2	31+	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100
Preferred Non-nicotine	Male	Band 3	2-30	54.5	5.2	5.2
Preferred Non-nicotine	Male	Band 3	31+	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100
Preferred Non-nicotine	Male	Band 4	2-30	12	5.2	5.2
Preferred Non-nicotine	Male	Band 4	31+	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100
Preferred Non-nicotine	Male	Band 5	2-30	5.3	5.2	5.2
Preferred Non-nicotine	Male	Band 5	31+	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100
Standard Non-nicotine	Female	Band 1	2-30	78.5	42.9	24.7
Standard Non-nicotine	Female	Band 1	31+	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100
Standard Non-nicotine	Female	Band 2	2-30	73.2	22.1	14.3
Standard Non-nicotine	Female	Band 2	31+	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100
Standard Non-nicotine	Female	Band 3	2-30	57.2	5.2	5.2
Standard Non-nicotine	Female	Band 3	31+	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100
Standard Non-nicotine	Female	Band 4	2-30	12	5.2	5.2
Standard Non-nicotine	Female	Band 4	31+	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100
Standard Non-nicotine	Female	Band 5	2-30	5.3	5.2	5.2
Standard Non-nicotine	Female	Band 5	31+	5	5	5

AUTOMATIC COINSURANCE
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30 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Standard Non-nicotine	Male	Band 1	1	100	100	100
Standard Non-nicotine	Male	Band 1	2-30	71.8	37.7	24.7
Standard Non-nicotine	Male	Band 1	31+	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100
Standard Non-nicotine	Male	Band 2	2-30	62.5	19.5	14.3
Standard Non-nicotine	Male	Band 2	31+	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100
Standard Non-nicotine	Male	Band 3	2-30	49.2	5.2	5.2
Standard Non-nicotine	Male	Band 3	31+	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100
Standard Non-nicotine	Male	Band 4	2-30	12	5.2	5.2
Standard Non-nicotine	Male	Band 4	31+	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100
Standard Non-nicotine	Male	Band 5	2-30	5.3	5.2	5.2
Standard Non-nicotine	Male	Band 5	31+	5	5	5

30 Year Term - MED

1/20/2014

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Preferred Nicotine	Female	Band 1	1	100	100	100
Preferred Nicotine	Female	Band 1	2-30	82.5	52	32.5
Preferred Nicotine	Female	Band 1	31+	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100
Preferred Nicotine	Female	Band 2	2-30	78.5	42.9	31.2
Preferred Nicotine	Female	Band 2	31+	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100
Preferred Nicotine	Female	Band 3	2-30	70.5	36.4	28.6
Preferred Nicotine	Female	Band 3	31+	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100
Preferred Nicotine	Female	Band 4	2-30	27.9	23.4	20.8
Preferred Nicotine	Female	Band 4	31+	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100
Preferred Nicotine	Female	Band 5	2-30	17.3	5.2	5.2
Preferred Nicotine	Female	Band 5	31+	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100
Preferred Nicotine	Male	Band 1	2-30	74.5	49.4	29.9
Preferred Nicotine	Male	Band 1	31+	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100
Preferred Nicotine	Male	Band 2	2-30	69.2	42.9	28.6
Preferred Nicotine	Male	Band 2	31+	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100
Preferred Nicotine	Male	Band 3	2-30	65.2	32.5	27.3
Preferred Nicotine	Male	Band 3	31+	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100
Preferred Nicotine	Male	Band 4	2-30	27.9	16.9	14.3
Preferred Nicotine	Male	Band 4	31+	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100
Preferred Nicotine	Male	Band 5	2-30	17.3	5.2	5.2

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Standard Nicotine	Female	Band 1	1	100	100	100
Standard Nicotine	Female	Band 1	2-30	78.5	44.2	29.9
Standard Nicotine	Female	Band 1	31+	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100
Standard Nicotine	Female	Band 2	2-30	70.5	32.5	28.6
Standard Nicotine	Female	Band 2	31+	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100
Standard Nicotine	Female	Band 3	2-30	65.2	27.3	24.7
Standard Nicotine	Female	Band 3	31+	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100
Standard Nicotine	Female	Band 4	2-30	27.9	18.2	15.6
Standard Nicotine	Female	Band 4	31+	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100
Standard Nicotine	Female	Band 5	2-30	17.3	5.2	5.2
Standard Nicotine	Female	Band 5	31+	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100
Standard Nicotine	Male	Band 1	2-30	67.8	27.3	20.8
Standard Nicotine	Male	Band 1	31+	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100
Standard Nicotine	Male	Band 2	2-30	62.5	24.7	22.1
Standard Nicotine	Male	Band 2	31+	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100
Standard Nicotine	Male	Band 3	2-30	59.9	19.5	15.6
Standard Nicotine	Male	Band 3	31+	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100
Standard Nicotine	Male	Band 4	2-30	27.9	11.7	7.8
Standard Nicotine	Male	Band 4	31+	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100
Standard Nicotine	Male	Band 5	2-30	12	5.2	5.2
Standard Nicotine	Male	Band 5	31+	5	5	5

AUTOMATIC COINSURANCE
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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-30	76.5	63.1	49.2
Tier 1 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-30	71.1	59.9	52.4
Tier 1 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-30	56	50.3	50.3
Tier 1 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-30	54.9	50.3	52.4
Tier 1 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-30	48.5	42.8	49.2
Tier 1 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-30	71.1	57.8	48.2
Tier 1 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-30	59.2	48.2	44.9
Tier 1 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-30	44.2	33.2	38.5
Tier 1 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-30	38.8	26.8	41.7
Tier 1 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-30	38.8	26.8	34.2
Tier 1 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-30	72.2	56.7	50.3
Tier 2 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-30	68.9	58.9	56.7
Tier 2 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-30	63.5	55.6	52.4
Tier 2 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-30	64.6	58.9	56.7
Tier 2 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-30	62.5	54.6	54.6
Tier 2 Non-nicotine	Female	Band 5	31+	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-30	64.6	51.4	48.2
Tier 2 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-30	58.2	46	46
Tier 2 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-30	53.9	46	41.7
Tier 2 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-30	50.6	41.7	47.1
Tier 2 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-30	53.9	42.8	42.8
Tier 2 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-30	63.5	47.1	46
Tier 3 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-30	66.8	54.6	55.6
Tier 3 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-30	65.7	55.6	52.4
Tier 3 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-30	70	59.9	57.8
Tier 3 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-30	70	58.9	56.7
Tier 3 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-30	58.2	41.7	46
Tier 3 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-30	54.9	42.8	46
Tier 3 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-30	57.1	47.1	44.9
Tier 3 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-30	56	46	50.3
Tier 3 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-30	62.5	49.2	47.1
Tier 3 Non-nicotine	Male	Band 5	31+	5	5	5

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<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Tier 1 Nicotine	Female	Band 1	1	100	100	100
Tier 1 Nicotine	Female	Band 1	2-30	66.8	50.3	39.6
Tier 1 Nicotine	Female	Band 1	31+	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100
Tier 1 Nicotine	Female	Band 2	2-30	57.1	38.5	38.5
Tier 1 Nicotine	Female	Band 2	31+	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100
Tier 1 Nicotine	Female	Band 3	2-30	52.8	36.4	35.3
Tier 1 Nicotine	Female	Band 3	31 +	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100
Tier 1 Nicotine	Female	Band 4	2-30	50.6	34.2	34.2
Tier 1 Nicotine	Female	Band 4	31+	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100
Tier 1 Nicotine	Female	Band 5	2-30	50.6	32.1	31
Tier 1 Nicotine	Female	Band 5	31+	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100
Tier 1 Nicotine	Male	Band 1	2-30	57.1	31	30
Tier 1 Nicotine	Male	Band 1	31+	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100
Tier 1 Nicotine	Male	Band 2	2-30	49.5	32.1	31
Tier 1 Nicotine	Male	Band 2	31+	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100
Tier 1 Nicotine	Male	Band 3	2-30	39.8	21.4	19.3
Tier 1 Nicotine	Male	Band 3	31+	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100
Tier 1 Nicotine	Male	Band 4	2-30	35.5	16.1	12.8
Tier 1 Nicotine	Male	Band 4	31+	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100
Tier 1 Nicotine	Male	Band 5	2-30	23.7	15	12.8
Tier 1 Nicotine	Male	Band 5	31+	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100
Tier 2 Nicotine	Female	Band 1	2-30	62.5	47.1	37.5
Tier 2 Nicotine	Female	Band 1	31+	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100
Tier 2 Nicotine	Female	Band 2	2-30	57.1	37.5	32.1
Tier 2 Nicotine	Female	Band 2	31+	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100
Tier 2 Nicotine	Female	Band 3	2-30	53.9	33.2	30
Tier 2 Nicotine	Female	Band 3	31+	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100
Tier 2 Nicotine	Female	Band 4	2-30	51.7	33.2	30
Tier 2 Nicotine	Female	Band 4	31+	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100
Tier 2 Nicotine	Female	Band 5	2-30	51.7	35.3	32.1
Tier 2 Nicotine	Female	Band 5	31+	5	5	5

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
AMENDMENT I

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-50</u>
Tier 2 Nicotine	Male	Band 1	1	100	100	100
Tier 2 Nicotine	Male	Band 1	2-30	53.9	36.4	30
Tier 2 Nicotine	Male	Band 1	31+	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100
Tier 2 Nicotine	Male	Band 2	2-30	50.6	32.1	23.5
Tar 2 Nicotine	Male	Band 2	31+	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100
Tier 2 Nicotine	Male	Band 3	2-30	39.8	23.5	18.2
Tier 2 Nicotine	Male	Band 3	31+	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100
Tier 2 Nicotine	Male	Band 4	2-30	37.7	21.4	15
Tier 2 Nicotine	Male	Band 4	31+	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100
Tier 2 Nicotine	Male	Band 5	2-30	18.3	6.4	6.4
Tier 2 Nicotine	Male	Band 5	31+	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100
Tier 3 Nicotine	Female	Band 1	2-30	54.9	40.7	37.5
Tier 3 Nicotine	Female	Band 1	31+	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100
Tier 3 Nicotine	Female	Band 2	2-30	52.8	33.2	31
Tier 3 Nicotine	Female	Band 2	31+	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100
Tier 3 Nicotine	Female	Band 3	2-30	51.7	32.1	30
Tier 3 Nicotine	Female	Band 3	31+	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100
Tier 3 Nicotine	Female	Band 4	2-30	50.6	31	28.9
Tier 3 Nicotine	Female	Band 4	31+	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100
Tier 3 Nicotine	Female	Band 5	2-30	52.8	34.2	32.1
Tier 3 Nicotine	Female	Band 5	31+	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100
Tier 3 Nicotine	Male	Band 1	2-30	45.2	33.2	28.9
Tier 3 Nicotine	Male	Band 1	31+	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100
Tier 3 Nicotine	Male	Band 2	2-30	46.3	28.9	21.4
Tier 3 Nicotine	Male	Band 2	31+	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100
Tier 3 Nicotine	Male	Band 3	2-30	37.7	21.4	17.1
Tier 3 Nicotine	Male	Band 3	31+	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100
Tier 3 Nicotine	Male	Band 4	2-30	35.5	20.3	15
Tier 3 Nicotine	Male	Band 4	31+	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100
Tier 3 Nicotine	Male	Band 5	2-30	17.2	6.4	6.4
Tier 3 Nicotine	Male	Band 5	31+	5	5	5

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
AMENDMENT I

EXHIBIT F
UNDERWRITING GUIDELINES

The Company and the Reinsurer agree that Initial Nonmedical underwriting shall be in accordance with Company's current underwriting guidelines, the Hybrid Life Underwriting Guide, 08/2013, using the Reinsurer's MERICA systems for obtaining and interpreting third party data. For Medically-underwritten policies, full underwriting shall take place in accordance with the Company's current underwriting guidelines.

AUTOMATIC COINSURANCE
HA-FKLA-07/HA3351
AMENDMENT I

AMENDMENT II
TO THE REINSURANCE AGREEMENT

between

FIDELITY LIFE ASSOCIATION
(the “Company”)

and

HANNOVER LIFE REASSURANCE COMPANY OF AMERICA
(the “Reinsurer”)

This Amendment is to be attached to and made a part of the Automatic Coinsurance Reinsurance Agreement which became effective on January 1, 2012. All provisions of the Reinsurance Agreement not in conflict with the provisions of this Amendment shall remain unchanged.

This Amendment shall add the following:

Exhibit E - Hybrid Term Allowances, for new business issued on or after January 1, 2015 (includes back dated and forward dated policies with issue dates January 1, 2015 and later).

In witness of the above, this Amendment is signed in duplicate at the dates and places indicated with an effective date of **January 1, 2015**.

Hannover Life Reassurance Company of America
Orlando, Florida

10/27/15
Date
UNDICIPHERABLE
By
UNDICIPHERABLE
Print Name
AVP, Marketing
Title
/s/ Suzanne Downey
By
Suzanne Downey
Print Name
VP
Title

Fidelity Life Association
Chicago, Illinois

10/19/2015
Date
/s/ James Harkensee
By
James Harkensee
Print Name
President + COO
Title
/s/ Gregory J Roemelt
By
Gregory J Roemelt
Print Name
Chief Actuary
Title

EXHIBIT E

Hybrid Term Allowances**10 Year Term - MED**

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-10	66	63.4	59.3	37.5	12.8
Preferred Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-10	63.9	61.3	45.1	24.2	9.4
Preferred Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-10	51.6	31	20.9	9.8	9.4
Preferred Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-10	20.1	12.1	9.9	9.8	9.4
Preferred Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Preferred Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-10	66	Illegible	46.1	30.9	23.7
Preferred Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-10	57.8	50.2	31	21	16.1
Preferred Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-10	33.2	22.9	13.8	9.8	9.4
Preferred Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-10	Illegible	Illegible	Illegible	9.8	9.4
Preferred Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Preferred Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-10	68	56.2	46.1	21	13.8
Standard Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-10	68	46.1	31	9.8	20.5
Standard Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-10	52.6	29	20.9	9.8	13.8
Standard Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-10	29.2	9.9	9.9	9.8	9.4
Standard Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Standard Non-nicotine	Female	Band 5	11+	5	5	5	5	5

10 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Standard Non-nicotine	Male	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-10	64.9	53.3	37	21	20.5
Standard Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-10	51.6	35	22.9	11	10.5
Standard Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-10	31.2	20.9	13.8	9.8	9.4
Standard Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-10	9.9	9.9	9.9	9.8	9.4
Standard Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Standard Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Nicotine	Female	Band 1	2-10	74.1	56.2	41.1	22	11.6
Preferred Nicotine	Female	Band 1	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Nicotine	Female	Band 2	2-10	66	45.1	31	15.5	9.4
Preferred Nicotine	Female	Band 2	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Nicotine	Female	Band 3	2-10	63.9	38.1	Illegible	22	11.6
Preferred Nicotine	Female	Band 3	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Nicotine	Female	Band 4	2-10	40.5	25.6	12.1	9.8	9.4
Preferred Nicotine	Female	Band 4	11+	5	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Nicotine	Female	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Preferred Nicotine	Female	Band 5	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Nicotine	Male	Band 1	2-10	59.8	50.2	25.9	17.6	13.8
Preferred Nicotine	Male	Band 1	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Nicotine	Male	Band 2	2-10	47.6	32	13.8	9.8	9.4
Preferred Nicotine	Male	Band 2	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Nicotine	Male	Band 3	2-10	35.3	22.9	13.8	9.8	9.4
Preferred Nicotine	Male	Band 3	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Nicotine	Male	Band 4	2-10	17.9	9.9	9.9	9.8	9.4
Preferred Nicotine	Male	Band 4	11+	5	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Nicotine	Male	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Preferred Nicotine	Male	Band 5	11+	5	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100	100
Standard Nicotine	Female	Band 1	2-10	68	45.1	36	26.6	15
Standard Nicotine	Female	Band 1	11+	5	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100	100
Standard Nicotine	Female	Band 2	2-10	62.9	32	26.9	18.8	15
Standard Nicotine	Female	Band 2	11+	5	5	5	5	5

10 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Standard Nicotine	Female	Band 3	1	100	100	100	100	100
Standard Nicotine	Female	Band 3	2-10	47.6	24.9	23.9	17.6	15
Standard Nicotine	Female	Band 3	11+	5	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100	100
Standard Nicotine	Female	Band 4	2-10	29.2	9.9	9.9	9.8	9.4
Standard Nicotine	Female	Band 4	11+	5	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100	100
Standard Nicotine	Female	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Standard Nicotine	Female	Band 5	11+	5	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100	100
Standard Nicotine	Male	Band 1	2-10	51.6	33	25.9	13.3	12.8
Standard Nicotine	Male	Band 1	11+	5	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100	100
Standard Nicotine	Male	Band 2	2-10	40.4	22.9	17.9	9.8	9.4
Standard Nicotine	Male	Band 2	11+	5	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100	100
Standard Nicotine	Male	Band 3	2-10	28.2	16.8	16.8	9.8	9.4
Standard Nicotine	Male	Band 3	11+	5	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100	100
Standard Nicotine	Male	Band 4	2-10	15.6	9.9	9.9	9.8	9.4
Standard Nicotine	Male	Band 4	11+	5	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100	100
Standard Nicotine	Male	Band 5	2-10	9.5	9.5	9.5	9.4	9.4
Standard Nicotine	Male	Band 5	11+	5	5	5	5	5

10 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-10	80.05	72.45	76.25	70.5	65
Tier 1 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-10	80.05	72.45	65.8	61.5	58
Tier 1 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-10	80.05	47.75	49.65	48.5	50
Tier 1 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-10	76.5	39.5	46.5	45.5	49
Tier 1 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-10	55	7	48	52	58
Tier 1 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-10	78.15	76.25	63.9	49.5	51
Tier 1 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-10	78.15	55.35	44.9	46.5	53
Tier 1 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-10	16.4	6.9	17.35	20.5	41
Tier 1 Non-nicotine	Male	Band 3	11+	5	5	5	5	5

10 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-10	2.5	2.5	10.5	18.5	40
Tier 1 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-10	2	2	2	19	40
Tier 1 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-10	72.45	74.35	64.85	56.5	61
Tier 2 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-10	73.4	64.85	57.25	48.5	61
Tier 2 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-10	64.85	56.3	50.6	40.5	54
Tier 2 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-10	62.5	54.5	47.5	38.5	54
Tier 2 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-10	58	52	50	45	54
Tier 2 Non-nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-10	52.5	52.5	49.65	35.5	45
Tier 2 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-10	54.4	40.15	39.2	35.5	48
Tier 2 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-10	43	30.65	25.9	24.5	42
Tier 2 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-10	39.5	26.5	22.5	20.5	40
Tier 2 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-10	34	27	18	17	39
Tier 2 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-10	81.95	81.95	69.6	61.5	66
Tier 3 Non-nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-10	71.5	71.5	62.95	54.5	67
Tier 3 Non-nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-10	62	62	56.3	47.5	60
Tier 3 Non-nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-10	61.5	61.5	54.5	46.5	59
Tier 3 Non-nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-10	61	61	59	53	60
Tier 3 Non-nicotine	Female	Band 5	11+	5	5	5	5	5

10 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-10	81.95	71.5	62.95	42.5	51
Tier 3 Non-nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-10	81.95	63.9	55.35	47.5	55
Tier 3 Non-nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-10	81.95	54.4	43	36.5	49
Tier 3 Non-nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-10	77.5	52.5	41.5	32.5	47
Tier 3 Non-nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-10	77	60	38	29	47
Tier 3 Non-nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-10	71.5	70.55	60.1	51.5	48
Tier 1 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-10	71.5	63.9	58.2	53.5	52
Tier 1 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-10	71.5	63.9	61.05	53.5	49
Tier 1 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-10	70.5	62.5	60.5	45.5	47
Tier 1 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-10	70	53	56	38	41
Tier 1 Nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-10	74.35	62	44.9	41.5	30
Tier 1 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-10	67.7	54.4	23.05	13.5	17
Tier 1 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-10	53.45	38.25	9.75	2.5	11
Tier 1 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-10	51.5	35.5	8.5	2.5	11
Tier 1 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-10	45	30	10	2	14
Tier 1 Nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-10	64.85	60.1	53.45	48.5	48
Tier 2 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-10	63.9	56.3	53.45	51.5	55
Tier 2 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-10	61.05	57.25	58.2	42.5	49
Tier 2 Nicotine	Female	Band 3	11+	5	5	5	5	5

10 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-10	59.5	53.5	58.5	41.5	45
Tier 2 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-10	55	50	53	31	36
Tier 2 Nicotine	Female	Band 5	11+	Illegible	5	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-10	53.45	44.9	38.25	31.5	28
Tier 2 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-10	51.55	43	23.05	4.5	16
Tier 2 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-10	45.85	31.6	18.3	2.5	12
Tier 2 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-10	43.5	29.5	12.5	2.5	12
Tier 2 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-10	41	23	12	2	11
Tier 2 Nicotine	Male	Band 5	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-10	78.15	56.3	51.55	50.8	49
Tier 3 Nicotine	Female	Band 1	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-10	80.05	55.35	54.4	54.5	57
Tier 3 Nicotine	Female	Band 2	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-10	77.2	57.25	61.05	44.5	51
Tier 3 Nicotine	Female	Band 3	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-10	77.5	53.5	61.5	44.5	46
Tier 3 Nicotine	Female	Band 4	11+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-10	69	49	56	33	37
Tier 3 Nicotine	Female	Band 5	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-10	64.85	46.8	42.05	34.5	29
Tier 3 Nicotine	Male	Band 1	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-10	63.9	46.8	24.95	5.5	17
Tier 3 Nicotine	Male	Band 2	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-10	52.5	29.7	20.2	2.5	13
Tier 3 Nicotine	Male	Band 3	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-10	52.5	28.5	13.5	2.5	13
Tier 3 Nicotine	Male	Band 4	11+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-10	45	18	13	2	12
Tier 3 Nicotine	Male	Band 5	11+	5	5	5	5	5

15 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-15	73.3	66.3	55.1	29	12.9
Preferred Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-15	69.1	60.2	42.7	15.5	9.5
Preferred Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-15	66	38.5	23.1	9.9	9.5
Preferred Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-15	56.1	20.2	10	9.9	9.5
Preferred Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-15	9.6	9.6	9.6	9.5	9.5
Preferred Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-15	74.3	63.3	46.8	33.6	29.7
Preferred Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-15	68.1	50.9	33.4	23.4	19.5
Preferred Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-15	47.2	28.3	13.9	9.9	9.5
Preferred Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-15	35.4	13.5	10	9.9	9.5
Preferred Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-15	9.6	9.6	9.6	9.5	9.5
Preferred Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-15	74.3	57	42.7	19	17.4
Standard Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-15	74.3	44.8	28.3	9.9	9.5
Standard Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-15	62.9	30.3	19	9.9	9.5
Standard Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-15	57.3	14.6	10	9.9	9.5
Standard Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-15	40.7	9.6	9.6	9.5	9.5
Standard Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-15	69.1	47.8	39.8	20	19.5
Standard Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-15	58.7	32.4	25.2	9.9	9.5
Standard Non-nicotine	Male	Band 2	16+	5	5	5	5	5

15 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Standard Non-nicotine	Male	Band 3	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-15	44.1	22.1	13.9	9.9	9.5
Standard Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-15	30.8	10	10	9.9	9.5
Standard Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-15	9.6	9.6	9.6	9.5	9.5
Standard Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100	100	100
Preferred Nicotine	Female	Band 1	2-15	69.1	58.1	41.6	26.9	9.5
Preferred Nicotine	Female	Band 1	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100	100
Preferred Nicotine	Female	Band 2	2-15	66	51.9	33.4	20	18.5
Preferred Nicotine	Female	Band 2	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100	100
Preferred Nicotine	Female	Band 3	2-15	60.7	37.5	24.2	17.8	15.1
Preferred Nicotine	Female	Band 3	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100	100	100
Preferred Nicotine	Female	Band 4	2-15	58.5	29.3	19.2	15.5	11.7
Preferred Nicotine	Female	Band 4	16+	5	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100	100
Preferred Nicotine	Female	Band 5	2-15	9.6	9.6	9.6	9.5	9.5
Preferred Nicotine	Female	Band 5	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100	100
Preferred Nicotine	Male	Band 1	2-15	70.1	54	35.5	27.9	24.1
Preferred Nicotine	Male	Band 1	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100	100
Preferred Nicotine	Male	Band 2	2-15	62.9	43.7	26.2	21.2	18.5
Preferred Nicotine	Male	Band 2	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100	100
Preferred Nicotine	Male	Band 3	2-15	50.4	31.3	22.1	17.8	17.4
Preferred Nicotine	Male	Band 3	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100	100
Preferred Nicotine	Male	Band 4	2-15	44.6	23.6	12.2	12.2	11.7
Preferred Nicotine	Male	Band 4	16+	5	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100	100
Preferred Nicotine	Male	Band 5	2-15	9.6	9.6	9.6	9.5	9.5
Preferred Nicotine	Male	Band 5	16+	5	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100	100
Standard Nicotine	Female	Band 1	2-15	74.3	54	37.5	23.4	9.5
Standard Nicotine	Female	Band 1	16+	5	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100	100
Standard Nicotine	Female	Band 2	2-15	67.1	41.6	30.3	15.5	11.7
Standard Nicotine	Female	Band 2	16+	5	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100	100
Standard Nicotine	Female	Band 3	2-15	54.5	28.3	27.3	23.4	19.5
Standard Nicotine	Female	Band 3	16+	5	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100	100
Standard Nicotine	Female	Band 4	2-15	50.4	20.2	20.2	20	19.5
Standard Nicotine	Female	Band 4	16+	5	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100	100
Standard Nicotine	Female	Band 5	2-15	9.6	9.8	9.6	9.5	9.5
Standard Nicotine	Female	Band 5	16+	5	5	5	5	5

15 Year Term - MED

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Standard Nicotine	Male	Band 1	1	100	100	100	100	100
Standard Nicotine	Male	Band 1	2-15	62.9	43.7	32.4	24.6	23
Standard Nicotine	Male	Band 1	16+	5	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100	100
Standard Nicotine	Male	Band 2	2-15	54.5	36.6	26.2	17.8	17.4
Standard Nicotine	Male	Band 2	16+	5	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100	100
Standard Nicotine	Male	Band 3	2-15	43.1	15.9	23.1	20	19.5
Standard Nicotine	Male	Band 3	16+	5	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100	100
Standard Nicotine	Male	Band 4	2-15	37.7	12.2	12.2	12.2	11.7
Standard Nicotine	Male	Band 4	16+	5	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100	100
Standard Nicotine	Male	Band 5	2-15	9.6	9.6	9.6	9.5	9.5
Standard Nicotine	Male	Band 5	16+	5	5	5	5	5

15 Year Term - NMD

<u>Class</u>	<u>Gender</u>	<u>Band</u>	<u>Duration</u>	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-65</u>
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-15	78.15	78.15	64.85	51.5	51
Tier 1 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-15	78.15	69.6	60.1	52.5	58
Tier 1 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-15	78.15	39.2	43	42.5	48
Tier 1 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-15	75.6	29.5	36.5	38.5	47
Tier 1 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-15	62	36	55	56	52
Tier 1 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-15	80.06	67.7	52.5	51.5	57
Tier 1 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-15	64.85	48.7	46.8	55.5	58
Tier 1 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-15	6.9	6.9	11.65	38.5	52
Tier 1 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-15	2.5	2.5	7.5	37.5	50
Tier 1 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-15	2	2	23	38	51
Tier 1 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-15	75.3	66.8	53.45	41.5	51
Tier 2 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-15	71.5	61.05	52.5	46.5	65
Tier 2 Non-nicotine	Female	Band 2	16+	5	5	5	5	5

15 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-15	71.5	53.45	45.85	39.5	58
Tier 2 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-15	69.5	49.5	40.5	37.5	58
Tier 2 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-15	65	56	56	56	61
Tier 2 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-15	60.1	48.7	39.2	37.5	58
Tier 2 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-15	56.3	42.05	39.2	43.5	59
Tier 2 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-15	54.4	35.4	27.8	35.5	55
Tier 2 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-15	50.5	30.5	21.5	32.5	55
Tier 2 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-15	45	35	31	31	56
Tier 2 Non-nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-15	71.5	71.5	57.25	46.5	53
Tier 3 Non-nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-15	70.55	70.55	60.1	53.5	68
Tier 3 Non-nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-15	59.15	59.15	51.55	45.5	62
Tier 3 Non-nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-15	53.5	53.5	45.5	42.5	61
Tier 3 Non-nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-15	66	66	64	61	64
Tier 3 Non-nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-15	78.15	62	50.6	46.5	62
Tier 3 Non-nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-15	77.2	61.05	55.35	54.5	64
Tier 3 Non-nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-15	80.05	50.6	42.05	46.5	61
Tier 3 Non-nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-15	78.5	45.5	36.5	43.5	60
Tier 3 Non-nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-15	71	61	48	41	61
Tier 3 Non-nicotine	Male	Band 5	16+	5	5	5	5	5

15 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-15	81.95	72.45	55.35	41.5	23
Tier 1 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-15	81.95	66.75	51.55	42.5	45
Tier 1 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-15	77.2	57.25	50.6	49.5	50
Tier 1 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-15	79.5	58.5	57.5	56.5	49
Tier 1 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-15	68	49	52	51	54
Tier 1 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-15	78.15	62.95	43	40.5	44
Tier 1 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-15	72.45	54.4	40.15	36.5	41
Tier 1 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-15	59.15	39.2	29.7	26.5	33
Tier 1 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-15	53.5	34.5	21.5	24.5	33
Tier 1 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-15	38	32	22	21	28
Tier 1 Nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-15	75.3	62	44.9	31.5	25
Tier 2 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-15	70.55	57.25	43	33.5	46
Tier 2 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-15	65.8	50.6	47.75	47.5	54
Tier 2 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-15	67.5	53.5	53.5	54.5	53
Tier 2 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-15	60	50	49	45	55
Tier 2 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-15	61.05	45.85	32.55	28.5	35
Tier 2 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-15	56.3	42.05	31.6	25.5	33
Tier 2 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-15	48.7	27.8	25.9	17.5	30
Tier 2 Nicotine	Male	Band 3	16+	5	5	5	5	5

15 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-59	60-65
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-15	45.5	23.5	24.5	16.5	29
Tier 2 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-15	41	23	25	13	30
Tier 2 Nicotine	Male	Band 5	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-15	76.25	53.45	36.35	26.5	21
Tier 3 Nicotine	Female	Band 1	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-15	73.4	51.55	38.25	32.5	46
Tier 3 Nicotine	Female	Band 2	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-15	68.65	45.85	46.8	48.5	54
Tier 3 Nicotine	Female	Band 3	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-15	72.5	51.5	54.5	55.5	54
Tier 3 Nicotine	Female	Band 4	16+	5	5	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-15	64	48	50	47	55
Tier 3 Nicotine	Female	Band 5	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-15	62.95	40.15	28.75	28.5	35
Tier 3 Nicotine	Male	Band 1	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-15	60.1	40.15	31.6	26.5	33
Tier 3 Nicotine	Male	Band 2	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-15	48.7	20.2	26.85	19.5	31
Tier 3 Nicotine	Male	Band 3	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-15	47.5	17.5	26.5	18.5	30
Tier 3 Nicotine	Male	Band 4	16+	5	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-15	39	18	28	15	31
Tier 3 Nicotine	Male	Band 5	16+	5	5	5	5	5

20 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Preferred Non-nicotine	Female	Band 1	1	100	100	100	100
Preferred Non-nicotine	Female	Band 1	2-20	78.8	67.3	47	22.7
Preferred Non-nicotine	Female	Band 1	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100	100
Preferred Non-nicotine	Female	Band 2	2-20	74.2	52.6	25.5	11.6
Preferred Non-nicotine	Female	Band 2	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100	100
Preferred Non-nicotine	Female	Band 3	2-20	59.2	29	15.4	11.6
Preferred Non-nicotine	Female	Band 3	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100	100
Preferred Non-nicotine	Female	Band 4	2-20	22	10.5	10.5	10.3
Preferred Non-nicotine	Female	Band 4	21+	5	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100	100
Preferred Non-nicotine	Female	Band 5	2-20	10.1	10	10	9.8
Preferred Non-nicotine	Female	Band 5	21+	5	5	5	5

20 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Preferred Non-nicotine	Male	Band 1	1	100	100	100	100
Preferred Non-nicotine	Male	Band 1	2-20	80	67.3	39.1	21.3
Preferred Non-nicotine	Male	Band 1	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100	100
Preferred Non-nicotine	Male	Band 2	2-20	62.7	39.1	17.7	10.3
Preferred Non-nicotine	Male	Band 2	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100	100
Preferred Non-nicotine	Male	Band 3	2-20	36.2	17.7	14.3	10.3
Preferred Non-nicotine	Male	Band 3	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100	100
Preferred Non-nicotine	Male	Band 4	2-20	10.6	10.5	10.5	10.3
Preferred Non-nicotine	Male	Band 4	21+	5	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100	100
Preferred Non-nicotine	Male	Band 5	2-20	10.1	10	10	9.8
Preferred Non-nicotine	Male	Band 5	21+	5	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100	100
Standard Non-nicotine	Female	Band 1	2-20	75.4	56	29	12.9
Standard Non-nicotine	Female	Band 1	21+	5	5	5	5
Standard Non-nicotine	Female	Band 2	1	100	100	100	100
Standard Non-nicotine	Female	Band 2	2-20	59.2	33.5	14.3	10.3
Standard Non-nicotine	Female	Band 2	21+	5	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100	100
Standard Non-nicotine	Female	Band 3	2-20	35.1	16.5	14.3	10.3
Standard Non-nicotine	Female	Band 3	21+	5	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100	100
Standard Non-nicotine	Female	Band 4	2-20	19.4	10.5	10.5	10.3
Standard Non-nicotine	Female	Band 4	21+	5	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100	100
Standard Non-nicotine	Female	Band 5	2-20	10.1	10	10	9.8
Standard Non-nicotine	Female	Band 5	21+	5	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100	100
Standard Non-nicotine	Male	Band 1	2-20	68.4	44.8	26.7	16.5
Standard Non-nicotine	Male	Band 1	21+	5	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100	100
Standard Non-nicotine	Male	Band 2	2-20	47.7	19.9	14.3	10.3
Standard Non-nicotine	Male	Band 2	21+	5	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100	100
Standard Non-nicotine	Male	Band 3	2-20	24.7	14.3	14.3	10.3
Standard Non-nicotine	Male	Band 3	21+	5	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100	100
Standard Non-nicotine	Male	Band 4	2-20	10.6	10.5	10.5	10.3
Standard Non-nicotine	Male	Band 4	21+	5	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100	100
Standard Non-nicotine	Male	Band 5	2-20	10.1	10	10	9.8
Standard Non-nicotine	Male	Band 5	21+	5	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100	100
Preferred Nicotine	Female	Band 1	2-20	80	63.9	43.6	33.6
Preferred Nicotine	Female	Band 1	21+	5	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100	100
Preferred Nicotine	Female	Band 2	2-20	68.4	47	38	20.1
Preferred Nicotine	Female	Band 2	21+	5	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100	100
Preferred Nicotine	Female	Band 3	2-20	61.6	40.3	22.2	15.3
Preferred Nicotine	Female	Band 3	21+	5	5	5	5

20 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Preferred Nicotine	Female	Band 4	1	100	100	100	100
Preferred Nicotine	Female	Band 4	2-20	38.6	21.7	10.5	10.3
Preferred Nicotine	Female	Band 4	21+	5	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100	100
Preferred Nicotine	Female	Band 5	2-20	10.1	10	10	9.8
Preferred Nicotine	Female	Band 5	21+	5	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100	100
Preferred Nicotine	Male	Band 1	2-20	74.2	57.1	29	23.8
Preferred Nicotine	Male	Band 1	21+	5	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100	100
Preferred Nicotine	Male	Band 2	2-20	59.2	39.1	16.5	12.9
Preferred Nicotine	Male	Band 2	21+	5	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100	100
Preferred Nicotine	Male	Band 3	2-20	52.3	24.5	14.3	10.3
Preferred Nicotine	Male	Band 3	21+	5	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100	100
Preferred Nicotine	Male	Band 4	2-20	34.7	14.2	10.5	10.3
Preferred Nicotine	Male	Band 4	21+	5	5	5	5
Preferred Nicotine	Male	Band 5	1	100	100	100	100
Preferred Nicotine	Male	Band 5	2-20	10.1	10	10	9.8
Preferred Nicotine	Male	Band 5	21+	5	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100	100
Standard Nicotine	Female	Band 1	2-20	71.9	47	33.5	19
Standard Nicotine	Female	Band 1	21+	5	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100	100
Standard Nicotine	Female	Band 2	2-20	62.7	34.6	24.5	14
Standard Nicotine	Female	Band 2	21+	5	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100	100
Standard Nicotine	Female	Band 3	2-20	47.7	22.2	14.3	10.3
Standard Nicotine	Female	Band 3	21+	5	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100	100
Standard Nicotine	Female	Band 4	2-20	22	10.5	10.5	10.3
Standard Nicotine	Female	Band 4	21+	5	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100	100
Standard Nicotine	Female	Band 5	2-20	10.1	10	10	9.8
Standard Nicotine	Female	Band 5	21+	5	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100	100
Standard Nicotine	Male	Band 1	2-20	62.7	30.1	27.8	20.1
Standard Nicotine	Male	Band 1	21+	5	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100	100
Standard Nicotine	Male	Band 2	2-20	58.1	14.3	14.3	10.3
Standard Nicotine	Male	Band 2	21+	5	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100	100
Standard Nicotine	Male	Band 3	2-20	36.2	14.3	14.3	10.3
Standard Nicotine	Male	Band 3	21+	5	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100	100
Standard Nicotine	Male	Band 4	2-20	10.6	10.5	10.5	10.3
Standard Nicotine	Male	Band 4	21+	5	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100	100
Standard Nicotine	Male	Band 5	2-20	10.1	10	10	9.8
Standard Nicotine	Male	Band 5	21+	5	5	5	5

20 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-20	73.4	75.3	57.25	45.5
Tier 1 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-20	73.4	68.65	52.5	48.5
Tier 1 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-20	73.4	44.9	36.35	41.5
Tier 1 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-20	70.5	34.5	32.5	34.5
Tier 1 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-20	68	44	48	51
Tier 1 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-20	78.15	63.9	43.95	32.5
Tier 1 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-20	66.75	48.7	38.25	37.5
Tier 1 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-20	47.75	9.75	17.35	33.5
Tier 1 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-20	39.5	2.5	15.5	30.5
Tier 1 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-20	30	8	40	42
Tier 1 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-20	72.45	64.85	45.85	37.5
Tier 2 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-20	69.6	62	44.9	44.5
Tier 2 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-20	65.8	50.6	36.35	35.5
Tier 2 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-20	63.5	47.5	35.5	34.5
Tier 2 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-20	64	54	47	51
Tier 2 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-20	58.2	44.9	32.55	27.5
Tier 2 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-20	54.4	40.15	33.5	35.5
Tier 2 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-20	52.5	32.55	23.05	37.5
Tier 2 Non-nicotine	Male	Band 3	21+	5	5	5	5

20 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-20	49.5	26.5	20.5	34.5
Tier 2 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-20	50	33	38	43
Tier 2 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-20	81.95	68.65	46.8	39.5
Tier 3 Non-nicotine	Female	Band 1	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-20	81.95	68.65	50.6	49.5
Tier 3 Non-nicotine	Female	Band 2	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-20	81.95	51.55	39.2	40.5
Tier 3 Non-nicotine	Female	Band 3	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-20	80.5	48.5	37.5	38.5
Tier 3 Non-nicotine	Female	Band 4	21+	5	5	5	5
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-20	80	61	54	56
Tier 3 Non-nicotine	Female	Band 5	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-20	74.35	54.4	40.15	31.5
Tier 3 Non-nicotine	Male	Band 1	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-20	73.4	58.35	46.8	44.5
Tier 3 Non-nicotine	Male	Band 2	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-20	74.35	40.15	32.55	46.5
Tier 3 Non-nicotine	Male	Band 3	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-20	72.5	32.5	31.5	43.5
Tier 3 Non-nicotine	Male	Band 4	21+	5	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-20	74	52	54	52
Tier 3 Non-nicotine	Male	Band 5	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100	100
Tier 1 Nicotine	Female	Band 1	2-20	81.95	65.8	46.8	36.5
Tier 1 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100	100
Tier 1 Nicotine	Female	Band 2	2-20	80.05	62	46.8	43.5
Tier 1 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100	100
Tier 1 Nicotine	Female	Band 3	2-20	73.4	55.35	49.65	48.5
Tier 1 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100	100
Tier 1 Nicotine	Female	Band 4	2-20	75.5	58.5	52.5	53.5
Tier 1 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100	100
Tier 1 Nicotine	Female	Band 5	2-20	67	51	48	49
Tier 1 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100	100
Tier 1 Nicotine	Male	Band 1	2-20	72.45	56.3	27.8	35.5
Tier 1 Nicotine	Male	Band 1	21+	5	5	5	5

20 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Tier 1 Nicotine	Male	Band 2	1	100	100	100	100
Tier 1 Nicotine	Male	Band 2	2-20	67.7	52.5	29.7	38.5
Tier 1 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100	100
Tier 1 Nicotine	Male	Band 3	2-20	55.35	28.75	22.1	31.5
Tier 1 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100	100
Tier 1 Nicotine	Male	Band 4	2-20	52.5	23.5	20.5	30.5
Tier 1 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100	100
Tier 1 Nicotine	Male	Band 5	2-20	39	24	29	30
Tier 1 Nicotine	Male	Band 5	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100	100
Tier 2 Nicotine	Female	Band 1	2-20	70.55	54.4	38.25	24.5
Tier 2 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100	100
Tier 2 Nicotine	Female	Band 2	2-20	69.6	51.55	43	35.5
Tier 2 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 3	1	100	100	100	100
Tier 2 Nicotine	Female	Band 3	2-20	62	48.7	43	41.5
Tier 2 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100	100
Tier 2 Nicotine	Female	Band 4	2-20	63.5	53.5	49.5	46.5
Tier 2 Nicotine	Female	Band 4	21+	5	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100	100
Tier 2 Nicotine	Female	Band 5	2-20	56	47	46	42
Tier 2 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100	100
Tier 2 Nicotine	Male	Band 1	2-20	58.2	34.45	27.8	21.5
Tier 2 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100	100
Tier 2 Nicotine	Male	Band 2	2-20	58.2	31.6	33.5	25.5
Tier 2 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100	100
Tier 2 Nicotine	Male	Band 3	2-20	44.9	19.25	23.05	22.5
Tier 2 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100	100
Tier 2 Nicotine	Male	Band 4	2-20	41.5	15.5	22.5	22.5
Tier 2 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100	100
Tier 2 Nicotine	Male	Band 5	2-20	35	17	26	22
Tier 2 Nicotine	Male	Band 5	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100	100
Tier 3 Nicotine	Female	Band 1	2-20	67.7	43	30.65	19.5
Tier 3 Nicotine	Female	Band 1	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100	100
Tier 3 Nicotine	Female	Band 2	2-20	69.6	44.9	40.15	34.5
Tier 3 Nicotine	Female	Band 2	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100	100
Tier 3 Nicotine	Female	Band 3	2-20	62	44.9	42.05	42.5
Tier 3 Nicotine	Female	Band 3	21+	5	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100	100
Tier 3 Nicotine	Female	Band 4	2-20	66.5	51.5	50.5	47.5
Tier 3 Nicotine	Female	Band 4	21+	5	5	5	5

20 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-49	50-60
Tier 3 Nicotine	Female	Band 5	1	100	100	100	100
Tier 3 Nicotine	Female	Band 5	2-20	58	46	47	43
Tier 3 Nicotine	Female	Band 5	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100	100
Tier 3 Nicotine	Male	Band 1	2-20	55.35	21.15	23.05	20.5
Tier 3 Nicotine	Male	Band 1	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100	100
Tier 3 Nicotine	Male	Band 2	2-20	61.05	24.95	33.5	26.5
Tier 3 Nicotine	Male	Band 2	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100	100
Tier 3 Nicotine	Male	Band 3	2-20	41.1	10.7	24	25.5
Tier 3 Nicotine	Male	Band 3	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100	100
Tier 3 Nicotine	Male	Band 4	2-20	38.5	8.5	24.5	24.5
Tier 3 Nicotine	Male	Band 4	21+	5	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100	100
Tier 3 Nicotine	Male	Band 5	2-20	30	12	29	25
Tier 3 Nicotine	Male	Band 5	21+	5	5	5	5

30 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-50
Preferred Non-nicotine	Female	Band 1	1	100	100	100
Preferred Non-nicotine	Female	Band 1	2-30	82.9	61.4	39.1
Preferred Non-nicotine	Female	Band 1	31+	5	5	5
Preferred Non-nicotine	Female	Band 2	1	100	100	100
Preferred Non-nicotine	Female	Band 2	2-30	77	47.3	22.7
Preferred Non-nicotine	Female	Band 2	31+	5	5	5
Preferred Non-nicotine	Female	Band 3	1	100	100	100
Preferred Non-nicotine	Female	Band 3	2-30	63.8	25	14.4
Preferred Non-nicotine	Female	Band 3	31+	5	5	5
Preferred Non-nicotine	Female	Band 4	1	100	100	100
Preferred Non-nicotine	Female	Band 4	2-30	17.4	10.7	10.7
Preferred Non-nicotine	Female	Band 4	31+	5	5	5
Preferred Non-nicotine	Female	Band 5	1	100	100	100
Preferred Non-nicotine	Female	Band 5	2-30	10.3	10.2	10.2
Preferred Non-nicotine	Female	Band 5	31+	5	5	5
Preferred Non-nicotine	Male	Band 1	1	100	100	100
Preferred Non-nicotine	Male	Band 1	2-30	80.6	61.4	39.1
Preferred Non-nicotine	Male	Band 1	31+	5	5	5
Preferred Non-nicotine	Male	Band 2	1	100	100	100
Preferred Non-nicotine	Male	Band 2	2-30	78.2	47.3	22.7
Preferred Non-nicotine	Male	Band 2	31+	5	5	5
Preferred Non-nicotine	Male	Band 3	1	100	100	100
Preferred Non-nicotine	Male	Band 3	2-30	58.9	14.4	14.4
Preferred Non-nicotine	Male	Band 3	31+	5	5	5
Preferred Non-nicotine	Male	Band 4	1	100	100	100
Preferred Non-nicotine	Male	Band 4	2-30	17.4	10.7	10.7
Preferred Non-nicotine	Male	Band 4	31+	5	5	5
Preferred Non-nicotine	Male	Band 5	1	100	100	100
Preferred Non-nicotine	Male	Band 5	2-30	10.3	10.2	10.2
Preferred Non-nicotine	Male	Band 5	31+	5	5	5
Standard Non-nicotine	Female	Band 1	1	100	100	100
Standard Non-nicotine	Female	Band 1	2-30	80.6	48.5	32
Standard Non-nicotine	Female	Band 1	31+	5	5	5

30 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-50
Standard Non-nicotine	Female	Band 2	1	100	100	100
Standard Non-nicotine	Female	Band 2	2-30	75.8	29.7	22.7
Standard Non-nicotine	Female	Band 2	31+	5	5	5
Standard Non-nicotine	Female	Band 3	1	100	100	100
Standard Non-nicotine	Female	Band 3	2-30	61.4	14.4	14.4
Standard Non-nicotine	Female	Band 3	31+	5	5	5
Standard Non-nicotine	Female	Band 4	1	100	100	100
Standard Non-nicotine	Female	Band 4	2-30	17.4	10.7	10.7
Standard Non-nicotine	Female	Band 4	31+	5	5	5
Standard Non-nicotine	Female	Band 5	1	100	100	100
Standard Non-nicotine	Female	Band 5	2-30	10.3	10.2	10.2
Standard Non-nicotine	Female	Band 5	31+	5	5	5
Standard Non-nicotine	Male	Band 1	1	100	100	100
Standard Non-nicotine	Male	Band 1	2-30	74.5	43.8	32
Standard Non-nicotine	Male	Band 1	31+	5	5	5
Standard Non-nicotine	Male	Band 2	1	100	100	100
Standard Non-nicotine	Male	Band 2	2-30	66.2	27.3	22.7
Standard Non-nicotine	Male	Band 2	31+	5	5	5
Standard Non-nicotine	Male	Band 3	1	100	100	100
Standard Non-nicotine	Male	Band 3	2-30	54.2	14.4	14.4
Standard Non-nicotine	Male	Band 3	31+	5	5	5
Standard Non-nicotine	Male	Band 4	1	100	100	100
Standard Non-nicotine	Male	Band 4	2-30	17.4	10.7	10.7
Standard Non-nicotine	Male	Band 4	31+	5	5	5
Standard Non-nicotine	Male	Band 5	1	100	100	100
Standard Non-nicotine	Male	Band 5	2-30	10.3	10.2	10.2
Standard Non-nicotine	Male	Band 5	31+	5	5	5
Preferred Nicotine	Female	Band 1	1	100	100	100
Preferred Nicotine	Female	Band 1	2-30	84.2	56.7	39.1
Preferred Nicotine	Female	Band 1	31+	5	5	5
Preferred Nicotine	Female	Band 2	1	100	100	100
Preferred Nicotine	Female	Band 2	2-30	80.6	48.5	37.9
Preferred Nicotine	Female	Band 2	31+	5	5	5
Preferred Nicotine	Female	Band 3	1	100	100	100
Preferred Nicotine	Female	Band 3	2-30	73.4	42.6	35.6
Preferred Nicotine	Female	Band 3	31+	5	5	5
Preferred Nicotine	Female	Band 4	1	100	100	100
Preferred Nicotine	Female	Band 4	2-30	33.3	28.8	26.2
Preferred Nicotine	Female	Band 4	31+	5	5	5
Preferred Nicotine	Female	Band 5	1	100	100	100
Preferred Nicotine	Female	Band 5	2-30	22.3	10.2	10.2
Preferred Nicotine	Female	Band 5	31+	5	5	5
Preferred Nicotine	Male	Band 1	1	100	100	100
Preferred Nicotine	Male	Band 1	2-30	77	54.3	36.7
Preferred Nicotine	Male	Band 1	31+	5	5	5
Preferred Nicotine	Male	Band 2	1	100	100	100
Preferred Nicotine	Male	Band 2	2-30	72.2	48.5	35.6
Preferred Nicotine	Male	Band 2	31+	5	5	5
Preferred Nicotine	Male	Band 3	1	100	100	100
Preferred Nicotine	Male	Band 3	2-30	68.6	39.1	34.4
Preferred Nicotine	Male	Band 3	31+	5	5	5
Preferred Nicotine	Male	Band 4	1	100	100	100
Preferred Nicotine	Male	Band 4	2-30	33.3	22.3	19.7
Preferred Nicotine	Male	Band 4	31+	5	5	5

30 Year Term - MED

Class	Gender	Band	Duration	18-29	30-39	40-50
Preferred Nicotine	Male	Band 5	1	100	100	100
Preferred Nicotine	Male	Band 5	2-30	22.3	10.2	10.2
Preferred Nicotine	Male	Band 5	31+	5	5	5
Standard Nicotine	Female	Band 1	1	100	100	100
Standard Nicotine	Female	Band 1	2-30	80.6	49.6	36.7
Standard Nicotine	Female	Band 1	31+	5	5	5
Standard Nicotine	Female	Band 2	1	100	100	100
Standard Nicotine	Female	Band 2	2-30	73.4	39.1	35.6
Standard Nicotine	Female	Band 2	31+	5	5	5
Standard Nicotine	Female	Band 3	1	100	100	100
Standard Nicotine	Female	Band 3	2-30	68.6	34.4	32
Standard Nicotine	Female	Band 3	31+	5	5	5
Standard Nicotine	Female	Band 4	1	100	100	100
Standard Nicotine	Female	Band 4	2-30	33.3	23.6	21.1
Standard Nicotine	Female	Band 4	31+	5	5	5
Standard Nicotine	Female	Band 5	1	100	100	100
Standard Nicotine	Female	Band 5	2-30	22.3	10.2	10.2
Standard Nicotine	Female	Band 5	31+	5	5	5
Standard Nicotine	Male	Band 1	1	100	100	100
Standard Nicotine	Male	Band 1	2-30	70.9	34.4	28.5
Standard Nicotine	Male	Band 1	31+	5	5	5
Standard Nicotine	Male	Band 2	1	100	100	100
Standard Nicotine	Male	Band 2	2-30	66.2	32	29.7
Standard Nicotine	Male	Band 2	31+	5	5	5
Standard Nicotine	Male	Band 3	1	100	100	100
Standard Nicotine	Male	Band 3	2-30	63.8	27.3	23.8
Standard Nicotine	Male	Band 3	31+	5	5	5
Standard Nicotine	Male	Band 4	1	100	100	100
Standard Nicotine	Male	Band 4	2-30	33.3	17.2	13.3
Standard Nicotine	Male	Band 4	31+	5	5	5
Standard Nicotine	Male	Band 5	1	100	100	100
Standard Nicotine	Male	Band 5	2-30	17	10.2	10.2
Standard Nicotine	Male	Band 5	31+	5	5	5

30 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-50
Tier 1 Non-nicotine	Female	Band 1	1	100	100	100
Tier 1 Non-nicotine	Female	Band 1	2-30	78.15	66.75	52.5
Tier 1 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 2	1	100	100	100
Tier 1 Non-nicotine	Female	Band 2	2-30	78.15	55.35	45.85
Tier 1 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 3	1	100	100	100
Tier 1 Non-nicotine	Female	Band 3	2-30	67.7	45.85	45.85
Tier 1 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 4	1	100	100	100
Tier 1 Non-nicotine	Female	Band 4	2-30	69.5	49.5	50.5
Tier 1 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 1 Non-nicotine	Female	Band 5	1	100	100	100
Tier 1 Non-nicotine	Female	Band 5	2-30	64	41	47
Tier 1 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 1	1	100	100	100
Tier 1 Non-nicotine	Male	Band 1	2-30	78.15	60.1	48.7
Tier 1 Non-nicotine	Male	Band 1	31+	5	5	5

30 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-50
Tier 1 Non-nicotine	Male	Band 2	1	100	100	100
Tier 1 Non-nicotine	Male	Band 2	2-30	68.65	43.95	39.2
Tier 1 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 3	1	100	100	100
Tier 1 Non-nicotine	Male	Band 3	2-30	56.3	25.9	34.45
Tier 1 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 4	1	100	100	100
Tier 1 Non-nicotine	Male	Band 4	2-30	52.5	21.5	41.5
Tier 1 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 1 Non-nicotine	Male	Band 5	1	100	100	100
Tier 1 Non-nicotine	Male	Band 5	2-30	51	25	34
Tier 1 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 1	1	100	100	100
Tier 2 Non-nicotine	Female	Band 1	2-30	70.55	58.2	49.65
Tier 2 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 2	1	100	100	100
Tier 2 Non-nicotine	Female	Band 2	2-30	65.8	53.45	48.7
Tier 2 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 3	1	100	100	100
Tier 2 Non-nicotine	Female	Band 3	2-30	64.85	51.55	46.8
Tier 2 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 4	1	100	100	100
Tier 2 Non-nicotine	Female	Band 4	2-30	65.5	54.5	51.5
Tier 2 Non-nicotine	Female	Band 4	31+	5	5	5
Tier 2 Non-nicotine	Female	Band 5	1	100	100	100
Tier 2 Non-nicotine	Female	Band 5	2-30	63	52	50
Tier 2 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 1	1	100	100	100
Tier 2 Non-nicotine	Male	Band 1	2-30	58.2	43	39.2
Tier 2 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 2	1	100	100	100
Tier 2 Non-nicotine	Male	Band 2	2-30	53.45	36.35	34.45
Tier 2 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 3	1	100	100	100
Tier 2 Non-nicotine	Male	Band 3	2-30	53.45	37.3	35.4
Tier 2 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 4	1	100	100	100
Tier 2 Non-nicotine	Male	Band 4	2-30	51.5	34.5	39.5
Tier 2 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 2 Non-nicotine	Male	Band 5	1	100	100	100
Tier 2 Non-nicotine	Male	Band 5	2-30	52	37	37
Tier 2 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 1	1	100	100	100
Tier 3 Non-nicotine	Female	Band 1	2-30	79.1	58.2	50.55
Tier 3 Non-nicotine	Female	Band 1	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 2	1	100	100	100
Tier 3 Non-nicotine	Female	Band 2	2-30	76.25	54.4	51.55
Tier 3 Non-nicotine	Female	Band 2	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 3	1	100	100	100
Tier 3 Non-nicotine	Female	Band 3	2-30	75.3	53.45	50.6
Tier 3 Non-nicotine	Female	Band 3	31+	5	5	5
Tier 3 Non-nicotine	Female	Band 4	1	100	100	100
Tier 3 Non-nicotine	Female	Band 4	2-30	78.5	59.5	57.5
Tier 3 Non-nicotine	Female	Band 4	31+	5	5	5

30 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-50
Tier 3 Non-nicotine	Female	Band 5	1	100	100	100
Tier 3 Non-nicotine	Female	Band 5	2-30	75	58	55
Tier 3 Non-nicotine	Female	Band 5	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 1	1	100	100	100
Tier 3 Non-nicotine	Male	Band 1	2-30	71.5	49.65	46.8
Tier 3 Non-nicotine	Male	Band 1	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 2	1	100	100	100
Tier 3 Non-nicotine	Male	Band 2	2-30	65.8	41.1	43
Tier 3 Non-nicotine	Male	Band 2	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 3	1	100	100	100
Tier 3 Non-nicotine	Male	Band 3	2-30	69.6	47.75	44.9
Tier 3 Non-nicotine	Male	Band 3	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 4	1	100	100	100
Tier 3 Non-nicotine	Male	Band 4	2-30	68.5	45.5	52.5
Tier 3 Non-nicotine	Male	Band 4	31+	5	5	5
Tier 3 Non-nicotine	Male	Band 5	1	100	100	100
Tier 3 Non-nicotine	Male	Band 5	2-30	70	51	49
Tier 3 Non-nicotine	Male	Band 5	31+	5	5	5
Tier 1 Nicotine	Female	Band 1	1	100	100	100
Tier 1 Nicotine	Female	Band 1	2-30	81.95	62.95	48.7
Tier 1 Nicotine	Female	Band 1	31+	5	5	5
Tier 1 Nicotine	Female	Band 2	1	100	100	100
Tier 1 Nicotine	Female	Band 2	2-30	71.5	44.9	39.2
Tier 1 Nicotine	Female	Band 2	31+	5	5	5
Tier 1 Nicotine	Female	Band 3	1	100	100	100
Tier 1 Nicotine	Female	Band 3	2-30	63.9	36.35	37.3
Tier 1 Nicotine	Female	Band 3	31+	5	5	5
Tier 1 Nicotine	Female	Band 4	1	100	100	100
Tier 1 Nicotine	Female	Band 4	2-30	61.5	33.5	36.5
Tier 1 Nicotine	Female	Band 4	31+	5	5	5
Tier 1 Nicotine	Female	Band 5	1	100	100	100
Tier 1 Nicotine	Female	Band 5	2-30	57	31	34
Tier 1 Nicotine	Female	Band 5	31+	5	5	5
Tier 1 Nicotine	Male	Band 1	1	100	100	100
Tier 1 Nicotine	Male	Band 1	2-30	72.45	58.2	41.1
Tier 1 Nicotine	Male	Band 1	31+	5	5	5
Tier 1 Nicotine	Male	Band 2	1	100	100	100
Tier 1 Nicotine	Male	Band 2	2-30	59.15	40.15	29.7
Tier 1 Nicotine	Male	Band 2	31+	5	5	5
Tier 1 Nicotine	Male	Band 3	1	100	100	100
Tier 1 Nicotine	Male	Band 3	2-30	44.9	15.45	16.4
Tier 1 Nicotine	Male	Band 3	31+	5	5	5
Tier 1 Nicotine	Male	Band 4	1	100	100	100
Tier 1 Nicotine	Male	Band 4	2-30	40.5	12.5	15.5
Tier 1 Nicotine	Male	Band 4	31+	5	5	5
Tier 1 Nicotine	Male	Band 5	1	100	100	100
Tier 1 Nicotine	Male	Band 5	2-30	33	14	14
Tier 1 Nicotine	Male	Band 5	31+	5	5	5
Tier 2 Nicotine	Female	Band 1	1	100	100	100
Tier 2 Nicotine	Female	Band 1	2-30	73.4	54.4	42.05
Tier 2 Nicotine	Female	Band 1	31+	5	5	5
Tier 2 Nicotine	Female	Band 2	1	100	100	100
Tier 2 Nicotine	Female	Band 2	2-30	63.9	37.3	32.55
Tier 2 Nicotine	Female	Band 2	31+	5	5	5

30 Year Term - NMD

Class	Gender	Band	Duration	18-29	30-39	40-50
Tier 2 Nicotine	Female	Band 3	1	100	100	100
Tier 2 Nicotine	Female	Band 3	2-30	59.15	32.55	31.6
Tier 2 Nicotine	Female	Band 3	31+	5	5	5
Tier 2 Nicotine	Female	Band 4	1	100	100	100
Tier 2 Nicotine	Female	Band 4	2-30	56.5	30.5	31.5
Tier 2 Nicotine	Female	Band 4	31+	5	5	5
Tier 2 Nicotine	Female	Band 5	1	100	100	100
Tier 2 Nicotine	Female	Band 5	2-30	52	31	31
Tier 2 Nicotine	Female	Band 5	31+	5	5	5
Tier 2 Nicotine	Male	Band 1	1	100	100	100
Tier 2 Nicotine	Male	Band 1	2-30	60.1	38.25	28.75
Tier 2 Nicotine	Male	Band 1	31+	5	5	5
Tier 2 Nicotine	Male	Band 2	1	100	100	100
Tier 2 Nicotine	Male	Band 2	2-30	51.55	23.05	20.2
Tier 2 Nicotine	Male	Band 2	31+	5	5	5
Tier 2 Nicotine	Male	Band 3	1	100	100	100
Tier 2 Nicotine	Male	Band 3	2-30	40.15	11.65	13.55
Tier 2 Nicotine	Male	Band 3	31+	5	5	5
Tier 2 Nicotine	Male	Band 4	1	100	100	100
Tier 2 Nicotine	Male	Band 4	2-30	37.5	8.5	13.5
Tier 2 Nicotine	Male	Band 4	31+	5	5	5
Tier 2 Nicotine	Male	Band 5	1	100	100	100
Tier 2 Nicotine	Male	Band 5	2-30	32	8	12
Tier 2 Nicotine	Male	Band 5	31+	5	5	5
Tier 3 Nicotine	Female	Band 1	1	100	100	100
Tier 3 Nicotine	Female	Band 1	2-30	71.5	47.75	39.2
Tier 3 Nicotine	Female	Band 1	31+	5	5	5
Tier 3 Nicotine	Female	Band 2	1	100	100	100
Tier 3 Nicotine	Female	Band 2	2-30	62	30.65	32.55
Tier 3 Nicotine	Female	Band 2	31+	5	5	5
Tier 3 Nicotine	Female	Band 3	1	100	100	100
Tier 3 Nicotine	Female	Band 3	2-30	58.2	26.85	33.5
Tier 3 Nicotine	Female	Band 3	31+	5	5	5
Tier 3 Nicotine	Female	Band 4	1	100	100	100
Tier 3 Nicotine	Female	Band 4	2-30	57.5	26.5	32.5
Tier 3 Nicotine	Female	Band 4	31+	5	5	5
Tier 3 Nicotine	Female	Band 5	1	100	100	100
Tier 3 Nicotine	Female	Band 5	2-30	52	28	33
Tier 3 Nicotine	Female	Band 5	31+	5	5	5
Tier 3 Nicotine	Male	Band 1	1	100	100	100
Tier 3 Nicotine	Male	Band 1	2-30	58.2	32.55	27.8
Tier 3 Nicotine	Male	Band 1	31+	5	5	5
Tier 3 Nicotine	Male	Band 2	1	100	100	100
Tier 3 Nicotine	Male	Band 2	2-30	50.6	18.3	22.1
Tier 3 Nicotine	Male	Band 2	31+	5	5	5
Tier 3 Nicotine	Male	Band 3	1	100	100	100
Tier 3 Nicotine	Male	Band 3	2-30	36.35	6.9	17.35
Tier 3 Nicotine	Male	Band 3	31+	5	5	5
Tier 3 Nicotine	Male	Band 4	1	100	100	100
Tier 3 Nicotine	Male	Band 4	2-30	35.5	4.5	16.5
Tier 3 Nicotine	Male	Band 4	31+	5	5	5
Tier 3 Nicotine	Male	Band 5	1	100	100	100
Tier 3 Nicotine	Male	Band 5	2-30	28	5	16
Tier 3 Nicotine	Male	Band 5	31+	5	5	5

INDEMNITY REINSURANCE AGREEMENT

(COMBINED BLOCK)

by and between

FIDELITY LIFE ASSOCIATION (“REINSURER”)

and

COMBINED INSURANCE COMPANY OF AMERICA (“COMPANY”)

Effective as of Coinsurance Effective Date

INDEMNITY REINSURANCE AGREEMENT

THIS INDEMNITY REINSURANCE AGREEMENT (the “Agreement”), effective as of the Coinsurance Effective Date, is made and entered into by and between Combined Insurance Company of America, an Illinois domiciled life, accident and health insurance company (“Company”) and Fidelity Life Association, an Illinois domiciled accident and health insurance company (“Reinsurer”).

ARTICLE I Definitions

“Active Certificates” means certificates under the Policies that have not lapsed, for which the Certificateholder is actively paying premium according to the Certificate’s payment schedule.

“Additional Collateral” shall have the meaning as set forth in Section 3.2.

“Affiliate” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by or under common control with that Person. For the purposes of this definition, “control” (including with correlative meanings, the terms “controlling”, “controlled by”, and “under common control with”) as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise.

“Applicable Law” means all applicable federal laws and regulations, Illinois state law, ordinance or code, or any rules, regulations, administrative interpretations or orders issued by the Governmental Authority pursuant to any of the foregoing, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the parties hereto.

“Business Day” means any day other than Saturday, Sunday or a day on which banking institutions in the State of Illinois are permitted or obligated by Applicable Law to be closed.

“Certificateholder” means an insured who has been issued a certificate under a Policy, and who has been identified as the member of the Policyholder organization to which a Policy has been issued.

“Change of Control” means the acquisition, directly or indirectly, of more than (i) ten percent (10%) of the voting capital stock of, or of any Person that owns or controls, directly or indirectly, Reinsurer, or (ii) a majority ownership of Reinsurer, in either case of (i) or (ii), by any Person that was or is not an Affiliate of Reinsurer as of the Coinsurance Effective Date.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

“Coinsurance Effective Date” means April 1, 2013, or a date agreed to by Company and Reinsurer, if sooner.

“Confidential Information” shall have the meaning set forth in Section 12.1

“Extra-Contractual Obligations” means liabilities not covered under the Policies or any other provision of this Agreement, but which arise from the business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in claims handling or in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action. Extra-Contractual Obligations do not include any loss incurred due to a final legal adjudication of fraud of a member of the Board of Directors or a duly elected Corporate officer of Company acting individually or collectively or in collusion with any individual, corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

“GAAP” means United States generally accepted accounting principles as in effect from time to time.

“Governmental Authority” means the Illinois Insurance Department.

“Illinois SAP” means the statutory accounting principles and procedures applicable under Applicable Law and the rules, regulations and practices prescribed or permitted by the Governmental Authority relating thereto.

“Interim Coverage” means the coverage provided by a Certificate between the date applied for by the proposed Certificateholder and the Certificate Effective Date, as approved by the underwriting and enrollment conditions applicable to that Certificate,

“Loss Expense” means all costs incurred by Company in the investigation, adjustment, appraisal, defense or settlements of all claims, alleged claims, or suits, including appeals, under or related to the Policies reinsured hereunder, including legal fees, expenses of determining coverage under a Policy (including declaratory judgment expenses), subrogation, salvage and recovery expenses, both prejudgment and post-judgment interest, and any award of costs by a court of competent jurisdiction, excluding, however, office expenses and salaries of officials and employees of Company not classified as loss adjusters.

“Loss In Excess of Policy Limits” means any amount payable in excess of the Policy limit for reasons including alleged or actual negligence, fraud or bad faith in failing to settle or rejecting a settlement within the Policy limit, in preparation of the defense, in the trial of any action involving the insured or Company, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits extends only to amounts that would have been covered had the limit of liability of the Policy been adequate. Loss In Excess of Policy Limits does not include any loss incurred due to a final legal adjudication of fraud of a member of the Board of Directors or a duly elected corporate officer of Company acting individually or collectively or in collusion with any individual, corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

“Notice of Change of Control” shall have the meaning set forth in Section 3.5.

“Paid Up Certificates” means certificates under the Policies that have lapsed and have converted to a paid up status based on available Policy values.

“Person” means any natural person, corporation, joint stock corporation, general partnership, limited partnership, limited liability company or partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

“Policies” (each a “Policy”) means the group lifetime benefit term life insurance policies together with all related binders, slips, enrollment forms and certificates (including applications therefor and all supplements, endorsements, riders and ancillary agreements in connection therewith) that have been issued or delivered by Company in any state, territory, district or commonwealth of the United States (collectively “the U.S.”) at any time on or after the Coinsurance Effective Date.

“Policy Liabilities” means any and all gross liabilities and obligations arising out of or relating to the Policies, including claims arising during Interim Coverage, Extra-contractual Obligations, Loss In Excess of Policy Limits and Loss Expense; provided, however, Policy Liabilities shall not include any Premium-related Taxes (as defined below in “Premium-related Taxes Allowances”) and fees, and any assessments and similar charges in connection with Company’s participation in any guaranty association(s).

“Policyholder” means with respect to each Policy, The U.S. employer, group, association or other organization which has been issued a Policy.

“Premiums” or “Premium” means premiums, considerations, deposits and similar receipts with respect to the Policies including return premiums as a result of surrenders, cancellations, lapses, and rescissions,

“Premium-related Taxes Allowance” means the provision for the payment of premium taxes, assessments and fees on the Policies coinsured hereunder as of the Coinsurance Effective Date, which Reinsurer allows Company in an amount equal to 2.25% of the Premium ceded hereunder.

“Producers” mean all brokers, agents, general agents, captive employed agents, producers, third party administrators or other Persons who marketed, produced or serviced the Policies and are entitled to receive Commissions from Company.

“Producer Commissions” means all commissions, expense allowances, benefit credits, service fees, payments and other fees and compensation paid to Producers for the sale or service of Policies.

“Reinsurance Premium” shall have the meaning set forth in Section 4.1.

“Reserves” means the sum of all reserves and liabilities required to be maintained by Company for the Policies including, without limitation, active life, incurred but not reported, claim and unearned premium reserves, in each case calculated: (a) consistent with the reserve requirements, statutory accounting rules, regulations, practices and actuarial principles applicable to Company under Applicable Law; and (b) in accordance with a methodology agreed upon by both Company and Reinsurer and consistent with Illinois SAP, sound actuarial principles and any valuation bases and methods of determining, reserves as provided in the Forms of Policies; provided, however, that Company makes no representations or warranties with respect to the adequacy of reserves under or related to the Policies.

“Tax” or “Taxes” means any and all United States and foreign, federal, state, municipal or local net or gross income, gross receipts, net proceeds, sales, use, ad valorem, value added, transfer, franchise, recapture, withholding, payroll, employment, excise, premium-related taxes and fees, property, alternative or add-on minimum, environmental, retaliatory or other taxes, assessments, duties, fees, levies or other governmental charges of any nature whatsoever, but shall not include any assessments or other charges of guaranty funds or similar organizations.

“TPA Fees” means all fees payable by Company to the third party administrator to be attached as Exhibit A.

“U.S. Trust Agreement” shall have the meaning set forth in Section 3.1 and shall be in the form set forth as Exhibit B.

ARTICLE II

Coinsurance of the Policy Liabilities

2.1 Coinsurance. Subject to the terms and conditions of this Agreement and as of the Coinsurance Effective Date, Company hereby cedes on a coinsurance basis to Reinsurer and Reinsurer hereby agrees to indemnify reinsure fifty percent (50%) of the Policy Liabilities. The coinsurance provided for hereunder shall be effective as of the Coinsurance Effective Date.

2.2 Parties to Coinsurance. Article II of this Agreement provides only for indemnity reinsurance solely between Company and Reinsurer and the acceptance of reinsurance under this Article II shall not create any right or legal relationship between Reinsurer and any Policyholder or any other Person under a Policy.

2.3 Policy Changes or Reductions. Material changes in the provisions and conditions of a Policy, except for those to Policy rates, Policy interest rates, mortality charges and other variable Policy provisions ("Non-Guaranteed Policy Elements"), a corresponding change in this Agreement and any appropriate Policy Liabilities' adjustments shall be made consistent with the terms of any Policy or prevailing underwriting practices, and at all times, in accordance with Applicable Law. If the benefit amount of a Policy is reduced or increased, whether as required by Applicable Law or otherwise, the amount reinsured by Reinsurer hereunder shall be automatically reduced or increased accordingly. Company will review the Policy experience with Reinsurer annually to determine if any changes to the Non-Guaranteed Policy Elements are necessary. Any dispute regarding the necessity of a Non-Guaranteed Policy Element shall be subject to Mini Dispute Resolution procedure under Section 11.2.

2.4 Termination of Coinsurance. Coinsurance under this Article II will continue hereunder without reduction until such time as Company chooses to terminate Such coverage in Company's sole discretion. Notwithstanding the foregoing, coinsurance under this Article II shall terminate in the following circumstances:

(a) In the event any Policy, is forfeited or surrendered and/or no further benefits are payable thereunder; in such event the coinsurance of such Policy Liabilities shall automatically terminate; or

(b) Upon the occurrence of a Ratings Reduction or Rating Withdrawal under Section 3.3 in Company's sole discretion; in such event, commutation of the Policies also shall be in Company's sole discretion.

2.5 Maintenance of Reserves. From and after the Coinsurance Effective Date, Reinsurer shall establish and maintain as a liability on its statutory financial statements, Reserves with respect to the Policy Liabilities calculated in a manner consistent with: (a) the Reserve requirements, statutory accounting rules, regulations, practices and actuarial principles applicable to Company under Applicable Law; and (b) in accordance with a methodology agreed upon by both Company and Reinsurer and consistent with Illinois SAP, sound actuarial principles and any valuation bases and methods of determining Reserves as provided in the forms of Policies. The Reinsurer shall provide Company, not less than annually, with copies of all actuarial opinions and actuarial memoranda and all Reserve evaluations pertaining to the Reserves, Including, without limitation, any actuarial opinions and Reserve evaluations performed by independent actuaries, auditors or other outside consultants.

2.6 Reserve Credits. Reinsurer shall, at all times during the term of this Agreement, maintain all licenses, authorizations or otherwise take any and all reasonable action necessary under the Applicable Law in which the Policies are outstanding to ensure that Company shall be permitted to take full Reserve credit on its statutory financial statements with respect to the indemnity reinsurance by Reinsurer under this Article II of the Policy Liabilities.

ARTICLE III Trust Agreement

3.1 Trust Funding. Reinsurer, as grantor, Company, as beneficiary, and a mutually acceptable trustee, shall enter into a trust agreement in the form set forth as Exhibit B to secure Reinsurer's obligations to Company under this Agreement for as long as there remain Policies coinsured hereunder (the "U.S. Trust Agreement"). The Reinsurance Premium payable hereunder by Company to Reinsurer shall be deposited into the trust account established under the U.S. Trust Agreement such that the amount in the trust account equals, at all times while there are Policies coinsured pursuant to this Article II, one hundred and ten percent (110%) of Reinsurer's share of Company's Policy Liabilities, based on Company's GAAP accounting basis. The Reinsurer shall have the exclusive right and authority to direct the investments under the U.S. Trust Agreement, subject to the requirements contained therein.

3.2 Negative Rating Outlook. If Reinsurer's A.M. Best rating outlook becomes negative, the Percentage specified in Section 3.1 shall increase by ten percent (10%) of the then-outstanding Policy Liabilities coinsured hereunder (the "Additional Collateral") such that Company is, at all times thereafter, collateralized to an amount equal to one hundred and twenty percent (120%) of the then-outstanding Policy Liabilities coinsured hereunder. Provided however, that if Reinsurer's RBC ratio remains at or above the seven hundred and fifty percent (750%) of company action level, the funding percentage specified in Section 3.1 shall increase by five percent (5%) of then-outstanding Policy Liabilities coinsured hereunder such that Company is, at all times thereafter, collateralized to an amount equal to one hundred and fifteen percent (115%) of the then-outstanding Policy Liabilities coinsured hereunder. For the avoidance of doubt, the Additional Collateral required herein shall be in addition to the U.S. Trust Agreement required under Section 3.1, and may be provided in one of the following forms, as accepted by Company:

- (i) Evergreen letter of credit from a financial institution acceptable, at all times, to Company; or
- (ii) Deposit of acceptable assets in the trust account established under the U.S. Trust Agreement.

3.3 Rating Reduction or Rating Withdrawal. In the event that Reinsurer is downgraded to below A- by A.M. Best, or the rating of Reinsurer is withdrawn for any reason, the funding percentage specified in Section 3.1 shall increase by fifteen percent (15%) of the then-outstanding Policy Liabilities coinsured hereunder (the "Additional

Collateral”) such that Company is, at all times thereafter, collateralized to an amount equal to one hundred and twenty five percent (125%) of the then-outstanding Policy Liabilities coinsured hereunder. In addition, Company shall have the right, but not the obligation, to commute and recapture the Policies in accordance with the procedure set forth in Section 3.4 below. Company shall provide Reinsurer notice of its intent to exercise one of the options set forth above within thirty (30) days of the notice of downgrade or withdrawal. Further, Company shall provide Reinsurer with five (5) Business Days notice of which option it intends to exercise from the options set forth above

3.4 Recapture Procedure. The commutation value for the Reinsurance Agreement shall be based on the reinsured portion of Policies and calculated as the sum of 110% of the unamortized balance of excess first year Producer Commissions, TPA Fees, and expense allowances, less policy reserves on inforce policies as of the date of the commutation (the “Commutation Price”). The unamortized first year expense shall be calculated based on experienced lapse rates up to the commutation date, and pricing lapse rates thereafter, unless agreed otherwise. Following Company’s submission of the Commutation Price to the Reinsurer, Reinsurer shall have five (5) Business Days from such date to agree to the Commutation Price. If the Commutation Price is positive, Company shall pay such amount to Reinsurer. If the Commutation Price is negative, Reinsurer shall pay such amount to Company. Such payment shall be completed via wire transfer (wire transfer instructions to be provided within one (1) Business Day of the date Company receives confirmation of Reinsurer’s agreement of the Commutation Price).

In the event Reinsurer does not agree upon the Commutation Price within five (5) Business Days of Company’s submission of the Commutation Price, it shall provide the Company its calculation of the Commutation Price within thirty (30) days of Company’s submission of the Commutation Price to Reinsurer. Company and Reinsurer shall then have 30 days from the Company’s original submission date to agree upon the final Commutation Price. If the parties cannot mutually agree upon the Commutation Price, Company and Reinsurer shall appoint a mutually agreed actuarial firm to determine the Commutation Price. The cost of the actuarial review shall be shared equally; provided, however, that if the review is conducted in connection with a dispute arising out of this Agreement, a panel established pursuant to Section 11.1 hereof shall have the discretion to allocate such costs between the parties. If the parties are unable to agree to an actuarial firm within ten (10) days, Towers Watson shall act as the appointed firm, If Towers Watson is unable or unwilling to perform this function for any reason, Milliman USA shall be the appointed firm. The appointed actuarial firm shall advise in writing. (by a method that produces verification of receipt) of its opinion of the appropriate Commutation Price within 30 days of its appointment. This Commutation Price shall then be binding as between Company and Reinsurer. Reinsurer shall have five (5) Business Days from the receipt of the appointed actuarial firm’s written valuation of the Commutation Price to pay the Commutation Price to Company via wire transfer (wire transfer instructions to be provided within one (1) Business Day of the date Company receives the Commutation Price).

Company shall not be required to release any funds held in the trust account established under the U.S. Trust Agreement or as Additional Collateral, until it has (x) received full payment of the finally determined Commutation Price and (y) confirmed that Reinsurer has paid its share of any fees and costs related to this process, including the cost, if any, associated with any jointly appointed actuarial firm.

3.5 Change in Control. In the event of a proposed Change of Control on or after the Coinsurance Effective Date, Reinsurer shall provide Company with at least thirty (30) days prior written notice of the Change of Control (“Notice of Change of Control”). In the event that the Change in Control triggers a rating downgrade of the Reinsurer, the provisions of sections 3.2 and 3.3 shall apply.

Section 3.6 Ratings Upgrade. In the event that Reinsurer a) receives a ratings downgrade and subsequently receives a ratings upgrade to A- or higher, or b) receives a negative outlook, and subsequently maintains the A- rating and the ratings outlook returns to neutral or positive, the provisions of Section 3.2 or 3.3 shall no longer apply, and any Additional collateral in the U.S. Trust Account will be released by the Company.

Section 3.7 Trust Provisions. This Article III and the obligations established herein shall survive the expiration or termination of this Agreement for as long as there remain Policy Liabilities under the Policies.

ARTICLE IV **Reinsurance Premium**

4.1 Reinsurance Premium Payment

(a) In consideration of Reinsurer’s coinsurance of the Policy Liabilities, Company shall pay to Reinsurer consideration equal to the:

(i) Total of all Premiums, with respect to the Policies, multiplied by the Coinsurance Percentage (50%); less

(ii) Total of Policy Liabilities paid by Company during the period from and after the Coinsurance Effective Date, multiplied by the Coinsurance Percentage; less

(iii) For premiums payable for the 1st twenty (20) years of coverage, a Ceding Allowance as defined in 4.2, applied to 4.1(a)(i) as appropriate; less

(iv) For premiums paid for the 21st and later years of coverage, Producer Commissions and TPA Maintenance Fees paid by Company, multiplied by the Coinsurance Percentage, and Reinsurer’s share of the National Benefit Parter’s (NBP) Producer bonuses paid by Company; and less

(v) Premium-related Taxes Allowance, applied to 4.1(a)(i). Company may adjust this Allowance upon demonstration that the applicable state premium tax rates for the Policies have increased, from the later of inception or the last such measurement, such that the blended premium tax rate has increased to the greater of two and one-half percent (2.5%) or twenty five one-hundredths of a percent (.25%) more than the current allowance. Such change shall be implemented in the second monthly quarterly cash settlement following notice and satisfactory demonstration thereof to the Reinsurer.

The consideration set forth under items (i) through (v) above, referred to as the "Reinsurance Premium."

(b) No later than fifteen (15) days following the end of each month, positive cash flow will result in payment of the Reinsurance Premium by Company in cash in immediately available funds to the trust account established under the U.S. Trust Agreement plus any additional funds required to reach the minimum balance required under the U.S. Trust Agreement, or if quarterly cash flow from the Policies is negative, Reinsurer shall make payment to Company.

4.2 Ceding Allowance. Company shall be entitled to a Ceding Allowance of thirty six and twenty five hundredths percent (36.25%) of premium for the Policies, inclusive of all Policy and associated rider premium and fees, but exclusive of the Premium-related Taxes Allowance, for Policy premiums payable for each policy's first 20 years of coverage, and three percent (3%) for Premiums payable for the twenty first (21st) and later years of coverage. The Ceding Allowance shall be credited to Company as a reduction in the Reinsurance Premium in accordance with Section 4.1, above.

4.3 Reports. On a quarterly basis following from and after the Coinsurance Effective Date, Company shall provide Reinsurer, in an electronic format such as EXCEL no later than the tenth business day following the close of each month, with the following informational report:

- (i) Premiums collected during the period;
- (ii) Ceding Allowances, as applicable;
- (iii) Producer Commissions and TPA Fees paid during the period;
- (iv) Policy Liabilities paid by Company, including but not limited to all losses and loss expenses paid;
- (v) Pending claims, including accelerated and extension of benefits long term care claims;
- (vi) Claim Reserves, computed on a statutory basis, including reserves on acceleration and extension of benefits long term care claims;
- (vii) An estimate of incurred but not reported claims, including acceleration and extension of benefits long term care claims;
- (viii) Total Policy Reserves ceded on a statutory basis to Reinsurer;
- (ix) Premiums due and unpaid at the end of the reporting period; and
- (x) Premiums paid in advance at the end of the reporting period.

ARTICLE V
Administration and Books and Records

5.1 Reporting Obligations. Company and Reinsurer will cooperate with each other in good faith to develop a mutually acceptable format for any and all reports that may be required by Company for financial statement preparation or any other reasonable business purpose, including any ad hoc reports that may be required by Company or Reinsurer.

ARTICLE VI
Other Covenants and Undertakings

6.1 Fees and Expenses. Except as otherwise specifically provided herein, each party shall pay all costs incurred by it for legal, actuarial and other services used in connection with this Agreement.

6.2 Arm's Length Agreement. This Agreement is entered into at arm's length without duress or coercion, and is to be interpreted as an agreement between two parties of equal bargaining strength. It shall not be construed against either party hereto.

ARTICLE VII
Representations and Warranties of Company

Company hereby represents and warrants to Reinsurer as follows:

7.1 Organization and Standing of Company. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite power and authority to carry on the business and operation of Company as now being and as heretofore conducted.

7.2 Authorization. Company has all requisite corporate power and authority to enter into this Agreement, and to perform its obligations hereunder subject to receipt of any approvals and consents described herein. The execution and delivery by Company of this Agreement and the performance by Company of its obligations hereunder have been duly authorized and will be a valid and binding obligation of Company, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors rights generally or by the principles governing the availability of equitable remedies,

7.3 No Conflict or Violation. The execution, delivery and performance of this Agreement will not: (a) violate any provision of the Articles or Certificate of Incorporation, By-laws or other organizational document of Company; (b) violate, conflict with or result in the breach of any of the terms of, result in any modification of,

give any counterpart the right to terminate, or constitute a default under, any contract or other agreement to which Company is a party; (c) violate any order, judgment, injunction, award or decree of the Governmental Authority body against, or binding upon, or any agreement with, or condition imposed by, the Governmental Authority binding upon Company; or (d) subject to the receipt of any required approvals and consents, violate Applicable Law.

7.4 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with the Governmental Authority, or arbitration tribunal which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on the Policies. There are no actions, suits or claims or legal, administrative or arbitration proceedings pending or, to the best knowledge of Company, threatened against or involving Company, or any of its directors, officers, employees, properties or assets in connection with the Policies which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on the Policies.

7.5 Consents and Approvals. Notwithstanding any filing required under Illinois law or regulation, the execution, delivery and performance of this Agreement does not require Company to obtain any consent, approval or action from, or make any filing with or give any notice to, any Person under any Applicable Law. Company shall be responsible for making any required filings with the Illinois Insurance Department and obtain all necessary approvals of this Agreement.

7.6 Financial Statements. Prior to the Coinsurance Effective Date, Company has made available to Reinsurer true, correct and complete copies of: (a) the Annual Statement of Company as filed with the Governmental Authority for the years ended December 31, 2009, 2010 and 2011; and (b) the Quarterly Statement of Company as filed with the Governmental Authority for the quarters ended March 31, 2012 and June 30, 2012. Each such Annual Statement and Quarterly Statement complied in all material respects with Applicable Law when so filed. No material deficiencies have been asserted by the Governmental Authority with respect to any Annual Statement or any Quarterly Statement referred to in (a) and (b) of this Section 7.6.

7.7 Brokers and Finders. Company has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

7.8 Licensing. Company is duly licensed to underwrite the same type of insurance provided under the Policies in the State of Illinois where the Policies were issued or Policyholders or certificate-holders reside.

7.9 U.S. Tax Status. Company is subject to U.S. taxation under either the provisions of Subchapter L of Chapter 1 or Subpart F of Part III of Subchapter N of Chapter 1 of the Code.

7.10 Survival. All representations and warranties of Company contained in this Agreement will be true, accurate and complete at the time of the Coinsurance Effective Date and will survive the Coinsurance Effective Date.

ARTICLE VIII

Representations and Warranties of Reinsurer

Reinsurer hereby represents and warrants to Company as follows:

8.1 Organization and Standing of Reinsurer. Reinsurer is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite power and authority to carry out the business and operation of Reinsurer as now being and as heretofore conducted.

8.2 Authorization. Reinsurer has all requisite corporate power and authority to enter into this Agreement, and to perform its obligations hereunder subject to receipt of any approvals and consents described herein. The execution and delivery by Reinsurer of this Agreement and the performance by Reinsurer of its obligations hereunder have been duly authorized and will be a valid and binding obligation of Reinsurer, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors rights generally or by the principles governing the availability of equitable remedies.

8.3 No Conflict or Violation. The execution, delivery and performance of this Agreement will not; (a) violate any provision of the Articles or Certificate of Incorporation, By-laws or other organizational document of Reinsurer; (b) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterpart the right to terminate, or constitute a default under, any contract or other agreement to which Reinsurer is a party; (c) violate any order, judgment, injunction, award or decree of the Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, the Governmental Authority binding upon Reinsurer; or (d) subject to the receipt of any required approvals and consents, violate Applicable Law.

8.4 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with the Governmental Authority, or arbitration tribunal which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on Reinsurer. There are no actions, suits or claims or legal, administrative or arbitration proceedings pending or, to the best knowledge of Reinsurer, threatened against or involving Reinsurer, or any of its directors, officers, employees, properties or assets which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on Reinsurer.

8.5 Consents and Approvals. The execution, delivery and performance of this Agreement does not require Reinsurer to obtain any consent, approval or action from, or make any filing with or give any notice to, any Person under any Applicable Law.

8.6 Financial Statements.

(a) Prior to the Coinsurance Effective Date, Reinsurer has made available to Company true, correct and complete copies its (i) 2011 Management Discussion and Analysis (MD&A), (ii) 2011 Accident and Sickness Summary, and (iii) 2010 and 2011 A&M Best Reports. Each such Statement complied in all material respects with Applicable Law when so filed and was timely filed with the Governmental Authority. No material deficiencies have been asserted by any Government Authority with respect to any Statement referred to in (i) and (ii) of this Section 8.6(a).

(b) Prior to the date hereof, Reinsurer has made available to Company true, correct and complete copies of (i) the audited balance sheet as of December 31, 2011 and the related statement of income for the twelve months then ended, and (ii) the unaudited balance sheet as of June 30, 2012 and the related statements of income and cash flows for the nine months then ended; or the information described in Section 8.6(a). Such financial statements were prepared in accordance with SAP and present fairly in all material respects the financial position as of the dates indicated and the results of its operations for the periods then ended.

8.7 Brokers and Finders. Reinsurer has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

8.8 Licensing. Reinsurer is duly licensed to underwrite and reinsure the same type of insurance provided under the Policies in the State of Illinois where the Policies were issued or Policyholders or certificate-holders reside.

8.9 U.S. Tax status. Reinsurer is subject to U.S. taxation under the provisions of Subchapter L of Chapter 1 of the Code.

8.10 Survival. All representations and warranties of Reinsurer contained in this Agreement will be true, accurate and complete at the time of the Coinsurance Effective Date and will survive the Coinsurance Effective Date.

ARTICLE IX
Conditions Precedent to Coinsurance Effective Date

9.1. Company's Conditions Precedent. The obligation of Company to cede the Policy Liabilities as contemplated by Article II hereunder as of the Coinsurance Effective Date is subject to the satisfaction or, at Company's sole option, waiver of, the following conditions as of the Coinsurance Effective Date:

(a) (i) The representations and warranties of Reinsurer contained in this Agreement shall be true and correct in all material respects (but without regard to any materiality or material adverse effect qualifications contained in any specific representation or warranty), except that any such representations and warranties that are given as of a particular date and which relate solely to a particular date or period shall be true and correct in all material respects as of such date or period, and

(ii) Reinsurer shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Reinsurer on or prior to the Coinsurance Effective Date, and (iii) the parties shall have established the U.S. Trust Agreement.

(b) There shall not have been any action taken by the Governmental Authority prohibiting or making illegal the transactions contemplated by this Agreement.

(c) No action, suit or proceeding shall have been instituted and be continuing or be threatened in writing by the Governmental Authority or any other Person or entity to restrain, modify or prevent the carrying out of the transactions contemplated hereby, or to seek damages in connection with such transactions, that has or is reasonably likely to have a material adverse effect on the Policies or the business, property, prospects, results of operations or financial condition of Company.

9.2. Reinsurer's Conditions Precedent. The obligation of Reinsurer to coinsure the Policy Liabilities as contemplated by Article II hereunder as of the Coinsurance Effective Date is subject to the satisfaction or, at Reinsurer's sole option, waiver of, the following conditions prior to the Coinsurance Effective Date:

(a) (i) The representations and warranties of Company contained in this Agreement shall be true and correct in all material respects (but without regard to any materiality or material adverse effect qualifications contained in any specific representation or warranty), except that any such representations and warranties that are given as of a particular date and which relate solely to a particular date or period shall be true and correct in all material respects as of such date or period, and

(ii) Company shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Company on or prior to the Coinsurance Effective Date.

(b) There shall not have been any action taken by the Governmental Authority prohibiting or making illegal the transactions contemplated by this Agreement.

(c) No action, suit or proceeding shall have been instituted and be continuing or be threatened in writing by the Governmental Authority or any other Person or entity to restrain, modify or prevent the carrying out of the transactions contemplated hereby, or to seek damages in connection with such transactions, that has or is reasonably likely to have a material adverse effect on the Policies or the business, property prospects, results of operations or financial condition of Reinsurer.

ARTICLE X

Insolvency

10.1 Insolvency. Reinsurer hereby agrees that, as to all reinsurance made, ceded, renewed or otherwise becoming effective hereunder, the reinsurance shall be payable by Reinsurer on the basis of the liability of Company with respect to the Policy Liabilities, without diminution because of the insolvency of Company, directly to Company or to its liquidator, receiver or other statutory successor immediately upon demand. It is agreed that in the event of Company's insolvency, the liquidator, receiver or statutory successor of Company shall give prompt written notice to Reinsurer of the pendency or submission of a claim filed in the insolvency proceeding under the Policies. During the pendency of such claim, Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense(s) available to Company or its receiver. The expense thus incurred by Reinsurer is chargeable against Company as a part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to Company solely as a result of the defense undertaken by Reinsurer.

ARTICLE XI

Arbitration and Mini Dispute Resolution

11.1 Disputes Subject to Arbitration.

(a) Except for any disputes regarding the calculation of the Reinsurance Premium, in the event of any dispute or difference of opinion arising hereafter with respect to this Agreement or any dispute hereunder, it is hereby mutually agreed upon by the parties that such dispute or difference of opinion shall be submitted to mandatory and binding arbitration. One arbiter shall be chosen by Company, the other by Reinsurer, and an umpire shall be chosen by the two arbiters before they enter upon arbitration. The arbiters and the umpire shall all be active or retired disinterested executive officers of life, accident and health insurance or reinsurance companies that write the type of business that is the subject matter of this Agreement. In the event that either party shall fail to choose an arbiter within thirty (30) days following a written request by the other party to do so, the requesting party's arbiter may choose a second arbiter, and the two (2) arbiters shall, in turn, choose an umpire before entering upon arbitration. If the two arbiters fail to agree upon the selection of an umpire within thirty (30) days following their appointment, the American Arbitration Association shall be named to appoint the umpire.

(b) Each party shall present its case to the arbiters within thirty (30) days following the date of appointment of the umpire. No discovery shall be permitted. The decision of the arbiters shall be final and binding on both parties. In the event that the arbiters fail to reach an agreement the umpire shall cast the deciding vote, which shall be final and binding upon both parties. Judgment upon the final decision of the arbiters may be entered in any court of competent jurisdiction. Each party shall bear the expense of one (1) arbiter and shall jointly and equally bear with the other the expense of the umpire and of the arbitration.

(c) Any arbitration proceeding shall take place at a location mutually agreed upon by the parties to this Agreement. If the parties to this Agreement fail to agree upon a location, such arbitration proceedings shall take place in Chicago, Illinois.

11.2 Disputes Subject to Mini Dispute Resolution. With respect to disputes regarding the calculation of the Reinsurance Premium, the parties' sole method for resolving such disputes shall be the procedure set forth under this Section 11.2. If the respective parties at Company and Reinsurer responsible for preparing and reviewing the Reinsurance Premium under Section 4.1(b) are unable to reach agreement within five (5) Business Days after provision of the Reinsurance Premium calculation under 4.1(b), the matter shall be referred to the respective Chief Financial Officers of the parties. The Chief Financial Officers shall meet and confer within five (5) Business Days of having the dispute referred to them, and shall use commercially reasonable efforts to come to a resolution of the dispute. If the Chief Financial Officers still are unable to reach agreement as to the Reinsurance Premium within such five (5) Business Day period, the dispute shall be sent to a mutually agreed upon third party financial consultant for final resolution. The parties shall use their respective commercially reasonable best efforts to ensure that such third party financial consultant resolves the dispute within ten (10) Business Days and the decision of such third party financial consultant shall be final and binding the parties. The cost of the third party financial consultant shall be borne equally by the parties. All payments of disputed amounts shall be paid with Interest. If the Chief Financial Officers of the parties are unable to mutually agree on a third party financial consultant, the parties shall refer the dispute to the arbitration provision set forth under Section 11.1 above.

ARTICLE XII

Privacy and Confidentiality

12.1 Privacy. Reinsurer recognizes that, in the performance of its obligations under this Agreement, it may obtain from Company and other sources personal or privileged information about individuals collected or received in connection with insurance transactions. Each party agrees to maintain the confidentiality of such information in accordance with all Applicable Laws and not to re-disclose such information further without the individual's written authorization unless such disclosure is otherwise permitted by Applicable Law. The Parties will not disclose such information to any other unrelated parties without the required written consent, except; as necessary for retrocession purposes, as requested by external auditors, as required by court order, or as required or allowed by law or regulation.

12.2 Confidentiality.

(a) The parties agree that, other than as contemplated by this Agreement and to the extent permitted or required to implement the transactions contemplated by this Agreement, the parties will keep confidential and will not use or disclose the other party's Confidential Information (as defined below) and the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by Applicable Law or as may be agreed in writing by the parties hereto.

(b) "Confidential Information" means all documents and information concerning one party or any of its Affiliates or a Policyholder furnished to the other party or such other party's Affiliates or representatives in connection with this Agreement or the transactions contemplate hereby, except that Confidential Information shall not include information which: (i) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by a party hereto or by any representative of a party hereto; (ii) was available on a nonconfidential basis from a source other than the parties hereto or their representatives, provided that such source is not and was not bound by a confidentiality agreement with a party hereto; or (iii) was independently developed without violating any obligations under this Agreement and without the use of any Confidential Information.

(c) The parties acknowledge and agree that Reinsurer may, in accordance with Applicable Law, use all Confidential Information regarding a Policyholder, Certificateholder, the Policy Liabilities or the Policies in order to perform the Administrative Services under the Services Agreement.

ARTICLE XIII

Miscellaneous

13.1 Co-operation. The parties hereto shall cooperate with each other and, individually or collectively, shall take such further action and execute such further documents as may be reasonably necessary to effectuate the purposes of this Agreement.

13.2 Errors. Inadvertent delays, errors or omissions made in connection with this Agreement by any party shall not relieve either party from any liability or duty which would have attached had such delay, error or omission not occurred, provided that such delay, error or omission shall have been rectified as soon as possible after discovery.

13.3 Assignment. This Agreement, shall not be assigned by operation of law or otherwise by any party hereto without the prior written approval of the other party. Subject to the foregoing, the rights and obligations of the parties under this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective transferees, successors and assigns.

13.4 Audit. Reinsurer reserves the right to audit all records related to the business ceded, including premiums, case underwriting, claims and other matters. Reinsurer can use its employees or contractors to perform such audits. All such audits will be performed during the Company's regular working hours, as arranged with the reinsurer. Reinsurer will bear all costs of the audits.

13.5 Notices. Any and all notices or other communications required or permitted under this Agreement shall be in writing and shall be provided by any method that produces a written receipt or written evidence of its sending and of its receipt by the recipient to the persons and at the addresses, facsimile numbers or e-mail addresses set forth below:

If to Company:

Combined Insurance Company of America
1000 N. Milwaukee Avenue
Glenview, Illinois 60025
Attn: Chris Martin, President, Worksite Solutions
Telephone No. (847) 953-8128
Fax No. (847) 953-8100
E-Mail: Chris.J.Martin@combined.com

With a copy to:

Combined Insurance Company of America
1000 N. Milwaukee Avenue
Glenview, Illinois 60025
Attn: Chad Hclin
Telephone No. (847) 953-8114
Fax No. (847) 953-1556
E-Mail: Chad.Helin@combined.com

If to Reinsurer:

Fidelity Life Association

Fidelity Life Association
8700 W. Bryn Mawr Ave. Suite 900S
Chicago, Illinois 60631
Attn: Jim Harkensee
Telephone No. (312) 379 2927
Fax # 866 375 8175
E-Mail jim.harkensee@fidelitylifc.com

With a copy to:

Fidelity Life Association
8700 W. Bryn Mawr Ave. Suite 900S
Chicago, Illinois 60631
Attn: Jim Harkensee
Telephone No. (312) 379 2927
Fax # 866 375 8175
E-Mail Jim.Harkensee@fidelitylife.com

Notice shall be deemed received on the first Business Day following actual receipt. 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.

13.6 Entire Contract. This Agreement is the entire contract between the parties hereto, and supersedes all prior oral discussions and written agreements between the parties with respect to the subject matter hereof.

13.7 Non-Waiver. Except as otherwise specified herein, no act, delay, omission or course of dealing by or between the parties in this Agreement shall constitute a waiver of any right or remedy under this Agreement. No waiver, change, modification or discharge, in whole or in part, of any provision of this Agreement shall be effective unless made in writing and signed by a duly authorized officer of the party agreeing to said waiver, change, modification or discharge. The waiver of any right or remedy under this Agreement shall not constitute a continuing waiver, nor a waiver of any other right or remedy, unless expressly provided in a writing to the contrary.

13.8 Amendment. This Agreement may be modified or amended only by a writing duly executed by authorized officers of the parties hereto.

13.9 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.10 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Illinois, without regard to principles of conflict of laws of any jurisdiction.

13.11 Severability. If any portion of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable, the unenforceable term or provision shall be stricken or interpreted in such manner as may be necessary to permit it to be enforceable, and the remaining portions of this Agreement shall be enforced in accordance with their respective terms.

13.12 No Third Party Beneficiaries. No Person not a party to this Agreement shall have any benefit under this Agreement nor have any third-party beneficiary rights under this Agreement.

13.13 U.S. Dollars. Any monetary amount described in this Agreement, including any schedules hereto, shall mean United States Dollars.

13.14 Public Announcements. At all times, Company and Reinsurer will each consult with the other before issuing or making any reports, statements or releases to the public with respect to this Agreement or the transactions contemplated hereby and will use good faith efforts to obtain the other party's approval of the form, content and timing of any public report, statement or release to be made solely on behalf of a party. If Company and Reinsurer are unable to agree upon or approve the form, content and timing of any such public report, statement or release and such report, statement or release is, in the opinion of legal counsel to the party, required by Applicable Law or by legal disclosure requirements, then such party may make or issue the legally required report, statement or release and shall provide to the other party a copy of such report, statement or release along with the opinion of legal counsel permitting such release. For the avoidance of doubt, the release by a party of its publicly available financial statements shall not be subject to this Section 13.14.

13.15 No Prejudice. The parties agree that this Agreement has been jointly negotiated and drafted by the parties hereto and that the terms hereof shall not be construed in favor of or against any party on account of its participation in such negotiations and drafting.

13.16 Set-Off. Any debts, amounts due or credits between the parties arising under this agreement are deemed mutual debts or credits, as the case may be, and shall be netted or set off, as the case may be, and only the balance remaining shall be allowed or paid hereunder

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to executed by their duly authorized officers as of the Execution Date written below.

FIDELITY LIFE ASSOCIATION

By: /s/ Jim Harkensee
Name: Jim Harkensee
Title: President & COO
Date: 8/27/2013

COMBINED INSURANCE COMPANY OF AMERICA

By: /s/ Chris Martin
Name: Chris Martin
Title: President, Combined Worksite Solutions
Date: 8-21-13

Exhibit A
Administrative Services Agreement
(To Be Attached)

Exhibit B
Form Of U.S. Trust Agreement
(To Be Attached)

**INDEMNITY REINSURANCE AGREEMENT
(TRANSITION BLOCK)**

by and between

COMBINED INSURANCE COMPANY OF AMERICA (“REINSURER”)

and

FIDELITY LIFE ASSOCIATION (“COMPANY”)

Effective as of Coinsurance Effective Date

INDEMNITY REINSURANCE AGREEMENT

THIS INDEMNITY REINSURANCE AGREEMENT (the “Agreement”), effective as of the Coinsurance Effective Date, is made and entered into by and between Fidelity Life Association, an Illinois domiciled life, accident and health insurance company (“Company”) and Combined Insurance Company of America, an Illinois domiciled accident and health insurance company (“Reinsurer”).

ARTICLE I

Definitions

“Active Certificates” means certificates under the Policies that have not lapsed, For which the Certificateholder is actively paying premium according to the Certificate’s payment schedule.

“Affiliate” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by or under common control with that Person. For the purposes of this definition, “control” (including with correlative meanings, the terms “controlling”, “controlled by”, and “under common control with”) as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise.

“Applicable Law” means all applicable federal laws and regulations, Illinois state law, ordinance or code, or any rules, regulations, administrative interpretations or orders issued by the Governmental Authority pursuant to any of the foregoing, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the parties hereto.

“Business Day” means any day other than Saturday, Sunday or a day on which banking institutions in the State of Illinois are permitted or obligated by Applicable Law to be closed.

“Certificateholder” means an insured who has been issued a certificate under a policy, and who has been identified as the member of the Policyholder organization to which a Policy has been issued.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

“Coinsurance Effective Date” means October 1, 2012.

“Confidential Information” shall have the meaning set forth in Section 10.2

“Execution Date” means the Closing Date.

“Extra-Contractual Obligations” means liabilities not covered under the Policies or any other provision of this Agreement, but which arise from the business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in claims handling or in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action. Extra-Contractual Obligations do not include any loss incurred due to a final legal adjudication of fraud of a member of the Board of Directors or a duly elected corporate officer of Company acting individually or collectively or in collusion with any individual, corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

“GAAP” means United States generally accepted accounting principles as in effect from time to time.

“Governmental Authority” means the Illinois Insurance Department.

“Illinois SAP” means the statutory accounting principles and procedures applicable under Applicable Law and the rules, regulations and practices prescribed or permitted by the Governmental Authority relating thereto.

“Interim Coverage” means the coverage provided by a Certificate between the date applied for by the proposed Certificateholder and the Certificate Effective Date, as approved by the underwriting and enrollment conditions applicable to that Certificate.

“Loss Expense” means all costs incurred by Company in the investigation, adjustment, appraisal, defense or settlements of all claims, alleged claims, or suits, including appeals, under or related to the Policies reinsured hereunder, including legal fees, expenses of determining coverage under a Policy (including declaratory judgment expenses), subrogation, salvage and recovery expenses, both prejudgment and post-judgment interest, and any award of costs by a court of competent jurisdiction, excluding, however, office expenses and salaries of officials and employees of Company not classified as loss adjusters.

“Loss In Excess of Policy Limits” means any amount payable in excess of the Policy limit for reasons including alleged or actual negligence, fraud or bad faith in failing to settle or rejecting a settlement within the Policy limit, in preparation of the defense, in the trial of any action involving the insured or Company, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits extends only to amounts that would have been covered had the limit of liability of the Policy been adequate. Loss In Excess of Policy Limits does not include any loss incurred due to a final legal adjudication of fraud of a member of the Board of Directors or a duly elected corporate officer of Company acting individually or collectively or in collusion with any individual, corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

“Paid Up Certificates” means certificates under the Policies that have lapsed and have converted to a paid up status based on available Policy values.

“Person” means any natural person, corporation, joint stock corporation, general partnership, limited partnership, limited liability company or partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

“Policies” (each a “Policy”) means the group lifetime benefit term life insurance policies and/or certificates with Certificate Effective Dates on or after the Coinsurance Effective Date, on forms identified on Schedule 1.2 which are issued by Company in any state, territory, district or commonwealth of the United States (collectively “the U.S.”). Policies include all related enrollment forms, and certificates (including applications therefor and all supplements, endorsements, riders and ancillary agreements in connection therewith. However, any accidental death benefit riders are not considered Policies and are specifically excluded from the reinsurance provided hereunder.

Example 1: A Certificate is written with a Certificate Effective Date on or after the Coinsurance Effective Date. All riders or guaranteed increases that are part of this Certificate, whether at the time issue or in the future, will be subject to this Reinsurance Agreement.

Example 2: A Certificate is written with a Certificate Effective Date before the Coinsurance Effective Date. All riders or guaranteed increases that are part of this Certificate shall NOT be subject to this Reinsurance Agreement, whenever issued.

“Policy Liabilities” means any and all gross liabilities and obligations arising out of or relating to the Policies issued on or after the Coinsurance Effective Date, including Extra Contractual Obligations, Loss In Excess of Policy Limits and Loss Expense, and including claims during Interim Coverage; provided, however, Policy Liabilities shall not include any Premium-related Taxes (as defined below in “Premium-related Taxes Allowances”) and fees, and any assessments and similar charges in connection with Company’s participation in any guaranty association(s).

“Policyholder” means with respect to each Policy, the U.S. employer, group, association or other organization which has been issued a Policy.

“Premiums” or “Premium” means premiums, considerations, deposits and similar receipts with respect to the Policies including return premiums as a result of surrenders, cancellations, lapses and rescissions.

“Premium-related Taxes Allowance” means the provision for the payment of premium taxes, assessments and fees on the Policies coinsured hereunder as of the Coinsurance Effective Date, which Reinsurer allows Company in an amount equal to 2.25% of the Premium ceded hereunder.

“Producers” mean all brokers, agents, general agents, captive employed agents, producers, third party administrators or other Persons who marketed, produced or serviced the Policies and are entitled to receive Commissions from Company.

“Producer Commissions” means mean all commissions, expense allowances, benefit credits, service fees, payments and other fees and compensation paid to Producers for sale or service of Policies.

“Reinsurance Consideration” shall have the meaning set forth in Section 3.1.

“Reserves” means the sum of all reserves and liabilities required to be maintained by Company for the Policies including, without limitation, active life, incurred but not reported, claim and unearned premium reserves, in each case calculated: (a) consistent with the reserve requirements, statutory accounting rules, regulations, practices and actuarial principles applicable to Company under Applicable Law; and (b) in accordance with a methodology agreed upon by both Company and Reinsurer and consistent with Illinois SAP, sound actuarial principles and any valuation bases and methods of determining reserves as provided in the forms of Policies; provided, however, that Company makes no representations or warranties with respect to the adequacy of reserves under or related to the Policies.

“Tax” or “Taxes” means any and all United States and foreign, federal, state, municipal or local net or gross income, gross receipts, net proceeds, sales, use, ad valorem, value added, transfer, franchise, recapture, withholding, payroll, employment, excise, premium-related taxes and fees, property, alternative or add-on minimum, environmental, retaliatory or other taxes, assessments, duties, fees, levies or other governmental charges of any nature whatsoever, but shall not include any assessments or other charges of guaranty funds or similar organizations.

“TPA Fees” means all fees payable by Company to the third party administrator under the agreement set forth in Exhibit A.

ARTICLE II

Coinsurance of the Policy Liabilities

2.1 Coinsurance. Subject to the terms and conditions of this Agreement and as of the Coinsurance Effective Date, Company hereby cedes on a coinsurance basis to Reinsurer and Reinsurer hereby agrees to indemnity reinsure fifty percent (50%) of the Policy Liabilities. The coinsurance provided for hereunder shall be effective as of the Coinsurance Effective Date.

2.2 Parties to Coinsurance. Article II of this Agreement provides only for indemnity reinsurance solely between Company and Reinsurer and the acceptance of reinsurance under this Article II shall not create any right or legal relationship between Reinsurer and any Policyholder or any other Person under a Policy.

2.3 Policy Changes or Reductions. Material changes in the provisions and conditions of a Policy, except for those to Policy rates, Policy interest rates, mortality charges and other variable Policy provisions ("Non-Guaranteed Policy Elements"), a corresponding change in this Agreement and any appropriate Policy Liabilities' adjustments shall be made consistent with the terms of any Policy or prevailing underwriting practices, and at all times, in accordance with Applicable Law. If the benefit amount of a Policy is reduced or increased, whether as required by Applicable Law or otherwise, the amount reinsured by Reinsurer hereunder shall be automatically reduced or increased accordingly. Company will review the Policy experience with Reinsurer annually to determine if any changes to the Non-Guaranteed Policy Elements are necessary. Any dispute regarding the necessity of a Non-Guaranteed Policy Element shall be subject to Mini Dispute Resolution procedure under Section 9.2.

2.4 Termination of Coinsurance. Coinsurance under this Article II will continue hereunder without reduction. Notwithstanding the foregoing, coinsurance under this Article II shall terminate in the following circumstances:

(a) In the event any Policy, is forfeited or surrendered and/or no further benefits are payable thereunder; in such event the coinsurance of such Policy Liabilities shall automatically terminate; or

(b) Upon written agreement by the parties hereto.

2.5 Maintenance of Reserves. From and after the Coinsurance Effective Date, Reinsurer shall establish and maintain as a liability on its statutory financial statements, Reserves with respect to the Policy Liabilities calculated in a manner consistent with: (a) the Reserve requirements, statutory accounting rules, regulations, practices and actuarial principles applicable to Company under Applicable Law; and (b) in accordance with a methodology agreed upon by both Company and Reinsurer and consistent with Illinois SAP, sound actuarial principles and any valuation bases and methods of determining Reserves as provided in the forms of Policies. The Reinsurer shall provide Company, not less than annually, with copies of all actuarial opinions and actuarial memoranda and all Reserve evaluations pertaining to the Reserves, including, without limitation, any actuarial opinions and Reserve evaluations performed by independent actuaries, auditors or other outside consultants.

2.6 Reserve Credits. Reinsurer shall, at all times during the term of this Agreement, maintain all licenses, authorizations or otherwise take any and all reasonable action necessary under the Applicable Law in which the Policies are outstanding to ensure that Company shall be permitted to take full Reserve credit on its statutory financial statements with respect to the indemnity reinsurance by Reinsurer under this Article II of the Policy Liabilities.

ARTICLE III
Reinsurance Consideration

3.1 Reinsurance Payments.

(a) In consideration of Reinsurer's coinsurance of the Policy Liabilities, Company shall pay to Reinsurer consideration equal to the:

(i) Total of all Premiums, with respect to the Policies and recoveries from insuring third-party reinsurers, if any, collected from and after the Coinsurance Effective Date until the Execution Date with respect to the Policy Liabilities; less

(ii) Total of Policy Liabilities paid by Company during the period from and after the Coinsurance Effective Date until the Execution Date; less

(iii) Ceding Allowance and Expense Allowance (as defined in 3.2); and less

(iv) Producer Commissions, Reinsurer's share of the National Benefit Parter's (NBP) Producer bonuses and TPA Fees paid by Company during the period from and after the Coinsurance Effective Date until the Execution Date; and less

(v) Premium-related Taxes Allowance incurred by Company during the period from and after the Coinsurance Effective Date until the Execution Date. Company may adjust this Allowance upon demonstration that the applicable state premium tax rates for the Policies have increased, from the later of inception or the last such measurement, such that the blended premium tax rate has increased to the greater of 2.5% or .25% more than the current allowance. Such change shall be implemented in the 2nd monthly quarterly cash settlement following notice and satisfactory demonstration thereof to the Reinsurer.

Reinsurer's share of the NBP Producer bonus shall be calculated based on the proportion of Premium used in calculating the bonus that is attributable to Reinsurer divided by the total Premium used by Company in the bonus calculation.

The consideration set forth under items (i) through (vi) above, referred to as the "Reinsurance Consideration."

(b) No later than fifteen (15) days following the end of each calendar quarter, positive cash flow on the Policies will result in payment of the Reinsurance Consideration by Company in cash in immediately available funds to Reinsurer, or if quarterly cash flow from the Policies is negative, Reinsurer shall make payment to Company.

3.2 Ceding and Expense Allowance. Company shall be entitled to a Ceding Allowance of two percent (2.00%) of paid premium for the Policies, inclusive of all Policy and associated rider premium and fees. Reinsurer shall be entitled to a two and seventy five hundredths percent (2.75%) expense allowance. Net, Company shall pay seventy five hundredths percent (.75%) to Reinsurer. The Ceding Allowance shall be credited to Company as a reduction (in this case, as an increase) in the Reinsurance Consideration in accordance with Section 3.1, above.

3.3 Reports. On a monthly basis following from and after the Coinsurance Effective Date, Company shall provide Reinsurer, in an electronic format such as EXCEL no later than the tenth business day following the close of each month, with the following informational report:

- (i) Premiums collected during the period, split between first year and renewal;
- (ii) Ceding Allowances applied to (i), as applicable;
- (iii) Producer Commissions, split between advances, first year, and renewal, paid during the period; and
- (iv) TPA Fees paid during the period; and
- (v) Policy Liabilities paid by Company, including but not limited to all losses and loss expenses paid;
- (vi) Pending claims, including accelerated and extension of benefits long term care claims;
- (vii) Claim Reserves, computed on a statutory basis, including reserves on acceleration and extension of benefits long term care claims;
- (viii) An estimate of incurred but not reported claims, including acceleration and extension of benefits long term care claims;
- (ix) Total Policy Reserves ceded on a statutory basis to Reinsurer;
- (x) Premiums due and unpaid at the end of the reporting period; and
- (xi) Premiums paid in advance at the end of the reporting period.

3.4 Marketing & Underwriting Services. Effective the start of this treaty, Reinsurer will assume responsibility for marketing and underwriting services on the Transition Block. Such services will consist of reviewing new business proposals, underwriting new business submissions, underwriting or reenrollments on existing groups, support for the enrollment process, and other services required to continue new business as may be identified and agreed upon by Company and Reinsurer in writing from time to time. Such services will performed in accordance with standards agreed to be the Company and consistent with the existing contracts with Vision and NBP. The compensation for such services is included in the expense allowances included in Section 3.2 of which allowance rates were based on the rates used to price the product. All business records created by the reinsurer in the performance of the services for the block are the property of the Company and will be maintained in the State of Illinois.

3.5 Marketing and Underwriting Expenses. Reinsurer shall reimburse Company for underwriting expenses and marketing expenses incurred by Company over the time period from 10/1/2012 through 12/31/2012. Such expenses shall include:

- (i) time and expenses for underwriting and marketing activities performed by designated persons;
- (ii) filing of new forms by Vision Financial;
- (iii) printing of new marketing materials as requested by Combined and/or distribution.

Company shall provide, and Reinsurer shall pay, a monthly invoice of expenses subject to this section.

ARTICLE IV

Other Covenants and Undertakings

4.1 Arm's Length Agreement. This Agreement is entered into at arm's length without duress or coercion, and is to be interpreted as an agreement between two parties of equal bargaining strength. It shall not be construed against either party hereto.

4.2 Fees and Expenses. Except as otherwise specifically provided herein, each party shall pay all costs incurred by it for legal, actuarial and other services used in connection with this Agreement.

ARTICLE VI

Representations and Warranties of Company

Company hereby represents and warrants to Reinsurer as follows:

5.1 Organization and Standing of Company. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite power and authority to carry on the business and operation of Company as now being and as heretofore conducted.

5.2 Authorization. Company has all requisite corporate power and authority to enter into this Agreement, and to perform its obligations hereunder subject to receipt of any approvals and consents described herein. The execution and delivery by Company of this Agreement and the performance by Company of its obligations hereunder have been duly authorized and will be a valid and binding obligation of Company, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors rights generally or by the principles governing the availability of equitable remedies.

5.3 No Conflict or Violation. The execution, delivery and performance of this Agreement will not: (a) violate any provision of the Articles or Certificate of Incorporation, By-laws or other organizational document of Company; (b) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterpart the right to terminate, or constitute a default under, any contract or other agreement to which Company is a party; (c) violate any order, judgment, injunction, award or decree of the Governmental Authority body against, or binding upon, or any agreement with, or condition imposed by, the Governmental Authority binding upon Company; or (d) subject to the receipt of any required approvals and consents, violate Applicable Law.

5.4 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with the Governmental Authority, or arbitration tribunal which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on the Policies. There are no actions, suits or claims or legal, administrative or arbitration proceedings pending or, to the best knowledge of Company, threatened against or involving Company, or any of its directors, officers, employees, properties or assets in connection with the Policies which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on the Policies.

5.5 Consents and Approvals. Notwithstanding any filing required under Illinois law or regulation, the execution, delivery and performance of this Agreement does not require Company to obtain any consent, approval or action from, or make any filing with or give any notice to, any Person under any Applicable Law. Company shall be responsible for making any required filings with the Illinois Insurance Department and obtain all necessary approvals of this Agreement.

5.6 Financial Statements. Prior to the Coinsurance Effective Date, Company has made available to Reinsurer true, correct and complete copies of: (a) the Annual Statement of Company as filed with the Governmental Authority for the years ended December 31, 2009, 2010 and 2011; and (b) the Quarterly Statement of Company as filed with the Governmental Authority for the quarters ended March 31, 2012 and June 30, 2012. Each such Annual Statement and Quarterly Statement complied in all material respects with Applicable Law when so filed. No material deficiencies have been asserted by the Governmental Authority with respect to any Annual Statement or any Quarterly Statement referred to in (a) and (b) of this Section 5.6.

5.7 Brokers and Finders. Company has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

5.8 Licensing. Company is duly licensed to underwrite the same type of insurance provided under the Policies in the State of Illinois where the Policies were issued or Policyholders or certificate-holders reside.

5.9 U.S. Tax Status. Company is subject to U.S. taxation under either the provisions of Subchapter L of Chapter 1 or Subpart F of Part III of Subchapter N of Chapter 1 of the Code.

5.10 Survival. All representations and warranties of Company contained in this Agreement will be true, accurate and complete at the time of the Coinsurance Effective Date and will survive the Coinsurance Effective Date.

ARTICLE VI

Representations and Warranties of Reinsurer

Reinsurer hereby represents and warrants to Company as follows:

6.1 Organization and Standing of Reinsurer. Reinsurer is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite power and authority to carry on the business and operation of Reinsurer as now being and as heretofore conducted.

6.2 Authorization. Reinsurer has all requisite corporate power and authority to enter into this Agreement, and to perform its obligations hereunder subject to receipt of any approvals and consents described herein. The execution and delivery by Reinsurer of this Agreement and the performance by Reinsurer of its obligations hereunder have been duly authorized and will be a valid and binding obligation of Reinsurer, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors rights generally or by the principles governing the availability of equitable remedies.

6.3 No Conflict or Violation. The execution, delivery and performance of this Agreement will not: (a) violate any provision of the Articles or Certificate of Incorporation, By-laws or other organizational document of Reinsurer; (b) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterpart the right to terminate, or constitute a default under, any contract or other agreement to which Reinsurer is a party; (c) violate any order, judgment, injunction, award or decree of the Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, the Governmental Authority binding upon Reinsurer; or (d) subject to the receipt of any required approvals and consents, violate Applicable Law.

6.4 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with the Governmental Authority, or arbitration tribunal which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on Reinsurer. There are no actions, suits or claims or legal, administrative or arbitration proceedings pending or, to the best knowledge of Reinsurer, threatened against or involving Reinsurer, or any of its directors, officers, employees, properties or assets which, individually or in the aggregate, have or could reasonably be expected to have a material adverse effect on Reinsurer.

6.5 Consents and Approvals. The execution, delivery and performance of this Agreement does not require Reinsurer to obtain any consent, approval or action from, or make any filing with or give any notice to, any Person under any Applicable Law.

6.6 Financial Statements. Prior to the Coinsurance Effective Date, Reinsurer has made available to Company true, correct and complete copies of: (i) the Annual Statement of Reinsurer as filed with the Governmental Authority for the years ended December 31, 2009, 2010 and 2011; and (ii) the Quarterly Statement of Reinsurer as filed with the Governmental Authority for the quarters ended March 31, 2012 and June 30, 2012. Each such Annual Statement and Quarterly Statement complied in all material respects with Applicable Law when so filed and was timely filed with the Governmental Authority. No material deficiencies have been asserted by any Governmental Authority with respect to any Annual Statement or any Quarterly Statement referred to in (i) and (ii) of this Section 6.6.

6.7 Brokers and Finders. Reinsurer has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

6.8 Licensing. Reinsurer is duly licensed and/or authorized to underwrite and reinsure the same type of insurance provided under the Policies in the State of Illinois where the Policies were issued or Policyholders or certificate-holders reside.

6.9 U.S. Tax Status. Reinsurer is subject to U.S. taxation under the provisions of Subchapter L of Chapter 1 of the Code.

6.10 Survival. All representations and warranties of Reinsurer contained in this Agreement will be true, accurate and complete at the time of the Coinsurance Effective Date and will survive the Coinsurance Effective Date.

ARTICLE VII

Conditions Precedent to Coinsurance Effective Date

7.1. Company's Conditions Precedent. The obligation of Company to cede the Policy Liabilities as contemplated by Article II hereunder as of the Coinsurance Effective Date is subject to the satisfaction or, at Company's sole option, waiver of, the following conditions as of the Coinsurance Effective Date:

(a) (i) The representations and warranties of Reinsurer contained in this Agreement shall be true and correct in all material respects (but without regard to any materiality or material adverse effect qualifications contained in any specific representation or warranty), except that any such representations and warranties that are given as of a particular date and which relate solely to a particular date or period shall be true and correct in all material respects as of such date or period, (ii) Reinsurer shall have

performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Reinsurer on or prior to the Coinsurance Effective Date, and (iii) the parties shall have established the U.S. Trust Agreement.

(b) There shall not have been any action taken by the Governmental Authority prohibiting or making illegal the transactions contemplated by this Agreement.

(c) No action, suit or proceeding shall have been instituted and be continuing or be threatened in writing by the Governmental Authority or any other Person or entity to restrain, modify or prevent the carrying out of the transactions contemplated hereby, or to seek damages in connection with such transactions, that has or is reasonably likely to have a material adverse effect on the Policies or the business, property, prospects, results of operations or financial condition of Company.

(d) Reinsurer is developing its own group lifetime benefit term life insurance product which is similar to the Policies reinsured hereunder. Reinsurer shall designate Vision Financial as its third party administrator, and shall enter into an agreement regarding the provision of administrative services for such products no later than February 1, 2013.

7.2. Reinsurer's Conditions Precedent. The obligation of Reinsurer to coinsure the Policy Liabilities as contemplated by Article II hereunder as of the Coinsurance Effective Date is subject to the satisfaction or, at Reinsurer's sole option, waiver of, the following conditions prior to the Coinsurance Effective Date:

(a) (i) The representations and warranties of Company contained in this Agreement shall be true and correct in all material respects (but without regard to any materiality or material adverse effect qualifications contained in any specific representation or warranty), except that any such representations and warranties that are given as of a particular date and which relate solely to a particular date or period shall be true and correct in all material respects as of such date or period, and (ii) Company shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Company on or prior to the Coinsurance Effective Date.

(b) There shall not have been any action taken by the Governmental Authority prohibiting or making illegal the transactions contemplated by this Agreement.

(c) No action, suit or proceeding shall have been instituted and be continuing or be threatened in writing by the Governmental Authority or any other Person or entity to restrain, modify or prevent the carrying out of the transactions contemplated hereby, or to seek damages in connection with such transactions, that has or is reasonably likely to have a material adverse effect on the Policies or the business, property, prospects, results of operations or financial condition of Reinsurer.

ARTICLE VIII

Insolvency

8.1 Insolvency. Reinsurer hereby agrees that, as to all reinsurance made, ceded, renewed or otherwise becoming effective hereunder, the reinsurance shall be payable by Reinsurer on the basis of the liability of Company with respect to the Policy Liabilities, without diminution because of the insolvency of Company, directly to Company or to its liquidator, receiver or other statutory successor immediately upon demand. It is agreed that in the event of Company's insolvency, the liquidator, receiver or statutory successor of Company shall give prompt written notice to Reinsurer of the pendency or submission of a claim filed in the insolvency proceeding under the Policies. During the pendency of such claim, Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense(s) available to Company or its receiver. The expense thus incurred by Reinsurer is chargeable against Company as a part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to Company solely as a result of the defense undertaken by Reinsurer.

ARTICLE IX

Arbitration and Mini Dispute Resolution

9.1 Disputes Subject to Arbitration

(a) Except for any disputes regarding the calculation of the Reinsurance Consideration, in the event of any dispute or difference of opinion arising hereafter with respect to this Agreement or any dispute hereunder, it is hereby mutually agreed upon by the parties that such dispute or difference of opinion shall be submitted to mandatory and binding arbitration. One arbiter shall be chosen by Company, the other by Reinsurer, and an umpire shall be chosen by the two arbiters before they enter upon arbitration. The arbiters and the umpire shall all be active or retired disinterested executive officers of life, accident and health insurance or reinsurance companies that write the type of business that is the subject matter of this Agreement. In the event that either party shall fail to choose an arbiter within thirty (30) days following a written request by the other party to do so, the requesting party's arbiter may choose a second arbiter, and the two (2) arbiters shall, in turn, choose an umpire before entering upon arbitration. If the two arbiters fail to agree upon the selection of an umpire within thirty (30) days following their appointment, the American Arbitration Association shall be named to appoint the umpire.

(b) Each party shall present its case to the arbiters within thirty (30) days following the date of appointment of the umpire. No discovery shall be permitted. The decision of the arbiters shall be final and binding on both parties. In the event that the arbiters fail to reach an agreement, the umpire shall cast the deciding vote, which shall be final and binding upon both parties. Judgment upon the final decision of the arbiters may be entered in any court of competent jurisdiction. Each party shall bear the expense of one (1) arbiter and shall jointly and equally bear with the other the expenses of the umpire and of the arbitration.

(c) Any arbitration proceeding shall take place at a location mutually agreed upon by the parties to this Agreement. If the parties to this Agreement fail to agree upon a location, such arbitration proceedings shall take place in Chicago, Illinois.

9.2 Disputes Subject to Mini Dispute Resolution. With respect to disputes regarding the calculation of the Reinsurance Consideration, the parties' sole method for resolving such disputes shall be the procedure set forth under this Section 9.2. If the respective parties at Company and Reinsurer responsible for preparing and reviewing the Reinsurance Consideration under Section 3.1 (a) are unable to reach agreement within five (5) Business Days after provision of the Reinsurance Consideration calculation under 3.1 (a), the matter shall be referred to the respective Chief Financial Officers of the parties. The Chief Financial Officers shall meet and confer within five (5) Business Days of having the dispute referred to them, and shall use commercially reasonable efforts to come to a resolution of the dispute. If the Chief Financial Officers still are unable to reach agreement as to the Reinsurance Consideration within such five (5) Business Day period, the dispute shall be sent to a mutually agreed upon third party financial consultant for final resolution. The parties shall use their respective commercially reasonable best efforts to ensure that such third party financial consultant resolves the dispute within ten (10) Business Days and the decision of such third party financial consultant shall be final and binding the parties. The cost of the third party financial consultant shall be borne equally by the parties. All payments of disputed amounts shall be paid with Interest. If the Chief Financial Officers of the parties are unable to mutually agree on a third party financial consultant, the parties shall refer the dispute to the arbitration provision set forth under Section 9.1 above.

ARTICLE X

PRIVACY AND CONFIDENTIALITY

10.1 Privacy. Reinsurer recognizes that, in the performance of its obligations under this Agreement, it may obtain from Company and other sources personal or privileged information about individuals collected or received in connection with insurance transactions. Each party agrees to maintain the confidentiality of such information in accordance with all Applicable Laws and not to re-disclose such information further without the individual's written authorization unless such disclosure is otherwise permitted by Applicable Law. The parties will not disclose such information to any other unrelated party without the required written consent, except; as necessary for retrocession purposes, as requested by external auditors, as required by court order, or as required or allowed by law or regulation.

10.2 Confidentiality.

(a) The parties agree that, other than as contemplated by this Agreement and to the extent permitted or required to implement the transactions contemplated by this Agreement, the parties will keep confidential and will not use or disclose the other party's Confidential Information (as defined below) and the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by Applicable Law or as may be agreed in writing by the parties hereto.

(b) "Confidential Information" means all documents and information concerning one party or any of its Affiliates or a Policyholder furnished to the other party or such other party's Affiliates or representatives in connection with this Agreement or the transactions contemplated hereby, except that Confidential Information shall not include information which: (i) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by a party hereto or by any representative of a party hereto; (ii) was available on a nonconfidential basis from a source other than the parties hereto or their representatives, provided that such source is not and was not bound by a confidentiality agreement with a party hereto; or (iii) was independently developed without violating any obligations under this Agreement and without the use of any Confidential Information.

(c) The parties acknowledge and agree that Reinsurer may, in accordance with Applicable Law, use all Confidential Information regarding a Policyholder, Certificateholder, the Policy Liabilities or the Policies in order to perform the Administrative Services under the Services Agreement.

ARTICLE XI **Miscellaneous**

11.1 Co-operation. The parties hereto shall cooperate with each other and, individually or collectively, shall take such further action and execute such further documents as may be reasonably necessary to effectuate the purposes of this Agreement.

11.2 Errors. Inadvertent delays, errors or omissions made in connection with this Agreement by any party shall not relieve either party from any liability or duty which would have attached had such delay, error or omission not occurred, provided that such delay, error or omission shall have been rectified as soon as possible after discovery.

11.3 Assignment. This Agreement shall not be assigned by operation of law or otherwise by any party hereto without the prior written approval of the other party. Subject to the foregoing, the rights and obligations of the parties under this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective transferees, successors and assigns.

11.4 Audit. Reinsurer reserves the right to audit all records related to the business ceded, including premiums, case underwriting, claims and other related matters. Reinsurer can use its employees or contractors to perform such audits. All such audits will be performed during the Company's regular working hours, as arranged with the reinsurer. Reinsurer will bear all costs of the audits.

11.5 Notices. Any and all notices or other communications required or permitted under this Agreement shall be in writing and shall be provided by any method that produces a written receipt or written evidence of its sending and of its receipt by the recipient to the persons and at the addresses, facsimile numbers or e-mail addresses set forth below:

If to Reinsurer:

Combined Insurance Company of America
1000 N. Milwaukee Avenue
Glenview, Illinois 60025
Attn: Chris Martin, President, Worksite Solutions
Telephone No. (847) 953-8128
Fax No. (847) 953-8100
E-Mail: Chris.J.Martin@combined.com

With a copy to:

Combined Insurance Company of America
1000 N. Milwaukee Avenue
Glenview, Illinois 60025
Attn: Chad Helin
Telephone No. (847) 953-8114
Fax No. (847) 953-1556
E-Mail: Chad.Helin@combined.com

If to Company:

Fidelity Life Association
8700 W. Bryn Mawr Ave. Suite 900S
Chicago, Illinois 60631
Attn: Jim Harkensee
Telephone No. (312) 379 2927
Fax # 866 375 8175
E-Mail: jim.harkensee@fidelitylife.com

With a copy to:

Fidelity Life Association
8700 W. Bryn Mawr Ave. Suite 900S
Chicago, Illinois 60631
Attn: Mark Wray
Telephone No. (312) 379 2928
Fax # 866 375 8175
E-Mail: mark.wray@fidelitylife.com

Notice shall be deemed received on the first Business Day following actual receipt. 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.

11.6 Entire Contract. This Agreement is the entire contract between the parties hereto, and supersedes all prior oral discussions and written agreements between the parties with respect to the subject matter hereof.

11.7 Non-Waiver. Except as otherwise specified herein, no act, delay, omission or course of dealing by or between the parties to this Agreement shall constitute a waiver of any right or remedy under this Agreement. No waiver, change, modification or discharge, in whole or in part, of any provision of this Agreement shall be effective unless made in writing and signed by a duly authorized officer of the party agreeing to said waiver, change, modification or discharge. The waiver of any right or remedy under this Agreement shall not constitute a continuing waiver, nor a waiver of any other right or remedy, unless expressly provided in a writing to the contrary.

11.8 Amendment. This Agreement may be modified or amended only by a writing duly executed by authorized officers of the parties hereto.

11.9 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.10 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Illinois, without regard to principles of conflict of laws of any jurisdiction.

11.11 Severability. If any portion of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable, the unenforceable term or provision shall be stricken or interpreted in such manner as may be necessary to permit it to be enforceable, and the remaining portions of this Agreement shall be enforced in accordance with their respective terms.

11.12 No Third Party Beneficiaries. No Person not a party to this Agreement shall have any benefit under this Agreement nor have any third-party beneficiary rights under this Agreement.

11.13 U.S. Dollars. Any monetary amount described in this Agreement, including any schedules hereto, shall mean United States Dollars.

11.14 **Public Announcements.** At all times, Company and Reinsurer will each consult with the other before issuing or making any reports, statements or releases to the public with respect to this Agreement or the transactions contemplated hereby and will use good faith efforts to obtain the other party's approval of the form, content and timing of any public report, statement or release to be made solely on behalf of a party. If Company and Reinsurer are unable to agree upon or approve the form, content and timing of any such public report, statement or release and such report, statement or release is, in the opinion of legal counsel to the party, required by Applicable Law or by legal disclosure requirements, then such party may make or issue the legally required report, statement or release and shall provide to the other party a copy of such report, statement or release along with the opinion of legal counsel permitting such release. For the avoidance of doubt, the release by a party of its publicly available financial statements shall not be subject to this Section 11.13.

11.15 **No Prejudice.** The parties agree that this Agreement has been jointly negotiated and drafted by the parties hereto and that the terms hereof shall not be construed in favor of or against any party on account of its participation in such negotiations and drafting.

11.16 **Set-Off.** Any debts, amounts due or credits between the parties arising under this agreement are deemed mutual debts or credits, as the case may be, and shall be netted or set off, as the case may be, and only the balance remaining shall be allowed or paid hereunder

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the Execution Date written below.

FIDELITY LIFE ASSOCIATION

By: /s/ Mark S. Wray
Name: Mark S. Wray
Title: Sr VP & CFO
Date: 1-7-13

COMBINED INSURANCE COMPANY OF AMERICA

By: /s/ Chris Martin
Name: Chris Martin
Title: President, Combined Worksite Solutions
Date: 1-4-13

Exhibit A
Vision Financial Agreement

(To Be Attached)

Listing of Policy Form Numbers

**Fidelity Life Policy Form
Numbers
(To Be Attached)**

Amendment Number One
To the
Indemnity Reinsurance Agreement (“Agreement”)
by and between
Combined Insurance Company of America (“Reinsurer”)
and
Fidelity Life Association (“Company”)

WHEREAS, Reinsurer and Company entered into the Agreement as of the Coinsurance Effective Date of October 1, 2012;

WHEREAS, Reinsurer and Company desire to more clearly state the terms of the reinsurance agreement;

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, Reinsurer and Company hereby agree to amend the Agreement:

1. Section 3.1(a) is hereby deleted and replaced with the following:

(a) In consideration of Reinsurer’s coinsurance of the Policy Liabilities, Company shall pay to Reinsurer consideration equal to the:

(i) Total of all Premiums, with respect to the Policies and recoveries from insuring third-party reinsurers, if any, collected from and after the Coinsurance Effective Date until the Execution Date with respect to the Policy Liabilities, multiplied by the Coinsurance Percentage (50%); less

(ii) Total of Policy Liabilities paid by Company during the period from and after the Coinsurance Effective Date until the Execution Date, multiplied by the Coinsurance Percentage; less

(iii) Ceding Allowance and Expense Allowance (as defined in 3.2) applied to Reinsurer’s share of Premium; and less

(iv) Producer Commissions and TPA Fees paid by Company, multiplied by the Coinsurance Percentage, and Reinsurer’s share of the National Benefit Parter’s (NBP) Producer bonuses paid by Company during the period from and after the Coinsurance Effective Date until the Execution Date; and less

(v) Premium-related Taxes Allowance applied to Reinsurer's share of Premium incurred by Company during the period from and after the Coinsurance Effective Date until the Execution Date. Company may adjust this Allowance upon demonstration that the applicable state premium tax rates for the Policies have increased, from the later of inception or the last such measurement, such that the blended premium tax rate has increased to the greater of 2.5% or .25% more than the current allowance. Such change shall be implemented in the 2nd monthly quarterly cash settlement following notice and satisfactory demonstration thereof to the Reinsurer.

Reinsurer's share of the NBP Producer bonus shall be calculated based on the proportion of Premium used in calculating the bonus that is attributable to Reinsurer divided by the total Premium used by Company in the bonus calculation.

The consideration set forth under items (i) through (vi) above, referred to as the "Reinsurance Consideration."

2. All other terms and conditions of the Agreement will remain unchanged.

This Amendment may be executed in counterparts, each of which shall be deemed original, but all of which, taken together, constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the Execution Date written below.

FIDELITY LIFE ASSOCIATION

By: /s/ Jim Harkensee
Name: Jim Harkensee
Title: President & COO

Date: 8/27/2013

COMBINED INSURANCE COMPANY OF AMERICA

By: /s/ Chris Martin
Name: Chris Martin
Title: President, Combined Worksite Solutions

Date: 8-21-13

Amendment Number Two
to the
Indemnity Reinsurance Agreement (“Agreement”)
by and between
Combined Insurance Company of America (“Reinsurer”)
and
Fidelity Life Association (“Company”)

WHEREAS, Reinsurer and Company entered into the Agreement as of the Coinsurance Effective Date of October 1, 2012;

WHEREAS, Company and Reinsurer wish to increase the coinsurance percentage effective January 1, 2014 and later;

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, Reinsurer and Company hereby agree to amend the Agreement:

1. The existing Section 2.1 shall now be referred to as Section 2.1(a) and a new Section 2.1(b) is added as follows:
2.1(b) Additional Coinsurance. Subject to the terms and conditions of this Agreement, Company hereby cedes on a coinsurance basis to Reinsurer and Reinsurer hereby agrees to indemnify reinsure an additional thirty percent (30%) for a total of eighty percent (80%) of the Policy Liabilities, except that AD&D riders, LTC riders and Extension riders shall be excluded from this additional coinsurance. The additional coinsurance provided hereunder shall be effective for new certificates with Certificate Effective Dates of January 1, 2014 or after.
2. Section 3.1(c) is added as follows after section 3.1(b):
3.1(c) Cash Flow Calculations. Where, pursuant to this Amendment Number Two, Reinsurer has assumed a total of eighty percent (80%) of the Policy Liabilities, eighty percent (80%) shall be used to calculate cash flows from after January 1, 2014. For Policy Liabilities for certificates with Certificate Effective Dates prior to January 1, 2014, fifty percent (50%) shall be used to calculate cash flows.
3. The following definition is added to Article I:
“Certificate Effective Date” means the date listed on a certificate on which: (a) coverage under a Policy becomes effective for the Certificateholder, and (b) Premium for the Policy is first due.
4. All other terms and conditions of the Agreement will remain unchanged.

5. This Amendment may be executed in counterparts, each of which shall be deemed original, but all of which, taken together, constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the Execution Date written below.

FIDELITY LIFE ASSOCIATION

By: /s/ James E. Hohmann
Name: James E. Hohmann
Title: CEO
Date: 9/26/14

COMBINED INSURANCE COMPANY OF AMERICA

By: /s/ Chris Martin
Name: Chris Martin
Title: President, Combined Worksite Solutions
Date: 9/26/14

LICENSE AGREEMENT

This Agreement is made the 1st day of October, 2012, (“Effective Date”) by and between Fidelity Life Association, (hereinafter referred to as (“FLA” or “Licensor”), an Illinois insurance corporation, James Harkensee (hereinafter referred to as “Inventor”), an individual, both having a place of business at 8700 W. Bryn Mawr Avenue, Chicago, Illinois, and Combined Insurance Company of America, a corporation (hereinafter referred to as “Combined” or “Licensee”), having its principal place of business at 1000 N. Milwaukee Avenue, Glenview, Illinois, individually referred to as “Party” and collectively as the “Parties”.

WITNESSED THAT

WHEREAS, Licensor has the right to provide a license under a certain patent as herein identified; and

WHEREAS, Inventor is a named inventor in said patent; and

WHEREAS, Licensee desires to obtain, and Licensor is willing to grant Licensee, an exclusive license as hereafter defined and under the terms and provisions herein specified.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained Licensor, Inventor and Licensee agree as follows:

TERMS

1. DEFINITIONS

- 1.1 The term “consist” limits and covers only the elements expressly recited. By contrast, the utilization of the terms “include”, “such as”, and “for example” are not limited and therefore cover more elements than those recited.
- 1.2 “Affiliate” shall mean any corporation or the like at least fifty percent (50%) of whose voting share capital is owned or directly or indirectly controlled by or under common control with a Party as of the Effective Date of this Agreement or at any time during the term of this Agreement and any other entity over which a Party exercises effective managerial control.
- 1.3 “Agreements” shall mean (i) the 50% quota share Indemnity Reinsurance Agreement (Combined Block), and (ii) the 50% quota share Indemnity Reinsurance Agreement (Transition Block).
- 1.4 “Block of Business” shall mean the group of in force Lifetime Benefit Term Product policies in force with Fidelity Life.
- 1.5 “Combined Block” shall mean Licensee’s policy forms, its own version of the LBT Product and riders desired for sale.

- 1.6 “Confidential Information” shall mean any and all technical and non-technical information of a Party, including without limitation, information concerning financial, accounting or marketing reports, business plans, analyses, forecasts, predictions, projections, intellectual property, trade secrets and know-how. “Information” may take the form of documentation, drawings, specifications, software, technical or engineering data, and other forms, and may be communicated orally, in writing, by electronic or magnetic media, by visual observation and by other means. “Information” includes any reports, analyses, studies or other materials, whether prepared by the Licensor or Licensee, that contain or are based upon proprietary Information covered in this Agreement.
- 1.7 “Days” shall mean calendar days.
- 1.8 “LBT Product” shall mean: (i) LifeTime Benefit Term Product, i.e., a method of insuring a group of individuals which includes a guaranteed insurance component and a decreasing term insurance component using a level premium received for each individual.
- 1.9 “Patent” shall mean US Patent No. 7,962,352 B2, date of patent June 14, 2011, Method of Insuring Individuals using Guaranteed Insurance, Term Insurance and Non-Guaranteed Insurance.
- 1.10 “Transition Block” shall mean the business written under Licensee’s direction by Licensor on FLA’s paper in the period prior to Licensee’s ability to issue its own policy forms.
- 1.11 “Sale or Sold” shall mean selling, otherwise providing LBT Product either directly or through a chain of distribution.
- 1.12 “Service or Servicing Agreement” shall mean an agreement between Licensor and Licensee which discusses the description, delivery point, availability, underwriting, quality levels, measurement procedures and escalation levels of the LBT Product.

2. LICENSE GRANT

- 2.1 Subject to the terms and provisions of this Agreement, and to Licensee entering into a series of Agreements, Licensor grants to Licensee an exclusive, personal, non-transferable, worldwide right and license under the Patent to make, have made, use, distribute, offer for sale, sell, and/or otherwise dispense the LBT Product.
- 2.2 Subject to Licensee entering into the required Agreements under Section 5.1 to Licensor and Vision Financial, Licensor and Inventor release and forever discharge Licensee (and its direct and indirect distributors, suppliers, dealers and customers) from any and all claims, liens, demands, causes of action, obligations, losses, damages, and liabilities, known or unknown, suspected or unsuspected, liquidated or unliquidated, fixed or contingent, that they have had in the past or now have or may have in the future under any of the claims in the Patent based on or arising out of LBT Products sold by Licensee, prior to and including the Effective Date, in, or for, the United States and its territories and possessions.

- 2.3 Subject to the terms and provisions of this Agreement, and to Licensee entering in to the required Agreements under Section 5.1 and during the term of the life of this Agreement, Licensor and Inventor further represent, covenant and agree that neither they nor any entity directly or indirectly controlled by either will bring suit or otherwise assert a claim for infringement under the Patent against Licensee before any court or administrative agency in any country of the world based on or arising out of LBT Products sold by Licensee in, or for, the United States and its territories and possessions.
- 2.4 The release and covenant not to sue provided in Sections 2.2 and 2.3, as well as any other releases or covenants not to sue set out in this Agreement, shall bind any assignee or other person to whom a claim in the Patent, or any interest therein, may be conveyed.
- 3. LIMITS ON SCOPE OF LICENSE GRANT**
- 3.1 Combined Block. Licensee will develop, on its own policy forms, its own version of the LBT Product, including all riders desired for sale. The initial sale of the Combined LBT product shall be on or after January 1, 2013. The Combined Block will be subject to a Quota Share Agreement as provided in Section 5.1.
- 3.2 Transition Block. Licensor's LBT product shall be written under the direction of Licensee in the time period prior to Licensee's ability to issue its own policy forms and riders subject to a reinsurance agreement covering the issuance of this product. Licensor shall cease writing any new policies or certificates in connection with the LBT Product upon the earliest of the date (i) Licensee has received any necessary state approval of the aforementioned forms and has notified Licensor of its intent to begin marketing and using such forms or (ii) Licensor and Licensee agree, in writing, to cease writing of the LBT Product.
- 3.3 Licensor shall be able to write any new or renewal LBT Product if (i) notice of non-renewal was not timely provided in accordance with and to the extent required by specific policy, provisions, insurance laws or regulations, (ii) to the extent necessary to honor quotes of Licensor's outstanding policies, (iii) as specifically authorized in writing by Licensee.
- 4. SALE OF BLOCK OF BUSINESS**
- 4.1. Licensor agrees to not sell Block of Business for a period of 3 years from April 1, 2013, unless Licensee agrees in writing. During this 3 year period, Licensee will a) keep the Block of Business on its own contract forms, b) refrain from soliciting or accessing its LBT Product Policyholders and Certificateholders in a coordinated manner for purposes of sales or solicitation of other products, and c) refrain from any action to transfer the Block of Business to another insurer's contract forms, Throughout and following this 3 year period, Licensor shall provide notice to Licensee of its active pursuit to sell the Block of Business.

- 4.2 Grant of Right of First Refusal. The Licensor does hereby grant unto the Licensee an exclusive right of first refusal and first option to purchase the inforce LBT Product Block of Business, upon the event of a proposed sale of the Block of Business. This is a one-time option and right of first refusal that will expire if not exercised in accordance with paragraph 4.3 and the subsequent completion of the sale of the block.
- 4.3. Exercise of First Option. This right of first refusal or first option to purchase may only be exercised by Licensee within 30 days from notification by Licensor that Licensor has received a bona fide offer to purchase said Block of Business at the price offered by a third party. Such notification to Licensee shall include purchase terms. Licensor is further obligated to wait 30 days for a reply from Licensee, unless received earlier. Licensor shall have no further obligation of notification and Licensee has no further rights under this section even if said purchase is not consummated.
- 4.4 Termination of Right of First Refusal. Licensee's right of first refusal and option to purchase under this Agreement shall terminate upon expiry of the 30 day period following the first notification of a bona fide offer to purchase the Block of Business.

5. PAYMENT

- 5.1 A 50% coinsurance reinsurance agreement for the Combined Block will be signed by Licensee. A 50% coinsurance reinsurance agreement for the Transition Block will be signed by Licensee. Licensee will finalize a contract with Vision Financial that covers administration for the Combined Block by February 1, 2013.
- 5.2 In consideration for the license, covenants not to sue, the agreements referenced in 5.1, and other agreements granted by Licensor and Inventor to Licensee under this Agreement relative to US Patent No. 7,962,352 B2 Dated June 14, 2011 by Licensee in, or for, the United States and its territories and possessions after the Effective Date, Licensee agrees to develop and market its own version of the LBT product, sign Agreements, manage the LBT Product and its policy administration, and provide underwriting support for the LBT Product.

6. TERM AND TERMINATION

- 6.1 This Agreement shall continue in full force and effect, unless sooner terminated by specific provisions in this Agreement upon written Notice by terminating party to the other party.
- 6.2 Licensee may terminate this Agreement at any time by sixty (60) Days written notice to Licensor.
- 6.3 Licensor may terminate this Agreement forthwith, unless otherwise provided herein, upon written notice to Licensee if:
- (a) Licensee fails to sell more than \$1,000,000 of annualized first year premium, prior to any cession for reinsurance, of the product in a calendar year with the termination effective as of the date the notice is given by the licensor;

(b) Licensee discontinues its relationships under the Agreements. In each case after written notice of such default or failure is given by Licensor to Licensee, unless a genuine and good faith dispute exists as to the existence of the relationship. This agreement shall terminate 36 months after the date of the notice by the Licensor.

(c) Licensee shall make an assignment for the benefit of creditors, or any order for the compulsory liquidation of Licensee shall be made by any court or regulatory body with the termination effective as of the date the notice is given by the Licensor;

(d) Licensee shall be finally determined by a court of competent jurisdiction to have

(i) willfully or deliberately violated any material provision of this Agreement;

(ii) concealed from Licensor any failure to comply with this Agreement and/or

(iii) acted in bad faith in breaching any material provision of this Agreement.

In such an event, the termination shall be effective as of the date of notice given by Licensor.

(e) If Licensee cannot come to an agreement with Vision Financial by February 1, 2013, this Agreement shall be immediately terminated.

(f) If Licensee notifies Licensor pursuant to Section 10.4 that it has decided to no longer use the LBT Product or exits the worksite business market, this Agreement shall be immediately terminated.

(g) The worldwide license for the LBT Product will terminate upon written notice by Licensor after 12 months have passed since Licensee's last sale of their LBT Product.

- 6.4 Loss of Exclusivity. If Licensee's sales volume, as measured by annualized first year sold premium, falls below \$5 million for any calendar year starting on or after January 1, 2015, Licensee shall lose its rights to exclusive use of the LBT Product. Loss of exclusivity does not affect Licensee's rights with respect to Licensor's sale of the Block of Business.
- 6.5 Termination of License. At the termination of this License Agreement, Licensee will cease marketing the LBT Product to new policyholders until such time as a new License Agreement or Service Agreement is negotiated. Licensee may continue to issue new Certificates to members of existing Policyholders for a period of 3 years following termination of this License Agreement.
- 6.6 Service Rights. Licensee shall retain the right to service Policies issued by Licensee for the life of the Policies during the term of this License and without diminution following the termination of the License.

7. LIMITATION OF LIABILITY

- 7.1 LICENSEE AGREES THAT LICENSOR'S TOTAL LIABILITY FOR ALL CLAIMS OF ANY KIND ARISING AS A RESULT OF, OR RELATED TO THIS AGREEMENT, WHETHER BASED ON CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO STRICT LIABILITY AND NEGLIGENCE), WARRANTY OR ON OTHER LEGAL OR EQUITABLE GROUNDS, SHALL BE LIMITED TO GENERAL MONEY DAMAGES. ANY SUCH DAMAGES SHALL NOT EXCEED AN AMOUNT EQUAL TO THE TOTAL LICENSE FEE PAYABLE UNDER THE AGREEMENT, PROVIDED SUCH LIMITATION SHALL NOT APPLY TO CLAIMS OF INFRINGEMENT OR CLAIMS OF NEGLIGENCE RELATED TO PERSONAL INJURY OR TANGIBLE PROPERTY DAMAGE.

8. COVENANTS, REPRESENTATIONS AND WARRANTIES

- 8.1 Licensor and Inventor warrant and covenant that they have the entire right, title and interest in and to the Patent.
- 8.2 Licensor and Inventor make no representation or warranty that the LBT Product will not infringe, directly, contributorily or by inducement under the laws of the United States or any foreign country, any patent or other intellectual property right of a third party.
- 8.3 Any dispute arising under or relating to this Agreement or in any dispute arising with respect to or related to the subject matter of the claims in the Patent, shall be resolved by an action brought in Cook County, Illinois and the Parties and their Affiliates who have agreed to be bound by this Agreement consent to the jurisdiction and venue of a court in the State of Illinois.
- 8.4 Licensee represents and warrants that Licensee assumes responsibility for obtaining all necessary official governmental approval, validation, and/or consent from the appropriate governmental authorities for the performance of this Agreement and for remittance of payment pursuant hereto and for registering or recording this Agreement as required; provided, however, that Licensee shall use its best efforts to provide that Licensor shall have the right to participate or be represented in any proceeding, hearing, negotiation or the like with governmental authorities relating to such approval, validation and/or consent.
- 8.5 Every Party represents and warrants that it is not presently the subject of a voluntary or involuntary petition in bankruptcy or the equivalent thereof, is not presently contemplating filing any such voluntary petition, and does not presently have reason to believe that such an Involuntary petition will be filed against it.
- 8.6 Other than the express warranties of this Article, there are no other warranties, express or implied.

9. CONFIDENTIAL INFORMATION

- 9.1 For a period of three (3) years as measured from the first date of disclosure of Confidential Information pursuant to this Agreement, Licensor and Inventor agree to use reasonable care and discretion, at least commensurate with that degree of reasonable care they use to protect similar information of their own, to avoid disclosure, publication, or dissemination of Confidential Information, outside of those employees, attorneys or consultants of Licensor, and independent public accountants selected by Licensor, who have a need to know Confidential Information, and are bound by the terms of this Article to keep Confidential Information in confidence.
- 9.2 Disclosure by Licensor or Inventor of Confidential Information under Section 9.1 of this Agreement shall be permitted in the following circumstances; provided, that Licensor and Inventor shall have first given reasonable notice to Licensee that such disclosure is to be made:
- (a) In response to an order of a court, government or governmental body;
 - (b) Otherwise as required by law; or
 - (c) To the independent public accountants who agree in writing to maintain Confidential Information in confidence.
- 9.3 Notwithstanding any other provisions of this Agreement, the obligations specified in Section 9.1 of this Agreement will not apply to any Confidential Information that:
- (a) is or becomes publicly available without breach of this Agreement;
 - (b) is released for disclosure by written consent of Licensor;
 - (c) can be shown by written documentation to have already been in Licensor's or Inventors possession at the time of its receipt from Licensee; or
 - (d) is disclosed to Licensor or Inventor by a third party without Licensor's or Inventor's knowledge of any breach of any obligation or confidentiality owed to Licensee.

10. MISCELLANEOUS

- 10.1 Licensee and Licensor shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives access, during normal business hours, to such information and assistance relating to the LBT Product (to the extent within the control of such Party) as is reasonably necessary for financial reporting and accounting matters.
- 10.2 Licensor acknowledges that unilateral actions on Nonguaranteed Policy Elements on its Block of Business may have negative implications for the value of the LBT License granted under this agreement. Therefore, Licensor shall communicate and confer with

Licensee in any decision process whereby changes are proposed to the Nonguaranteed Policy Elements, as outlined in the Transition Reinsurance Agreement, for any changes proposed in the first 7 years following effective date of this agreement. Proposed changes must be reasonable in relation to the future expectations of the performance of the product on which they are based. Licensors shall provide 180 days notice to Licensee of its decision to change the Nonguaranteed Policy Elements on the Block of Business. Following such notice, and at Licensee's request, Licensors shall delay implementation of any proposed change for an additional 6 month period.

- 10.4 Licensors shall furnish to Licensee materials identified in Exhibit A relating to the LBT Product in order to create a robust and sustainable business. Access to such information shall be requested during normal business hours and shall be provided to Licensee within a reasonable timeframe on or around January 1, 2013.
- 10.5 All notices to, demands, consents, and communications that any Party may desire to give to the other, and/or may be required under this Agreement, must be in writing. The notice shall be effective upon receipt in the United States after having been sent by registered or certified mail or sent by facsimile transmission; and shall be effective upon receipt outside the United States after having been delivered prepaid to a reputable international delivery service or courier or sent by facsimile transmission; and addressed to the address designated below:

For notice to Licensors:

Mr. James Harkensee
Fidelity Life Association
8700 W. Bryn Mawr Avenue, Suite 9005
Chicago, IL 60631
Fax: (866) 375-8175

For notice to Licensee:

Mr. Chris Martin
Combined Insurance
1000 N. Milwaukee Avenue
Glenview, IL 60025
Fax: (847) 953-8100

or to such address that the Party to whom notices are to be sent may from time to time designate in writing.

- 10.6 No failure or delay to act upon any default or to exercise any right, power or remedy under this Agreement will operate as a waiver of any such default, right, power or remedy.

- 10.7 This Agreement constitutes the entire understanding of the Parties with respect to its subject matter and supersedes all prior oral or written negotiations, agreements and understandings. This Agreement may not be modified or amended except in writing duly signed by authorized persons on behalf of the Parties.
- 10.8 The validity, construction, interpretation and performance of this Agreement, and any disputes or legal actions arising under or from this Agreement, shall be governed by the laws and regulations of the United States of America as to patent law, and the State of Illinois as applied to contracts.
- 10.9 Each of the terms and provisions of this Agreement is material. Without such terms and provisions the Parties would not have entered into this Agreement. If any term or provision of this Agreement is, becomes, or is deemed invalid, illegal or unenforceable under the applicable laws or regulations of the United States or any of its jurisdictions, such term or provision may be amended, by mutual agreement between Licensor and Licensee, to the extent necessary to conform to applicable laws or regulations without materially altering the intention of the parties or, if it cannot be so amended by good-faith negotiations and agreement between Licensor and Licensee then this Agreement shall be terminated sixty (60) days following such term or provision becoming or being deemed invalid, illegal or unenforceable.
- 10.10 This Agreement does not constitute either Party the agent of the other Party for any purpose whatsoever, nor does either Party have the right or authority to assume, create or incur any liability of any kind, express or implied, against or in the name or on behalf of the other Party.
- 10.11 The English language form of this Agreement shall control and determine its interpretation.

Signature page follows.

IN WITNESS WHEREOF, the parties hereto have caused this License Agreement to be executed by their respective duly authorized officers as of the Effective Date.

FIDELITY LIFE ASSOCIATION, Licensors

By: /s/ Jim Harkensee
Name: Jim Harkensee
Title: President & COO
Date: November 30, 2012

JAMES HARKENSEE, Inventor

By: /s/ Jim Harkensee
Name: Jim Harkensee
Title: President & COO
Date: November 30, 2012

COMBINED INSURANCE COMPANY OF AMERICA, Licensee

By: /s/ Chris Martin
Name: Chris Martin
Title: President, Worksite Solutions
Date: November 30, 2012

This Agreement shall not be effective unless an original or a fax copy of this signature page fully executing this Agreement is received by Licensors within seventy-five (75) Days of the Effective Date.

AMENDED AND RESTATED REINSURANCE AGREEMENT

between

**Fidelity Life Association, A Legal Reserve Life Insurance Company
Chicago, Illinois**

and

**Hannover Life Reassurance Company of America
Orlando, Florida**

Effective as of July 1, 2016

HA-FKLA-08

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AMENDED AND RESTATED REINSURANCE AGREEMENT

This Amended and Restated Reinsurance Agreement (this “Agreement”) is made and entered into by and between Fidelity Life Association, A Legal Reserve Life Insurance Company (hereinafter referred to as the “Ceding Company”) and Hannover Life Reassurance Company of America (hereinafter referred to as the “Reinsurer”). This Agreement shall be effective as of July 1, 2016 (the “Amended and Restated Effective Date”).

WHEREAS, the Ceding Company and Reinsurer entered into the Reinsurance Agreement (the “Original Agreement”) effective as of July 1, 2013 (the “Original Effective Date”), as amended by Amendment I and Amendment II effective July 1, 2013, and June 30, 2015, respectively, and

WHEREAS, the Ceding Company and Reinsurer have mutually agreed to amend and restate the Original Agreement effective as of the Amended and Restated Effective Date, and

NOW, THEREFORE, In consideration of the promises, covenants, agreements, representations, and warranties contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ENDORSEMENT PAGE

This Agreement is executed in duplicate by officers of the Ceding Company and the Reinsurer indicated below.

FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE-COMPANY

Signature: /s/ Gregory J Roemelt

Name: Gregory J Roemelt

Title: Chief Actuary

Date Signed: 11/8/16

Signature: /s/ Jim Harkensee

Name: Jim Harkensee

Title: President & COO

Date Signed: 11/8/2016

HANNOVER LIFE REASSURANCE COMPANY OF AMERICA

Signature: UNDICIPHERABLE

Name: UNDICIPHERABLE

Title: SVP

Date Signed: 9/13/2016

Signature: UNDICIPHERABLE

Name: UNDICIPHERABLE

Title: EVP

Date Signed: 9/27/16

ARTICLE I – GENERAL PROVISIONS

1. Definitions. The following terms have the definitions set forth below:
 - 1.1. Accounting Period: Has the meaning set forth in Article VIII, Paragraph 1.
 - 1.2. Agreement: Means as defined in the introductory paragraph, Amended and Restated Reinsurance Agreement, of this Agreement.
 - 1.3. Amended and Restated Effective Date: Means as defined in the introductory paragraph, Amended and Restated Reinsurance Agreement, of this Agreement.
 - 1.4. Amortization Factor: Means for a given Accounting Period, the associated amount described in Exhibit D attached hereto.
 - 1.5. Ceding Company: Means as defined in the introductory paragraph of this Agreement.
 - 1.6. Coinsured Benefits: Means for a given Accounting Period the product of (i) the Prior Coinsurance QS and (ii) the aggregate death claims and covered rider benefits incurred by the Covered Co/YRT Policies during such Accounting Period, net of Third Party Reinsurance.
 - 1.7. Coinsurance Net Premiums: Means for a given Accounting Period the product of (i) the Prior Coinsurance QS and (ii) the premiums paid by policyholders in respect of the Covered Co/YRT Policies during the Accounting Period, net of Third Party Reinsurance. Means, on the Amended and Restated Effective Date, the product of (i) the Net Statutory Reserves associated with the Newly Added Covered Co/YRT Policies, *multiplied by* (ii) 60%.
 - 1.8. Consumer: Means as defined in Article XIII, Paragraph 2.
 - 1.9. Covered Co/YRT Policies: Means all of the in force policies and riders with plan codes and policy forms listed in Exhibit A-1 attached hereto, with issue dates on or before December 31, 2015.
 - 1.10. Covered YRT-only Policies: Means all of the in force policies with policy forms and plan codes listed in Exhibit A-2 attached hereto, with issue dates on or before December 31, 2015.
 - 1.11. Customer: Means as defined in Article XIII, Paragraph 2.
 - 1.12. Decrease to the Funds Withheld Account: Means for any given Accounting Period prior to the Experience Refund Termination Date, the Scheduled Decrease to the Funds Withheld Account. Means for any given Accounting Period on and after the Experience Refund Termination Date, the greater of zero (0) and the result of (a) the Funds Withheld Account Balance as of the end of the prior Accounting Period, *minus* (b) (i) the Net Statutory Reserves, *multiplied by* (ii) the Prior Coinsurance QS.
 - 1.13. Expense Allowances: Means an amount as defined in Article III.
 - 1.14. Experience Refund: Means an amount as defined in Article VII, Paragraph 2.
 - 1.15. Experience Refund Termination Date: Means the first day after the end of the Accounting Period in which the Net Coinsurance Reserve Post-Recapture is equal to zero.
 - 1.16. Funds Withheld Account Balance: Means as of the Amended and Restated Effective Date, an amount equal to the result of (a) the Funds Withheld Account Balance from the end of the prior Accounting Period, plus (b) (i) the Net Statutory Reserves associated with the Newly Added Covered Co/YRT Policies, *multiplied by* (ii) 60%. For any given Accounting Period after the Amended and Restated Effective Date, the Funds Withheld Account Balance at the end of such period shall equal the lesser of (a) the result of (i) the Net Statutory Reserves, *multiplied by* (ii) the Prior Coinsurance QS; and (b) the result of (i) the Funds Withheld Account Balance from the prior Accounting Period (provided, however, that the end of the first Accounting Period after the Amended and Restated Effective Date shall point to the Funds Withheld Account Balance on the Amended and Restated Effective Date) *minus* (ii) the corresponding Decrease to the Funds Withheld Account, *plus* (iii) the Funds Withheld Account Payment.

- 1.17. Funds Withheld Account Interest: Means for any given Accounting Period *prior* to the establishment of a LBT Account, the Funds Withheld Account Balance from the immediately preceding Accounting Period *multiplied by* 0.875%. Means for any given Accounting Period after the establishment of a LBT Account, the sum of (a) the Funds Withheld Account Balance from the immediately preceding Accounting Period *minus* the LET Account from the immediately preceding Accounting Period *multiplied by* 0.875% and (b) the actual return on the LBT Account.
- 1.18. Funds Withheld Account Payment: Means for any given Accounting Period, the minimum of (a) the Target Reserve Deficiency *minus* the Recapture Payment, if any, and (b) the Net Coinsurance Reserve Pre-Recapture. Provided, however that at no time shall the Funds Withheld Account Payment be less than zero.
- 1.19. Gross Statutory Reserves: Means the statutory reserves as calculated by the Ceding Company using the NAIC approved practices and procedures in force in the State of Illinois as of the Amended and Restated Effective Date before deduction for the reinsurance hereunder, and without regard to any permitted practice whatsoever.
- 1.20. Laws: Means as defined in Article XIV, Paragraph 3.
- 1.21. LBT Account: Means an escrow or other segmented custody account into which the Ceding Company may deposit assets in support of the Funds Withheld Account Balance should the Funds Withheld Account Balance exceed the Net Statutory Reserve for all Covered CO/YRT Policies excluding the LBT Product policies. Provided, however that at no time the LBT Account is greater than the excess of the Funds Withheld Account Balance over the Net Statutory Reserve for all Reinsured Policies excluding the LBT Product. The Reinsurer will participate in the actual risk and return on these assets. The Ceding Company will develop written investment guidelines for which the Ceding Company will attain the approval of the Reinsurer, such approval not to be unreasonably withheld.
- 1.22. LCF: Means an amount as defined in Article VII, Paragraph 1.
- 1.23. LCF Interest: Means for a given Accounting Period the product of (a) the LCF amount as of the end of the prior Accounting Period and (b) 1.25%.
- 1.24. MRT1 Benefits: Means for a given Accounting Period the product of (a) the Prior YRT1 QS and (b) the aggregate of the MRT Risk Amounts for all Covered Co/YRT Policies that terminate by death during Such Accounting Period.
- 1.25. MRT1 Premium Factor: Means For a given Accounting Period, the associated amount described in Exhibit E attached hereto. Provided, however that such factors shall change automatically to 8.333% after a Reinsured Policy has entered its post-level period.
- 1.26. MRT1 Premiums: Means for a given Accounting Period, the aggregate sum of monthly premiums for all Covered Co/YRT Policies accrued on a monthly basis and calculated as the result of (a) the aggregate of the products for all Covered Co/YRT Policies of (i) the Prior YRT1 QS (ii) the MRT Risk Amount (in lieu of the Face amount) of such Covered Co/YRT Policy, (iii) the then effective MRT1 Premium Factor, and (iv) the YRT Guaranteed Premium Rate corresponding to the age, gender, and smoking class of such Covered Co/YRT Policy; *divided by* (b) one thousand; *minus* (c) the return of unearned portion of previously paid MRT1 Premiums for the Covered Co/YRT Policies which terminated for reasons other than death during such Accounting Period.
- 1.27. MRT1 Reserves: Means for a given Accounting Period the product of (a) the Prior YRT1 QS and (b) the aggregate unearned premium reserves calculated with respect to all of the Covered CO/YRT Policies by the Ceding Company and reported to the Reinsurer. Such unearned premium reserve will be calculated using the MRT Risk Amount (in lieu of the face amount) and the same mortality and interest assumptions applicable as of the issue date of each Covered Co/YRT Policy and using the valuation method applicable for the Covered CO/YRT Policy (i.e. 1/24 c_x).
- 1.28. MRT2 Benefits: Means for a given Accounting Period the product of (a) the YRT2 QS and (b) the aggregate of the MRT Risk Amounts for all Covered YRT-Only Policies that terminate by death during such Accounting Period.

- 1.29. MRT2 Premium Factor: Means for a given Accounting Period, a factor equal to 33.333%.
- 1.30. MRT2 Premiums: Means for a given Accounting Period, the aggregate sum of monthly premiums for all Covered YRT-only Policies accrued on a monthly basis and calculated as the result of (a) the aggregate of the products for all Covered YRT-only Policies of (i) the YRT2 QS, (ii) the MRT Risk Amount (in lieu of the face amount) of such Covered YRT-only Policy, (iii) the then effective MRT2 Premium Factor, and (iv) the YRT Guaranteed Premium Rate corresponding to the age, gender, and smoking class of such Covered YRT-only Policy; *divided by* (b) one thousand; *minus* (c) the return of unearned portion of previously paid MRT2 Premiums for the Covered YRT-only Policies which terminated for reasons other than death during such Accounting Period.
- 1.31. MRT2 Reserves: Means for a given Accounting Period the product of (a) the YRT2 QS and (b) the aggregate unearned premium reserves calculated with respect to all of the Covered YRT-only Policies by the Ceding Company and reported to the Reinsurer. Such unearned premium reserve will be calculated using the MRT Risk Amount (in lieu of the face amount) and the same mortality and interest assumptions applicable as of the issue date of each Covered YRT-only Policy and using the valuation method applicable for the Covered YRT-only Policy (i.e. $1/24 c_x$).
- 1.32. MRT Benefits: Means collectively the MRT1 Benefits and the MRT2 Benefits.
- 1.33. MRT Premiums: Means collectively the MRT1 Premiums and the MRT2 Premiums.
- 1.34. MRT Reserves: Means collectively the MRT1 Reserves and the MRT2 Reserves.
- 1.35. MRT Risk Amount: Means for each Reinsured Policy an amount, based on values as of the Reinsured Policy's monthiversary for each month in the Accounting Period, equal to the maximum of (a) the result of (i) the in force amount of a given Reinsured Policy, *minus* (ii) the cash surrender value of the same Reinsured Policy *minus* (iii) the portion of the face amount of such Reinsured Policy which is covered by Third Party Reinsurance and (b) zero. Provided, however, that the MRT Risk Amount on Combined LBT Waiver of Premium Riders is zero (0) at all times.
- 1.36. NAIC: Means the National Association of Insurance Commissioners.
- 1.37. Net Coinsurance Reserves Post-Recapture: Means for any given Accounting Period, (i) the Net Coinsurance Reserves Pre-Recapture *minus* (ii) the Recapture Payment for such Accounting Period, if any, *minus* (iii) the Funds Withheld Account Payment for Such Accounting Period, if any. Provided, however, that at no point shall the Net Coinsurance Reserve Post-Recapture be less than zero (0).
- 1.38. Net Coinsurance Reserves Pre-Recapture: Means for any given Accounting Period (a) the product of (i) Net Statutory Reserves and (ii) the Prior Coinsurance QS, *minus* (b) the Funds Withheld Account Balance as of the prior Accounting Period, *plus* (c) the Decrease to the Funds Withheld Account Provided, however, that at no point shall the Net Coinsurance Reserve Pre-Recapture be less than zero (0).
- 1.39. Net Statutory Reserves: Means for a given Accounting Period the result of (a) the Gross Statutory Reserves with respect to the Covered Co/YRT Policies, *minus* (b) the reserve credit taken by the Ceding Company in respect of the Covered Co/YRT Policies under Third Party Reinsurance contracts.
- 1.40. Newly Added Covered Co/YRT Policies: Means Covered Co/YRT Policies issued on or between October 1, 2012 and December 31, 2015.
- 1.41. Newly Added Reinsured Policies: Means Reinsured Policies issued on or between October 1 2012 and December 31, 2015.
- 1.42. Newly Added YRT-only Policies: Means Covered YRT-only Policies issued on or between October 1, 2012 and December 31, 2015.
- 1.43. Non-Privileged Documentation: Means documentation, whether hard copy or electronic, which is not subject to any legal privilege preventing its discovery and/or disclosure in a legal proceeding.

- 1.44. Non-Privileged Records: Means documents and records, whether hard copy or electronic, which are not subject to any legal privilege preventing its discovery and/or disclosure in a legal proceeding.
- 1.45. OFAC: Means as defined in Article XIV, Paragraph 3.
- 1.46. Personal Information: Means as defined in Article XIII, Paragraph 1.
- 1.47. Prior Coinsurance QS: Means for any given Accounting Period, the Revised Coinsurance QS for the immediately preceding Accounting Period, Provided, however, that the end of the first Accounting Period after the Amended and Restated Effective Date shall point to the Prior Coinsurance QS on the Amended and Restated Effective Date. The Prior Coinsurance QS on the Amended and Restated Effective Date Shall equal 60%.
- 1.48. Prior YRT1 QS: Means for any given Accounting Period, the result of one *minus* the Prior Coinsurance QS.
- 1.49. Product: Means the product name associated with the Reinsured Policies' policy forms, as defined in Exhibits A-1 and A-2 attached hereto.
- 1.50. Quota Share Adjustments: Means as defined in Article V.
- 1.51. Recapture Payment: Means an amount equal to the Target Reserve Deficiency in Accounting Periods for Which the Ceding Company elects a Quote Share Adjustment and zero otherwise.
- 1.52. Recapture Settlement: Means as defined in Article X, Paragraph 3
- 1.53. Reinsurance Benefits: Means collectively the MRT Benefits and the Coinsured Benefits.
- 1.54. Reinsurance Charge: Means as defined in Article VI.
- 1.55. Reinsurance Premiums: Means collectively the Coinsurance Net Premiums and the MRT Premiums.
- 1.56. Reinsured Policy: Each individual Covered Co/YRT Policy and Covered YRT-only Policy.
- 1.57. Reinsured Policies: Means collectively the Covered Co/YRT Policies and the Covered YRT-only Policies.
- 1.58. Reinsurer: Means as defined in the introductory paragraph of this Agreement.
- 1.59. Revised Coinsurance QS: Means for a given Accounting Period the result of (a) (I) the Net Coinsurance Reserves Post-Recapture *plus* (iii) the Funds Withheld Account Balance, *divided by* (b) the Net Statutory Reserves.
- 1.60. Revised YRT1 QS: Means 1 minus the Revised Coinsurance QS.
- 1.61. Scheduled Decrease to the Funds Withheld Account: Means for a given Accounting Period, the associated amount described in Exhibit B attached hereto.
- 1.62. Settlement Statement: Means the quarterly accounting report submitted by the Ceding Company to the Reinsurer for each Accounting Period in the form attached hereto as Schedule A.
- 1.63. Target Net Coinsurance Reserves: Means for the Accounting Periods in calendar years 2016 through 2020, an amount equal to the Net Coinsurance Reserve Pre-Recapture For the Accounting Periods in calendar years 2021 through 2026 an amount equal to the result of (a) the Target Net Coinsurance Reserves From the prior Accounting Period, *multiplied by* (b) the Amortization Factor. For an Accounting Periods in calendar years 2027 and beyond the Target Net Coinsurance Reserves shall equal zero.
- 1.64. Target Reserve Deficiency: Means for Accounting Periods in calendar years 2016 through 2020, an amount equal to zero. For Accounting Periods in calendar years 2021 and beyond, an amount equal to the lesser of (a) the result of (i) the Net Coinsurance Reserves Pre-Recapture, *minus* (ii) the Target Net Coinsurance Reserves, *minus* (iii) the cumulative sum of all previous calculated Target Reserve Deficiencies, plus (iv) the cumulative sum of all previous paid Recapture Payments,

plus (v) the cumulative sum of all previous paid Funds Withheld Account Payments, and (b) the result of (i) the Reinsurance Premiums, *plus* (ii) the Funds Withheld Account Interest, *minus* (iii) the Reinsurance Benefits, *minus* (iv) the Expense Allowances, *minus* (v) the Reinsurance Charge, *plus* (vi) the LCF at the end of the prior Accounting Period, *plus* (vii) the LCF Interest. Provided, however, that in no instance shall the Target Reserve Deficiency be less than zero.

- 1.65. Terminal Accounting and Settlement: Means as defined in Article X, Paragraph 3.
 - 1.66. Terminal Accounting Date: Means as defined in Article X, Paragraph 2.
 - 1.67. Third Party Reinsurance: Means as defined in Article I, Paragraph 25.
 - 1.68. YRT2 QS: Means for any given Accounting Period, an amount equal to 85%.
 - 1.69. YRT Guaranteed Premium Rates: Means for all Covered YRT-only Policies, for Covered Co/YRT Policies during their level term period, and for all Covered Co/YRT Policies that are whole life Products, the rates associated with the tables provided in Exhibit C-1 attached hereto. For all Covered Co/YRT Policies that have entered their post-level period, the rates associated with the tables provided in Exhibit C-2 attached hereto.
2. General; Coverages and Exclusions.
 - A. This Agreement. The Ceding Company and the Reinsurer mutually agree to reinsure on the terms and conditions stated herein. This Agreement is an Indemnity reinsurance agreement solely between the Ceding Company and the Reinsurer, and performance of the obligations of each party under this Agreement will be rendered solely to the other party. In no instance will anyone other than the Ceding Company or the Reinsurer have any rights under this Agreement, and the Ceding Company shall be and remain solely liable to any insured, Reinsured Policy owner, or beneficiary under any Reinsured Policy.
 - B. Policies and Risks Reinsured. The Reinsurer agrees to indemnify the Ceding Company for and the Ceding Company agrees to reinsure with the Reinsurer, according to the terms and conditions hereof, the portion of the risks under the Reinsured Policies. Any amounts due the Ceding Company under this Agreement shall be payable directly to the Ceding Company or per the provisions of Article XII, Paragraph 1.
 - C. Exclusions. Except as referred to in Paragraph B above, riders providing additional life insurance benefits, accidental death benefits, waiver of premium benefits, long term care benefits, or other “miscellaneous” benefits are not reinsured under this Agreement. The Reinsurer will not participate in policy loans on Reinsured Policies.
 3. Plan of Reinsurance. This indemnity reinsurance is a combination of coinsurance and yearly renewable term reinsurance.
 4. Expenses. The Reinsurer will bear no part of the expenses incurred in connection with the Reinsured Policies, except as otherwise provided herein.
 5. Dividends to Policyholders. The Reinsurer will have no liability to the Ceding Company for reimbursement of, and will not reimburse the Ceding Company for, any dividends paid by Ceding Company to its policyholders.
 6. No Extra-Contractual Obligations. The Reinsurer does not indemnify the Ceding Company for, and will not be liable for, any Extra-Contractual Obligations or extra-contractual liability resulting from fraud, oppression, bad faith, strict liability, or intentional wrongs on the part of the Ceding Company, its agents, business partners, or representatives, or their respective directors, officers, employees and agents. Extra- Contractual Obligations that would be excluded from this Agreement for the conduct described above include, but are not limited to, the following types of damages; any and all damages with respect to emotional distress, Punitive Damages, Compensatory Damages, and Statutory Penalties.

7. Policy Administration. The Ceding Company and the Reinsurer understand that the Ceding Company will administer the Reinsured Policies and will perform all accounting for such Reinsured Policies.

8. Inspection. The Ceding Company shall allow the Reinsurer to inspect, examine, audit, copy, review, and verify, through duly authorized representatives, at all reasonable times at the office of the Ceding Company, all Non-Privileged Records of the Ceding Company with respect to the business reinsured under this Agreement, or with respect to Claims, losses, or legal proceedings which involve or have a bearing upon the Reinsurer pursuant to this Agreement. The ceding Company agrees to provide copies of Non-Privileged Documentation relating to any Reinsured Policy or Policies reinsured hereunder at the reasonable written request of the Reinsurer.

Such inspection shall not occur more than once each year and shall not unreasonably interfere with the operations of the Ceding Company. Inspections shall be performed during normal business hours of the Ceding Company where the records to be inspected are routinely housed. The Ceding Company shall reasonably cooperate with and facilitate any such inspection, and upon request of the Reinsurer, shall make available to the Reinsurer such officers and employees of the Ceding Company as the Reinsurer may reasonably request to provide information concerning the reinsured business. The Reinsurer shall provide reasonable advance written notice to the Ceding Company of its desire to conduct an inspection, the information it desires to review, and the individuals that will be conducting the inspection. The Ceding Company shall provide a reasonable workspace during the inspection. The Parties shall cooperate in establishing a mutually convenient time to accommodate such inspection. The Reinsurer agrees to cooperate with any reasonable audit protocols (e.g., a separate confidentiality agreement, including on-site inspection protocols, to accommodate an audit) of the Ceding Company.

Article I, Paragraph 8 shall survive the termination of this Agreement.

9. Taxes and Assessments. The allowance for any premium taxes, state guarantee fund assessments or special assessments paid in connection with the Reinsured Policies is included in the Expense Allowance, as described in Article III.

10. Election to Determine Specified Policy Acquisition Expenses. The parties to this Agreement agree to the following provisions pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations issued under Section 848 of the Internal Revenue Code of 1986, as amended (the “Code”):

A. The terms “Net Positive Consideration,” “Specified Policy Acquisition Expenses” and “General Deductions Limitation” used in this Article are defined by reference to Regulation Section 1.848-2 and Code Section 848.

B. The party with the Net Positive Consideration for this Agreement for each taxable year will capitalize Specified Policy Acquisition Expenses with respect to this Agreement without regard to the General Deductions Limitation of Code Section 848(c)(1).

C. Both parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year, or as otherwise required by the Internal Revenue Service, to ensure consistency. The method and timing of the exchange of such information shall be as follows:

1. The Reinsurer will provide the Ceding Company with the amount of such net consideration for each taxable year no later than May 1 following the end of such year. The Ceding Company will advise the Reinsurer if it disagrees with the amounts provided and the parties agree to amicably resolve any difference.

2. The amounts prepared by the Reinsurer will be presumed correct if it does not receive a response from the Ceding Company by May 1 or thirty (30) days after delivery, whichever is later.

D. Both the Ceding Company and the Reinsurer represent and warrant that they are subject to United States taxation under either Subchapter L of Chapter 1 of the Code or Subpart F of Part III of Subchapter N of Chapter 1 of the Code.

11. Accounting, Regulatory, or Rating Agency Changes. If there is any change to existing accounting rules, regulatory requirements, or rating agency treatment of this Agreement, or a new accounting rule or regulatory requirement which materially and adversely impacts the intended economics of this Agreement, both the Ceding Company and Reinsurer shall consent to amend this Agreement in order to return both parties to their position immediately prior to such change. A new accounting rule or regulatory requirement or a rating agency treatment change shall include, but is not limited to, any new interpretation or clarification by a governing body having jurisdiction over at least one of the parties, which causes an existing accounting rule or regulatory requirement to apply to this Agreement, or a change in the treatment of this Agreement by a nationally recognized statistical rating agency that has a material impact on the required amount of rating agency capital that is used to establish the rating of either Ceding company or Reinsurer. Neither party shall unreasonably withhold consent to any such amendment. If the parties are unable to reach an agreement as to the required amendment then Experience Refunds, described in Article VII, will cease for all future quarterly Accounting Periods, and the Ceding Company shall have the right to terminate and recapture this Agreement subject to Article IX and Article X.

12. Conditions. The reinsurance hereunder is subject in all respects to the same express contractual risks, terms, conditions, interpretations, waivers, modifications, limitations, alterations, and cancellations as the policies issued by the Ceding Company which are reinsured hereunder, and except as otherwise provided in this Agreement.

13. Errors and Omissions. If through unintentional error, oversight, omission, or misunderstanding (collectively referred to as “Error(s)”), the Reinsurer or the Ceding Company fails to comply with the terms of this Agreement and if, upon discovery of the Error by either party, the other is promptly notified, each thereupon will be restored to the position it would have occupied if the Error had not occurred, including interest. If it is not possible to restore each party to the position it would have occupied but for the Error, the parties will endeavor in good faith to promptly resolve the situation in a manner that is fair and reasonable, and most closely approximates the intent of the parties as evidenced by this Agreement.

However, the Reinsurer will not provide reinsurance for policies that do not satisfy the parameters of this Agreement, nor will the Reinsurer be responsible or negligent or deliberate acts or for repetitive Errors in administration by the Ceding Company. If either party discovers that the Ceding Company has failed to cede reinsurance as provided in this Agreement, or failed to comply with its reporting requirements, the Reinsurer may require the Ceding Company to audit its records for similar Errors and to take the actions necessary to avoid similar Errors in the future.

For the avoidance of doubt, the parties agree that this Paragraph 13 relates only to clerical Errors.

14. Adjustments. If the Ceding Company’s liability under any Reinsured Policy is changed because of a misstatement of age, sex or any other material fact, the Reinsurer will:

- A. Assume that portion of any increase in the ceding Company’s liability, resulting from the change, which corresponds to the portion of the Reinsured Policy; and
- B. Receive credit for that Portion of any decrease in the Ceding Company’s liability, resulting from the change, which corresponds to the portion of the Reinsured Policy.

15. Reinstatements. If a Reinsured Policy lapses, and is subsequently reinstated while this Agreement is in force, the reinsurance for such Reinsured Policy will be reinstated automatically. The Ceding Company will pay the Reinsurer the Reinsurer’s proportionate share of all amounts received by the Ceding Company in connection with the reinstatement of the Covered Co/YRT Policies. The Ceding Company will pay the Reinsurer the appropriate Reinsurance Premium with respect to reinstatements of Covered YRT-only Policies.

16. Successors and Assigns. All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns, whether so expressed or not.

17. Amendments. This Agreement may be amended only by written agreement of the parties. Any change or modification to this Agreement shall be null and void unless made by amendment to this Agreement and signed by both parties.

18. Entire Agreement. The terms expressed herein constitute the entire agreement between the parties with respect to the Reinsured Policies. There are no understandings between the parties with respect to the Reinsured Policies other than as expressed in this Agreement.

19. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of Illinois.

20. Non-Waiver of Rights. No waiver by any party of any default by any other party in the performance of any promise, term or condition of this Agreement shall be construed to be a waiver by such party of any other or subsequent default in performance of the same or any other promise, term or condition of this Agreement. No prior transactions or dealings between any of the parties shall be deemed to establish any custom or usage waiving or modifying any provisions hereof. The failure of any party to enforce any part of this Agreement shall not constitute a waiver by such party of its right to do so, nor shall it be deemed to be an act of ratification or consent.

21. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Ceding Company and the Reinsurer agree that transmission of copies of original signatures via electronic means, either by facsimile or as a 'scanned' document attached to electronic mail, shall constitute valid execution of this Agreement.

22. Severability. In the event that any provision or term of this Agreement shall be held by any court to be invalid, illegal, or unenforceable, all of the other terms and provisions shall remain in full force and effect to the extent that their continuance is practicable and consistent with original intent of the parties, and the parties will attempt in good faith to renegotiate this Agreement to carry out its original intent. All of the provisions of this Agreement shall, to the extent necessary to carry out the purposes of this Agreement or to ascertain and enforce the parties' rights thereunder, survive its termination.

23. Survival. All obligations and representations made in this Agreement shall survive the termination of this Agreement and shall continue in full force and effect until all obligations of the parties hereunder have been discharged in full.

24. Headings. Headings in this Agreement are included in this Agreement for conveniences of reference only and shall not affect the construction of interpretation hereof.

25. Third Party Reinsurance. This Agreement applies only to that portion of any insurance covered by this Agreement which the Ceding Company retains net for its own account after giving effect to third party reinsurance arrangements in force with respect to such insurance covered by this Agreement, which the Ceding Company acknowledges and agrees inures to the benefit of this Agreement, and in calculating the amount of any Claims hereunder and also in computing the amount, or amounts, in excess of which this Agreement attaches, only Claim or Claims with respect to that portion of any insurance which the Ceding Company retains net for its own account shall be included ("Third Party Reinsurance"). It is understood and agreed that the amount of the Reinsurer's liability hereunder with respect to any Claim or Claims shall not be increased by reason of the inability of the Ceding Company to collect from any other reinsurer, whether specific or general, any amounts which may have become due from them, whether such inability arises from the insolvency of such other reinsurer or otherwise. The Ceding Company covenants to the Reinsurer, and agrees, not to amend, modify, recapture, or change in any way any Third Party Reinsurance agreements without the prior written consent of the Reinsurer, which consent shall not be unreasonably withheld.

26. Currency. All amounts expressed herein and amounts due hereunder are in United States of America dollars.

27. GAAP Accounting Treatment. The Ceding Company and the Reinsurer agree that this Agreement shall be accounted for under GAAP using deposit accounting in accordance with FASB ASC 340-30 Other Assets and Deferred Costs. Insurance Contracts that Do Not Transfer Insurance Risk, as it may be amended from time to time and shall be accounted for as reinsurance under statutory accounting principles.

28. No Third Party Beneficiaries. This Agreement is solely between the Reinsurer and the Ceding Company. There is no third party beneficiary to the Agreement. Reinsurance under the Agreement shall not create any right or legal relationship between the Reinsurer and any other person, for example, any insured, policyholder, agent, reinsurer, owner or beneficiary of a Reinsured Policy, or other contractholder of the Ceding Company. The Ceding Company agrees that it shall not make the Reinsurer a party to any litigation between any such third party and the Ceding Company. The Agreement will be binding upon the Ceding Company and the Reinsurer and their respective successors and assigns.

29. Notices. All notices, letters, payments or other communications to the respective parties shall be in writing and faxed, couriered or mailed, addressed as follows:

If to the Ceding Company:

Fidelity Life Association
8700 West Bryn Mawr, 900S
Chicago, IL 60631
Attn: General Counsel
Cc: chris.kim@fidelitylife.com,
Jim.harkensee@fidelitylife.com

If to the Reinsurer:

Hannover Life Reassurance Company of America
200 S. Orange Avenue, Suite 1900
Orlando, FL 32801
Attn: Legal Counsel
CC. fsreporting@hiramerica.com
fsops@hiramerica.com

30. Reserve Credit. The Ceding Company and the Reinsurer agree that the Ceding Company shall take full credit on its statutory financial statements for reinsurance during the duration of this Agreement in an amount equal to the sum of the Net Coinsurance Reserves Post-Recapture, the Funds Withheld Account Balance, and the MRT Reserves. If the Reinsurer becomes unauthorized or otherwise unaccredited as an insurer or reinsurer in any jurisdiction to which the Ceding Company must provide statutory statements of financial condition such that the Ceding Company will not obtain full statutory financial statement credit for reinsurance in such jurisdiction for the reinsurance provided under this Agreement, the Reinsurer, upon request of the Ceding Company, will establish and maintain, at the Reinsurer's sole cost, trust accounts, letters of credit or other acceptable alternatives for the benefit of the Ceding Company in an amount necessary to permit the Ceding Company to obtain such full statutory financial statement credit for such reinsurance in all applicable Jurisdictions. The Ceding Company shall cooperate with the Reinsurer to take such steps. In such event, the Reinsurer will take all action that may be necessary pursuant to applicable law to permit the Ceding Company to receive full statutory financial statement credit for reinsurance ceded under this Agreement in its statutory statements of financial condition required to be filed with regulatory authority(ies) in all jurisdictions in which the Ceding Company must provide statutory statements of financial condition.

31. References. All references to "days" shall be deemed to mean to calendar days. All references to "business days" shall be deemed to mean days on which banks are generally open to conduct business in the State of New York.

ARTICLE II—PREMIUMS

Premiums. On the Amended and Restated Effective Date, the following transactions shall occur and shall be effected on a net basis:

- (A) The Ceding Company shall pay the Reinsurer an amount equal to the result of (i) the Net Statutory Reserves associated with the Newly Added Covered Co/YRT Policies, *multiplied by* (ii) 60%.
- (B) An amount equal to the result of (i) the Net Statutory Reserves associated with the Newly Added Covered Co/YRT Policies, *multiplied by* (iii) 60%, shall be retained by the Ceding Company from the premium paid in (A) above on a funds withheld basis and shall be held by the Ceding Company on behalf of the Reinsurer.

For each Accounting Period thereafter, Reinsurance Premiums shall be payable by the Ceding Company to the Reinsurer.

ARTICLE III—ALLOWANCES

Expense Allowances. For each Accounting Period, the Reinsurer will pay the Ceding Company an Expense Allowance equal to 10% of Coinsurance Net Premiums, which is designed to cover the Ceding Company's actual administrative expenses, current marginal commissions, and premium taxes. An Expense Allowance will not be paid on Coinsurance Net Premiums paid by the Ceding Company on the Amended and Restated Effective Date.

ARTICLE IV—CLAIMS

1. Notice. The Ceding Company will notify the Reinsurer of a claim on a Reinsured Policy under this Agreement (a "Claim") not later than thirty (30) days after the end of each Accounting Period, as required in the Financial reports detailed in Schedule B.

2. Proofs. Upon request by the Reinsurer, the Ceding Company will promptly provide the Reinsurer with proper Claim proofs, including a copy of the proof of payment by the Ceding Company, and a copy of the insured's death certificate.

3. Amount and Payment of Reinsurance Benefits. The Reinsurer will pay the Reinsurance Benefits due the Ceding Company in accordance with the terms in Article VIII.

The maximum Reinsurance Benefit payable to the Ceding Company under this Agreement for a Reinsured Policy is the risk amount reinsured with the Reinsurer based on the contractual terms of the Reinsured Policies plus the Reinsurer's proportional share of statutory interest that the Ceding Company pays on the death proceeds until the date of settlement, if any, except that if settlement is delayed as a result of a dispute or contest arising out of conflicting claims of entitlement to policy proceeds or benefits, then the Reinsurer will pay its share of interest to the date settlement would have been made if there were no dispute or contest.

The total reinsurance recoverable from all Third Party Reinsurance will not exceed the Ceding Company's total contractual liability on the Reinsured Policy, less the amount retained.

Life benefit payments will be made in a single sum, regardless of the Ceding Company's settlement options; provided, however, that such single sum will exclude interest that accrues on settlement options other than single pay.

4. Contested claims. The Ceding Company shall not consult the Reinsurer on Claim decisions, and the Reinsurer shall not participate in the process of any contest, compromise, negotiated settlement, or litigation or a Claim. The Reinsurer will pay the Reinsurance Benefit on a Reinsured Policy under this Agreement whether or not the underlying Claim is contested, compromised, negotiated, or litigated by the Ceding Company, and Claim proofs provided by the Ceding Company in good faith consistent with past practices consistently applied than be accepted and binding on the Reinsurer.

5. Misrepresentation or Suicide. If the Ceding Company returns premium to the Reinsured Policy owner or beneficiary as a result of misrepresentation or suicide of the insured, the Reinsurer will refund reinsurance premium less allowances received on that Reinsured Policy to the Ceding Company in lieu of any other form of Reinsurance Benefit payable under this Agreement. If the Ceding Company is required by law or regulation to pay interest on the payment to the Reinsured Policy owner or beneficiary, then the Reinsurer will include this amount of interest in the refund of reinsurance premiums to the Ceding Company. If interest is not required by law or regulation, the refund by the Reinsurer will be Without interest.

6. Misstatement of Age or Sex. In the event of a change in the amount of the Ceding Company's liability on a Reinsured Policy due to a misstatement of age or sex, the Reinsurer's liability will change proportionately. The face amount of the Reinsured Policy will be adjusted from the inception of the Reinsured Policy, and any difference in premiums net of allowances will be settled. If there is a refund due the policyowner or insured and the Ceding Company is required by state law or regulation to pay interest to the policyowner or insured, then the Reinsurer will include this amount of interest to the Ceding Company in the settlement. If interest is not required by state law or regulation, then the refund by the Reinsurer will be without interest.

7. Extra-Contractual Obligations and Loss Adjustment Expenses. this Agreement does not cover, and the Reinsurer will not participate in, any "Extra Contractual Obligations" or "Loss Adjustment Expenses", including, but not limited to, Punitive Damages, Statutory penalties. or Compensatory Damages that are awarded against the Ceding Company, or are otherwise due by the Ceding Company, as a result of an act, omission, or course of conduct committed by the Ceding Company, its agents, business partners, or representatives in connection with the Reinsured Policies under this Agreement and that are not contractually covered by the terms of the Reinsured Policies.

The Ceding Company agrees to defend and hold harmless the Reinsurer from and against any and all Extra Contractual Obligations and/or Loss Adjustment Expenses whatsoever incurred arising out of, relating to or in connection with this Agreement and/or Reinsured Policies. This Paragraph shall survive termination of this Agreement.

8. Insolvency Funds. The Reinsurer shall not be obligated to pay to the Ceding Company any share of any liability of the Ceding Company arising, by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund or from reimbursement of any person for any such liability "Insolvency Fund" includes any guaranty or insolvency fund, plan pool, association, or other arrangement howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by any person of part or all of any Claim, debt, charge, fee or other obligation of any insurer, or its successors or assigns, which has been declared to be insolvent or Which is otherwise deemed unable to meet any Claim, debt, charge, fee or other obligation in whole or in part.

9. Dividends: The Reinsurer shall not participate in the determination of, nor reimburse the Ceding Company for, any policyholder or other dividends paid by the Ceding Company.

For purposes of Article I, Paragraph 6 and Article IV, the following definitions will apply.

'Extra-Contractual Obligations' shall mean any liabilities or obligations of the Ceding Company other than those liabilities or obligations arising under the express terms and conditions of the Reinsured Policies under this Agreement. Payments not covered by this Agreement include, but are not limited to: (a) delayed Claims interest. (b) Statutory Penalties or regulatory fines or other penalties; (c) ex gratia payments; (d) Compensatory Damages; (e) Punitive Damages or exemplary damages; (f) consequential damages; (g) declaratory judgments; (h) legal fees or expenses; (i) costs relating to the investigation, settlement or handling of Claims; (j) payments resulting from the failure to pay, the delay in payment, or errors in calculating or administering the payment of benefits or Claims or any other amounts due or alleged to be

due under or in connection with the Reinsured Policies under this Agreement; (k) costs relating to the administration of the Reinsured Policies under this Agreement except as provided in Article III; (l) costs relating to the design, marketing, sale, underwriting, production, issuance, rating and cancellation of the Reinsured Policies under this Agreement; (m) any other costs or expenses of settling or adjudicating contested Claims, if such costs or expenses are not incurred in the ordinary course of Claims settlement or payment.

“Loss Adjustment Expenses” shall include all payments of fees and expenses associated with investigation, litigation (including without limitation reasonable attorneys’ fees) and settlement of Claims, as distinguished from the amount of a claimant’s recovery under such claimant’s contract.

“Punitive Damages” are those damages awarded as a penalty, the amount of which is neither governed nor fixed by statute.

“Compensatory Damages” are those amounts awarded to compensate for the actual damages sustained, and are not awarded as a penalty, nor fixed in amount by statute.

“Statutory Penalties” are those amounts awarded as a penalty, but are fixed in amount by Statute.

ARTICLE V—QUOTA SHARE ADJUSTMENTS

Quota Share Adjustments. For Accounting Periods in calendar years 2021 and beyond, the Ceding Company may elect in writing to adjust the quota share of the coinsured policies so that the Net Coinsurance Reserves Pre-Recapture is reduced by an amount equal to the Recapture Payment for such Accounting Period. Such election is to be submitted to the Reinsurer at the same time as the Settlement Statement. If the Ceding Company makes such election, a Recapture Payment shall be due from the Reinsurer to the Ceding Company. The coinsurance quota share shall be adjusted to equal (a) (i) the Net Coinsurance Reserves Post-Recapture, *plus* (ii) the Funds withheld Account Balance, *divided by* (b) the Net Statutory Reserves (the ‘Revised Coinsurance QS’), the YRT quota share shall be adjusted to equal one minus the Revised Coinsurance QS (the “Revised YRT1 QS”), and collectively such adjustment, the “Quota Share Adjustments” If the Ceding Company does not make this election or if such Recapture Payment is less than the Target Reserve Deficiency, then a Funds Withheld Account Payment shall be due from the Reinsurer to the Ceding Company.

If Quota Share Adjustments do not occur in each Accounting Period in calendar years 2021 and beyond, the Ceding Company Waives its right to such Quota Share Adjustments for the remainder of the Agreement.

ARTICLE VI—EXPENSE AND RISK CHARGES

The “Reinsurance Charge” for each Accounting Period will equal the result of the following:

1. (i) 62.5 basis points, *multiplied by* (ii) the result of (a) the Prior Coinsurance QS, *multiplied by* (b) the Net Statutory Reserves; *plus*
2. The product of (i) 37.5 basis points, (ii) 15 basis points, and (iii) the sum of MRT Risk Amounts for all Covered Co/YRT Policies; *plus*
3. The product of (i) 37.5 basis points, (ii) 15 basis points (iii) the YRT2 QS, and (iv) the aggregate MRT Risk Amounts for all Covered YRT-only Policies; *plus*
4. The product of (i) 25 basis points and (ii) the MRT Reserves as of the end of such Accounting Period.

ARTICLE VII—LOSS CARRYFORWARD AND REFUNDS

1. Loss Carryforward. Losses to the Reinsurer will be accumulated with LCF interest in a notional account (the “LCF”) and calculated as set forth on Schedule A.

2. Experience Refunds. At the end of each Accounting Period, the Reinsurer shall pay to the Ceding Company an “Experience Refund” as calculated on Schedule A. No Experience Refund will be paid on and after the Experience Refund Termination Date. At no point shall the Experience Refund be less than zero (0).

ARTICLE VIII—ACCOUNTING AND SETTLEMENTS

1. Accounting Period. Each Accounting Period will be a calendar quarter, except that the Accounting Period for the Terminal Accounting and Settlement runs from the end of the preceding Accounting Period until the Terminal Accounting Date of this Agreement, as defined in Article X, Paragraph 2.

2. Quarterly Accounting Reports. The Ceding Company will submit Settlement Statements to the Reinsurer for each Accounting Period not later than thirty (30) days after the end of each Accounting Period. In addition, the Ceding Company will provide a seriatim listing of all covered policies in force as of the end of the Accounting Period and other required financial reports as detailed in Schedule B, not later than thirty (30) days after the end of each Accounting Period.

3. Quarterly Settlements.

- A. Within forty-five (45) days after the end of each Accounting Period, the Ceding Company will pay the Reinsurer the sum of (i) Reinsurance Premiums, (ii) Funds Withheld Account Interest, and (ii) any Decrease to the Funds Withheld Account.
- B. Simultaneously, the Reinsurer will pay the Ceding Company the sum of (i) Reinsurance Benefits, (ii) Expense Allowances, (iii) the Experience Refund (if any), (iv) the Funds Withheld Account Payment (if any), and (v) the Recepture Payment (if any).

4. Amounts Due Quarterly. Except as otherwise specifically provided in this Agreement, all amounts due to be paid to either the Ceding Company or the Reinsurer under this Agreement will be determined on a net basis at the end of each Accounting Period and will be due and payable within forty-five (45) days after the end of the Accounting Period.

5. Annual Accounting Reports. The Ceding Company will provide the Reinsurer with annual accounting reports within forty-five (45) days after the end of the calendar year for which such reports are prepared. These reports will contain sufficient information about the Reinsured Policies to enable the Reinsurer to prepare its annual financial reports and tax returns and to verify information reported in Schedule A of this Agreement and will include the information detailed on Schedule B.

6. Estimations. If the amounts, as described in Paragraphs 3 and 4 above, cannot be determined by the dates described in Paragraph 5 above, on an exact basis, such payments will be paid in accordance with a mutually agreed-upon formula which will approximate the actual payments. Adjustments will then be made to reflect actual amounts when those become available.

7. Delayed Payments. For purposes of Paragraph 3 and 4 above, if there is a delayed settlement of a payment due, there will be an interest penalty at the annual rate equal to 3-month LIBOR plus 2%, for the period that the amount is overdue. For purposes of this Paragraph, a payment will be considered overdue if it has not been paid within fifteen (15) days after the date such payment is due.

8. Offset of Payments. Any undisputed debits or credits of the same class, matured or unmatured, liquidated or unliquidated, in favor of or against either the Ceding Company or the Reinsurer, with respect to this Agreement or with respect to any other claim of one party against the other, are deemed mutual debits or credits, as the case may be, and may be set off, and only the balance may be allowed or paid.

ARTICLE IX—DURATION AND RECAPTURE

1. Reinsurer's Liability. The liability of the Reinsurer with respect to Reinsured Policies will begin as of the Original Effective Date with the exception that liability of the Reinsurer with respect to Newly Added Reinsured Policies begins as of the Amended and Restated Effective Date. The Reinsurer's liability with respect to any Reinsured Policy will terminate on the earlier of (A) the date such Reinsured Policy is recaptured, or (B) the date the Ceding Company's liability on such Reinsured Policy is terminated. Termination of the Reinsurer's liability is subject to payments in respect of such liability in accordance with the provisions of Article X. In no event should the interpretation of this Paragraph imply a unilateral right of the Reinsurer to terminate this Agreement.

2. Termination for Nonpayment of Premiums. The payment of Reinsurance Premiums is a condition precedent to the ability of the Reinsurer for reinsurance covered by this Agreement. In the event that reinsurance premiums are not paid within 75 days after the end of an Accounting Period, the Reinsurer will have the right to terminate the reinsurance hereunder. If the Reinsurer elects to exercise its right of termination, it will give the Ceding Company 30 days written notice of its intention, which notice shall be in accordance with Article I, Paragraph 29 hereof.

If all Reinsurance Premiums due and unpaid, including any that become due and unpaid during the 30 day notice period, are not paid before the expiration of the notice period, the Reinsurer will be relieved of all liability hereunder as of the last date to which premiums have been paid for the reinsurance hereunder. Terminated reinsurance may be reinstated, subject to written approval by the Reinsurer, within 60 days of the date of termination, and upon payment of all Reinsurance Premiums in arrears including any interest accrued thereon. The Reinsurer will have no liability for any Claims incurred between the date of termination and the date of the reinstatement of the reinsurance. The right to terminate reinsurance will not prejudice the Reinsurer's right to collect premiums for the period during which reinsurance was in force prior to the expiration of the 30 days' notice.

The Ceding company will not force termination under the provisions of this Article solely to avoid the provisions regarding recapture in section 3 below, or to transfer the reinsured policies to another reinsurer.

3. Recapture.

A. Complete Recapture.

- i. The Ceding Company may at any time execute a full recapture with thirty (30) days prior written notice under the provisions of either (a) Article XII, Paragraph 2, or (b) Article I, Paragraph 11.
- ii. Otherwise, the Ceding Company may only fully recapture the Reinsured Policies on or after the Experience Refund Termination Date. If the Ceding Company fails to recapture the Reinsured Policies within four Accounting Periods after the Experience Refund Termination Date, the Ceding Company waives its recapture right and will no longer be able to recapture the Reinsured Policies.
- iii. In the event of a recapture under bullets i or ii above, the Reinsurer and the Ceding Company shall perform a normal Accounting Period settlement and a Recapture Settlement, as provided in Article X, Paragraph 3(B).

B. Partial Recapture. No partial recaptures will be allowed under this Agreement except with respect to the Ceding Company's option to adjust the reinsurance from coinsurance to YRT in accordance with Article V.

ARTICLE X—TERMINAL ACCOUNTING AND SETTLEMENT

1. Terminal Accounting. In the event that this Agreement is terminated in accordance with Article IX, Paragraph 3(A), a Terminal Accounting and Settlement will take place.

2. Terminal Accounting Date. The “Terminal Accounting Date” will be the earliest of.

- A. the effective date of recapture pursuant to any notice of recapture given under this Agreement.
- B. the effective date of termination pursuant to any notice of termination given under this Agreement, or
- C. any other date mutually agreed to in writing.

3. Settlement. The “Terminal Accounting and Settlement” will consist of:

- A. the quarterly settlement, as provided in Article VIII, Paragraph 3, computed as of the Terminal Accounting Date; and
- B. the “Recapture Settlement”:
 - i. The Ceding Company shall pay to the Reinsurer the Funds Withheld Account Balance and the absolute value of the LCF.
 - ii. If such Terminal Accounting and Settlement occurs in calendar years 2016 through 2020, the Reinsurer shall pay to the Ceding Company the Net Coinsurance Reserves Pre-Recapture, *plus* the Funds Withheld Account Balance, *minus* the Target Net Coinsurance Reserves. If such Terminal Accounting and Settlement occurs in calendar years 2021 and beyond, the Reinsurer shall pay to the Ceding Company the Funds Withheld Account Balance.

Upon completion of the settlement, the Reinsurer will be released from all its liabilities under this Agreement, including but not limited to, the payment of any claim, benefit, or loss under this Agreement, notwithstanding the date any such claim benefit, or loss may be incurred, and the Ceding Company will concurrently be relieved of its obligation to pay premiums to the Reinsurer.

If the calculation of the Terminal Accounting and Settlement produces an amount owing to the Ceding Company, such amount will be paid by the Reinsurer to the Ceding Company. If the calculation of the Terminal Accounting and Settlement produces an amount owing to the Reinsurer such amount will be paid by the Ceding Company to the Reinsurer.

4. Supplementary Accounting and Settlement. In the event that, subsequent to the Terminal Accounting and Settlement as provided above, a change is made with respect to any amounts due, a supplementary accounting will take place pursuant to Article X, Paragraph 3 above. Any amount owed to the Ceding Company or to the Reinsurer by reason of such supplementary accounting will be paid promptly upon the completion thereof.

ARTICLE XI—ARBITRATION

Any dispute or other matter in question between Ceding Company and Reinsurer arising out of, or relating to, the formation, interpretation, performance, or breach of this Agreement, whether such dispute arises before or after termination of this Agreement, and whether in contract, tort or otherwise, shall be settled by arbitration.

To initiate arbitration, either Ceding Company or Reinsurer shall notify the other party in writing of its desire to arbitrate. The notice shall identify the claimant and the nature of the claims and/or issues. Notice shall be sent in accordance with Article I. Paragraph 29 hereof. The arbitration will be deemed to have been commenced on the date the notice of arbitration is received.

There will be three arbitrators who will each have no less than ten years of life insurance or life reinsurance industry experience and who are current or former officers of life insurance or life reinsurance companies other than the parties to this Agreement, their affiliates, or subsidiaries. The arbitrators shall not be under the control of any party, nor shall any member of the panel have a financial interest in the outcome of the dispute.

Within thirty (30) days following the commencement of the arbitration proceedings, each party will provide the other with the identification of their appointed arbitrator, and provide a copy of the arbitrator's curriculum vitae. If either party refuses or neglects to appoint an arbitrator within thirty (30) days, the other party may appoint the second arbitrator to act as the appointed arbitrator for the defaulting party by providing notice and a copy of the arbitrator's curriculum vitae. The two arbitrators shall together appoint a third arbitrator (the "Umpire"). The Parties may each propose a slate of up to five umpire candidates for consideration by the other side. If the two arbitrators fail to reach agreement on the Umpire within sixty (60) days of appointment, then they shall appoint the Umpire pursuant to the ARIAS-U.S. Umpire Appointment Procedure, unless a different umpire appointment process is mutually agreed upon. In the event any arbitrator fails, refuses, or becomes unable to act as such before an award has been rendered, a successor shall be selected in the same manner as the original arbitrator.

The claimant and respondent shall each submit initial briefs to the panel outlining the issues in dispute and the reasons for their respective positions within thirty (30) days of the notice of the appointment of the Umpire.

The arbitrators shall consider this Agreement an honorable engagement rather than merely a legal obligation, and the panel shall make its decision with consideration given to the custom and practice of the insurance and reinsurance industry. The arbitrators shall have the power to determine all procedural rules of the arbitration, including, but not limited to inspection of documents, examination of witnesses, and any other matter related to the conduct of the arbitration. The panel and the Umpire shall have the authority to issue subpoenas (including subpoenas to third party witnesses) and other orders to enforce their decisions. During the organizational meeting, the arbitration panel shall decide whether ex parte communications with party appointed arbitrators shall be permitted during the course of the arbitration, including throughout discovery, but in all events ceasing upon the commencement of the arbitration hearing. The arbitrators shall recognize the attorney/client privilege and the attorney work product doctrine. Neither a party nor an arbitrator may disclose the existence, content, or result of any arbitration hereunder, except to the extent such disclosure may be required for review and enforcement by a court of competent jurisdiction, to support reinsurance or as otherwise agreed by the parties. The location of all proceedings shall be determined by the arbitration panel unless the parties agree otherwise.

The panel may issue orders for interim relief upon showing of good cause, including pre-award security. Absent good cause for an extension as determined by the panel, the panel shall render the final award within thirty (30) days after the date of the closing of the hearing. The panel is authorized to award any remedy or sanctions allowed by applicable law, including, but not limited to monetary damages, equitable relief, pre or post award interest, costs of arbitration, attorney's fees, and other final or interim relief. The decision of the arbitrators will be made by majority rule, and shall be final and binding on both parties. Either party to the arbitration may petition any court having jurisdiction over the parties to reduce the decision to judgment. Unless the arbitrators decide otherwise, each party will bear the expense of its own arbitration activities, including its appointed arbitrator and any outside attorney and witness fees, and the parties will jointly and equally bear the expense of the third arbitrator and other costs of the arbitration.

This article will survive termination of this Agreement.

ARTICLE XII—INSOLVENCY

A party to this Agreement will be deemed insolvent when:

- i. It is subject to a motion of appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor of its properties by any jurisdiction with regulatory responsibilities over that party;
- ii. It is adjudicated as bankrupt or insolvent;
- iii. It is the subject of an application or motion, or consents to the filing of a petition in bankruptcy, seeks reorganization to avoid insolvency or makes formal application for any bankruptcy, dissolution, liquidation, or similar law or statute; or
- iv. It becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party's domicile.

1. Insolvency of the Ceding Company. If the Ceding Company is judged insolvent, the Reinsurer will pay all reinsurance under this Agreement directly to the Ceding Company, its liquidator receiver or statutory successor on the basis of the Ceding Company's liability under the Reinsured Policy or Reinsured Policies without diminution because of the Ceding Company's insolvency. It is understood, however, that in the event of the Ceding Company's insolvency, the liquidator, receiver, or statutory successor will give the Reinsurer written notice of a pending Claim on a Reinsured Policy within a reasonable time after the Claim is filed in the insolvency proceedings. While the Claim is pending, the Reinsurer may investigate and interpose, at its own expense in the proceeding where the Claim is to be adjudicated, any defense which the Reinsurer may deem available to the Ceding Company, its liquidator, receiver or statutory successor. It is further understood that the expense the Reinsurer incurs will be chargeable, subject to court approval, against the Ceding Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Ceding Company solely as a result of the defense the Reinsurer has undertaken. Where two or more Reinsurers are involved in the same Claim and a majority in interest elect to interpose defense to the Claim, the expenses will be apportioned in accordance with the terms of the reinsurance agreement as though the Ceding Company had incurred the expense.

2. Insolvency of the Reinsurer. In the event of the insolvency of the Reinsurer, the Ceding Company may, at its option, immediately recapture all business ceded under this Agreement subject to all other terms and conditions of this Agreement upon written notice.

ARTICLE XIII—CONFIDENTIAL INFORMATION

1. Personal Information/Proprietary Information. The term "Personal Information" shall mean Customer and/or Consumer financial end health information furnished to the Reinsurer or its representatives by the Ceding Company in connection with the administration of insurance products reinsured by the Ceding Company. "Proprietary Information" includes ,but is not limited to, business plans, trade secrets, mortality and lapse studies, underwriting manuals, and guidelines, applications and contract forms, the terms and conditions of this Agreement and any other business information furnished by the Ceding Company to the Reinsurer or its representatives in connection with this Agreement.

2. Customer or Consumer. The term "Customer" means a person who has a life insurance policy issued by the Ceding Company. The term "Consumer" means a beneficiary, insured or annuitant of a policy issued by the Ceding Company, where such persons are not the owner of the underlying policy.

3. Protection of Personal Information/Proprietary Information. The Reinsurer agrees that Personal Information and Proprietary Information furnished by the Ceding Company to the Reinsurer will be kept strictly confidential by the Reinsurer and its representatives, that it shall take prudent measures to assure the safeguarding and safekeeping of such information, and that it will not be used for any other purpose except to perform the Reinsurer's duties under this Agreement or as may be required by applicable laws or regulations, or permitted by applicable state and federal privacy laws and regulations. The Reinsurer's disclosure to other parties will only be done if the other parties have agreed in writing to be bound by a confidentiality agreement that includes wording similar to the wording in this Article. Such a confidentiality agreement does not apply to disclosures required by applicable laws or regulations.

The parties shall provide security for the Personal Information and Proprietary Information each receives from the other in a manner reasonably sufficient to prevent a breach of the confidentiality required by this Agreement. The parties agree that the security provided for the Confidential Information shall be consistent with and no less than the level of security provided by a party to its own confidential, proprietary and sensitive information. A party shall immediately inform the other party in writing of any breach of the provisions of this Article, and shall cooperate with the non-breaching party and be responsible for any remedial actions or fines/penalties incurred by the non-breaching party arising from such breach. The breaching party agrees to cooperate with any security assessment initiated by the non-breaching party with respect to the handling and safekeeping of Personal Information and Proprietary Information by a party hereunder.

4. Public Information. This Article is not applicable to the extent that:

- A. The Personal Information or Proprietary Information becomes generally available to the public other than as a result of any disclosure by the Reinsurer or its representatives or in violation of any applicable law or regulation;
- B. The Personal Information or Proprietary Information was available to the Reinsurer or its representatives on a non-confidential basis which was not in contravention of any applicable law or regulation prior to its disclosure to the Reinsurer by the Ceding Company or by a Consumer or Customer of the Ceding Company;
- C. The disclosure of Personal Information or Proprietary Information is required by court order, applicable laws or regulations, provided that a party shall give the other party reasonable advance notice of any subpoena or discovery request in order that such other party has an opportunity, at its own expense, to take appropriate legal or protective action; or
- D. The Ceding Company gives its prior written consent to the disclosure.

5. Waiver. No failure or delay by the Ceding Company in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

6. Injunctive Relief. The Reinsurer acknowledges that remedies at law may be inadequate to protect against breach of this Article and therefore agrees to the granting of injunctive relief if the Reinsurer or its representatives breach this Article.

7. Amendments or Termination. If this Agreement should terminate, this Article shall survive termination of this Agreement. This Article may not otherwise be amended or terminated except pursuant to a separate written agreement duly executed by the Reinsurer and the Ceding Company.

8. The Ceding Company acknowledges that the Reinsurer may aggregate data with other companies reinsured with the Reinsurer as long as the data cannot be identified as belonging to the Ceding Company.

ARTICLE XIV—REPRESENTATIONS AND WARRANTIES

1. The Parties agree that this Agreement is entered into with the understanding that the principles of utmost good faith, traditional to reinsurance shall be adhered to in the formation and the performance of this Agreement by both Parties and shall govern the Parties' respective rights and obligations hereunder. This Agreement is entered into in reliance of the utmost good faith of each Party.

2. The Ceding Company provides the following representations to the Reinsurer.

- A. The Ceding Company warrants that, as part of its duty of utmost good faith owed to the Reinsurer, it will provide and continue to provide such data and documentation as are reasonably requested from time to time by the Reinsurer in order to provide actuarial opinions, memorandums or other documentation relating to the Reinsured Policies as may be required or requested by the Florida Office of Insurance Regulation or the Illinois Department of Insurance. The Ceding Company warrants that any such data provided to the Reinsurer will be complete and accurate in all material respects.
- B. The Reinsurer will enter into this Agreement based on the results of a due diligence process that depends on electronic, oral, and written data provided by the Ceding Company. The Ceding Company represents and warrants that the data provided by the Ceding Company as part of the Reinsurer's due diligence is materially complete and materially accurately represents the historical performance, the current financial condition, and the underlying characteristics of the Reinsured Policies.
- C. The Ceding Company represents and warrants that, without prior written approval of the Reinsurer, it will not engage, employ, or otherwise support any non-contractual internal replacement programs with respect to the Reinsured policies.

3. OFAC Compliance. The Ceding Company and the Reinsurer each represents and warrants that it is in compliance with all sanction laws (including related regulations and judicial and administrative orders) administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and laws designating certain countries as blocked countries (as such laws may be amended from time to time, collectively, the "Laws". Neither party will be required to take any action under this Agreement that would violate said Laws, including but not limited to, making any payments in violation of the Laws.

The Ceding Company agrees to, prior to making any payment under a Reinsured Policy reinsured under this Agreement, screen, in accordance with current industry standards for the U.S. life insurance industry, the payee to ensure that the payee is not on the OFAC List of Specially Designated National and Blocked Persons (a "Prohibited Person"). The Reinsurer will have no obligation to indemnify the Ceding Company for any payment under any Reinsured Policy if the payee is a Prohibited Person.

Should either party discover or otherwise become aware that a payment has been made under a Reinsured Policy in violation of the Laws, the party who first becomes aware of the violation will notify the other party within five (5) business days of such discovery, and the Ceding Company will provide to the Reinsurer written notice of all information known by the Ceding Company regarding the identity of the Prohibited Person, such as the name, date of birth, country, state or province and street address of the residence and/or business, social security number, driver's license number or other governmental identification number, and telephone number(s) of such Prohibited Person. The parties will cooperate in order to take all reasonably necessary corrective actions.

4. Except as specifically addressed elsewhere herein, the Ceding Company and the Reinsurer each represent that to the best of its knowledge and belief it is, and shall use its best efforts to continue to be, in compliance in all material respects with all laws, regulations, and judicial and administrative orders applicable to this Agreement and the business reinsured under this Agreement.

5. Foreign Account Tax Compliance Act. Pursuant to Chapter 3 of the Code and as the Code may be amended from time to time, the Ceding Company and the Reinsurer agree to comply with all requirements of the Foreign Account Tax Compliance Act ("FATCA") for the duration of the Agreement. As soon as practicable after the Effective Date of the Agreement, but no later than five (5) days prior to the end of the first Accounting Period, the Ceding Company and the Reinsurer shall each provide to the other all FATCA documentation required by the Internal Revenue Service ("IRS"), which may include a valid W-8, W-8BEN, W-8BEN-E, W-8EXP, W-9, or such other documentation approved for use by the IRS, that confirms any withholding requirements, or absence thereof.

The parties agree that should (i) the Ceding Company fail to provide the Reinsurer with the required FATCA documentation in a timely manner, the Reinsurer shall have the right to withhold from the Ceding Company any amounts necessary up to the maximum amount allowed by law in order to be in compliance with FATCA, and (ii) the Reinsurer fail to provide the Ceding Company with the required FATCA documentation in a timely manner, the Ceding Company shall have the right to withhold from the Reinsurer any amounts necessary up to the maximum amount allowed by law in order to be in compliance with FATCA.

ARTICLE XV—CLOSING CONDITIONS

The parties agree that this Agreement is conditioned upon and subject to the approval of the Illinois Department of Insurance pursuant to 215 ILCS 5/174, whereupon this Agreement shall be effective as of the Amended and Restated Effective Date and shall be binding upon and enforceable against the parties.

ARTICLE XVI—ASSIGNMENT OR TRANSFER

The reinsurance under this Agreement may not be novated, transferred, or assigned by either party without the non-transferring party's prior written consent; provided, however, that the merger of either the Ceding Company or the Reinsurer with an entity which was under common control with it before such merger, shall not be deemed to be an assignment; any such resulting merged entity shall be considered to be the Ceding Company or the Reinsurer, as applicable, under this Agreement. Any required consent from the non-transferring party cannot be unreasonably withheld. The provisions of this Article are not intended to preclude the Reinsurer from retroceding the reinsurance on an indemnity basis.

ARTICLE XVII - REINSURER'S RIGHT OF NOTICE OF UNUSUAL PRACTICES

1. Ceding Company Practices. The Reinsurer assumes that, except as otherwise notified in writing by the Ceding Company, and agreed to in writing by the Reinsurer, the claims, general administrative processing rules or guidelines, and other insurance practices employed by the Ceding Company with respect to reinsurance ceded under this Agreement will remain consistent with current practice.

2. Notice of Unusual Practices. Where the Ceding Company does engage in exceptional or unc customary practices with respect to business covered under this Agreement, the Ceding Company agrees to advise the Reinsurer in writing forty-five (45) days prior to implementing such change in practice and receive a written approval from the Reinsurer, such approval not to be unreasonably withheld. For the avoidance of doubt, the Ceding Company agrees that it would be reasonable for the Reinsurer to withhold approval should the change in practice have a material adverse impact on the Reinsurer.

SCHEDULE A
QUARTERLY REPORT OF ACTIVITY AND SETTLEMENT STATEMENT

Income Statement

1a	Coinsurance Net Premiums	Initially - As defined in Article II. Ongoing - Coinsurance Net Premiums.
1b	MRT Premiums	As defined in the Agreement
2	Funds Withheld Account Interest	(20) *0.875%
3a	Coinsured Benefits	As defined in the Agreement
3b	MRT Benefits	As defined in the Agreement
4	Expense Allowances	[1a] * 10%
5	Decrease to the Funds Withheld Account	As defined in the Agreement
6	Gross Income	[1a] + [1b] + [2] - [3a] - [3b] - [4] + [5]
7	Reinsurance Charge	As defined in Article VI
8	Target Reserve Deficiency	2013 to 2020 - 0, 2021 & beyond - MAX(0, MIN([22]-[21] - sum([8] - to[8])+ sum([15a] [Illegible] to [15a] [Illegible]
9	Net Income	[6] - [7] - [8]
10	LCF BOP	[13] Illegible
11	LCF Interest	[10]* 1.26%
12	Profits(Losses) Applied to LCF	MIN(*([10] + [11]), [9])
13	LCF EOP	[10] + [11] + [12]
14	Experience Refund	2018 to Immediately prior to Experience Refund Termination Date = MAX (0, [9] - [12]). Experience Refund Termination Date & Beyond = 0.
15a	Actual Recapture Payment (discretionary)	[15b] unless Ceding Company fails to elect Quota Share Adjustment
15b	Calculated Recapture Payment	[8]
15c	Funds Withheld Account Payment	MAX(0, Min([15b] - [15a], [22]))

Net Settlement

	Accounts Paid to Reinsurer	
	Reinsurance Premiums	[1a] + [1b]
	Funds Withheld Account Interest	[2]
	Decreases in Funds Withheld Account	[5]
16	Total Amount Paid to Reinsurer	[1a] + [1b] + [2] + [5]
	Amounts Paid to Ceding Company	
	Reinsurance Benefits	[3a] + [3b]
	Expense Allowances	[4]
	Experience Refund	[14]
	Recapture Payment	[15a]
	Funds Withheld Account Payment	[15c]
17	Total Paid to Ceding Company	[3a] + [3b] + [4] + [14] + [15a] + [15c]
18	Net Settlement to Reinsurer (to Ceding Co.)	[16] minus [17]

Description

Balances

	Net Stat Reserve (9/30/2012 & Prior)	
	Net Stat Reserve (10/1/12+)	
19	Total Net Stat Reserve	For The Covered Co.YRT Policies, Gross Stat Rsv - 3rd Party Credit
20	Funds Withheld Account Balance	Initially, [20] + [1a] Ongoing, Min([20] - [5] + [15c], [19] - [24]
21	Target Net Coinsurance Reserve	2016 to 2020—[22]. 2021 & beyond - [21] *[29]
22	Net Coinsurance Reserve Pre-Recapture	MAX(0, [19] * [24] - [20] + [5])
23	Net Coinsurance Reserve Post-Recapture	MAX(0,[22] - [15a] - [15c])
24	Prior Coinsurance QS	Initially, 60% Ongoing =[25]
25	Revised Coinsurance QS	([23] + [20]) + [19]
26	Prior YRT1 QS	Initially 40%, Ongoing = [27]
27	Revised YRT1 QS	1.00 minus [25]
28	YRT2 QS	85%
29	Amortization Factor	See scheduled in Exhibit D

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SCHEDULE B
FINANCIAL REPORTING REQUIREMENTS

Please provide the following information as soon as practical after the close of the quarter but not later than the due date as stated in the treaty. Please provide monthly or other interim reports if available. **All reports should include both the Reinsurer's Treaty Number as well as the Ceding Company's reference number.** The Ceding Company must maintain and provide upon request, sufficiently detailed reports such that reserve calculations can be independently verified by the Reinsurer's auditors and examiners.

A) Quarterly Reporting

- 1) Policy counts and face amount ceded.
- 2) Statutory reserves should be split between MRT and coinsurance reserves and by type of reserve and issue year.
- 3) Claim information – Claim Number, Policy number, Insured's Name, Business or Policy Type, Type of Reinsurance (Co or YRT), Notification Date, Date of Death, Date of Birth, Cause of Death, Claim Amount, Status (paid, pending, resisted).
- 4) Estimated tax reserves corresponding to the statutory reserves described above (4th quarter only).
- 5) Policy level detail statutory reserve listing via electronic media.

B) ANNUAL STATUTORY REPORTING

- 1) Actuarial Opinion signed by the appointed actuary
- 2) For reserves using X-factors that are less than 100% in any duration, an actuarial opinion supported by an actuarial report with sufficient supporting documentation and detailed data to allow an independent review of the X-factors.
- 3) Policy Exhibit
- 4) Policy level detail statutory reserve listing via electronic media.
- 5) Exhibit reconciling detail listing to summary reports.

C) Annual Tax reporting

- 1) Actual tax reserves by tax valuation basis.
- 2) DAC tax information as stated in the treaty.
- 3) Policy level detail tax reserve listing via electronic media.

D) Statutory Annual Statement when published.

Exhibit A-1
Policy Forms and Product names for all Covered Co/YRT Policies

RD Term Admin Plan Codes, with Policy Form F3600:

5NRDA	5NRDB	5NRDC	5NRDD	5NRDE	5NRD1	5NRD12
5NRD2	5NRD22	5NRD2E	5NRD2M	5NRD3	5NRD30	5NRD32
5NRD3E	5NRD3F	5NRD3L	5NRD3M	5NRD3N	5NRD3S	5NRD3T
5NRD3U	5NRD3V	5NRD4	5NRD40	5NRD42	5NRD4E	5NRD4F
5NRD4L	5NRD4M	5NRD4N	5NRD4S	5NRD4T	5NRD4U	5NRD4V
5NRD4X	5NRD4Y	5NRD5	5NRD50	5NRD52	5NRD5A	5NRD5E
5NRD5L	5NRD5M	5NRD5N	5NRD5S	5NRD5T	5NRD5U	5NRD5V
5NRD5Y						

Mortgage Term Admin Plan Codes, with Policy Forms F3800 & F3800TRC:

5GMT1	5GMT10	5GMT1A	5GMT1B	5GMT2	5GMT20	5GMT2A
5GMT2B	5GMT2S	5GMT2U	5GMT3	5GMT30	5GMT3A	5GMT3B
5GMT3S	5GMT3U	5GMT4	5GMT40	5GMT4A	5GMT4B	5NMT1
5NMT10	5NMT1L	5NMT1N	5NMT1S	5NMT1U	5NMT2	5NMT20
5NMT2L	5NMT2N	5NMT2S	5NMT2U	5NMT3	5NMT30	5NMT3L
5NMT3N	5NMT3S	5NMT3U	5NMT4	5NMT40	5NMT4L	5NMT4N
5NMT4S	5NMT4U					

RD Express Term Admin Plan Codes, with Policy Form F4000:

5NRDM1	5NRDM2	5NRDM3	5NRDM4	5NRDX1	5NRDX2	5NRDX3
5NRDX4						

Hybrid Combo and Hybrid Pilot Admin Plan Codes, with Policy Forms F4100 & F4200:

NRD21	NRD22	NRD23	NRD23M	NRD24	NRD25	NRD26
NRD27	NRD28	HADB1	HADB12	HADB13	HADB2	HADB22
HADB23	HADB3	HADB32	HADB33	HADB4	HADB42	HADB43
NRD31	NRD312	NRD313	NRD32	NRD322	NRD323	NRD33
NRD332	NRD333	NRD34	NRD342	NRD343		

LBT Admin Plan Codes, with Policy Form WP300 & Combined Policy Form 34544:

061G1G	061G2G	061G3G	061G4G	061G5G	101G1G	101G2G
101G3G	101G4G	101G5G	101GTN	121G1G	121G2G	121G3G
121G4G	121G5G	135PUT	141G5G	FI_MDA	M00CHD	M00GIA
M10G1A	M30GIA	M50GIA	M70GIA	FI_M3A	FI_M5A	

LifeStory Term Admin Plan Codes, with Policy Form F4000-02:

5NLS1	5NLS1M	5NLS2	5NLS2M	5NLS3	5NLS3M	5NLS4
5NLS4M	5NLSA	5NLSAM	5NLSB	5NLSBM	5NLS3C	5NLS3M
5NLS4D	5NLS4M					

Exhibit A-1 (continued)
Policy Forms and Product names for all Covered Co/YRT Policies

Combined LBT ADB Rider Admin Plan Codes:

ADB

Combined LBT Waiver of Premium Rider Admin Plan Codes:

PW_M0A	PW_M1A	PW_M3A	PW_M5A	PW_M7A	PWPM0A	PWPM1A
PWPM3A	PWPM5A	PWPM7A				

Combined LBT Child Rider Admin Plan Codes:

CTR5A

Combined LBT Dependent/Spouse Rider Admin Plan Codes:

FI_M0A	FI_M3A	FI_M5A
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Exhibit A-2
Policy Forms and Product names for all Covered YRT-only Policies

GDB whole Life Admin Plan Codes, with Policy Forms F3000, F3500, F3500MN, & F3500PA:

ADGWFM	ADGWMM	NGDWF	NGDWF1	NGDWFA	NGDWFM
NGDWFT	NGDWM	NGDWM1	NGDWMA	NGDWMM	NGDWMP
ADGWM	ADGWFP	ADGWMP	ADGWM2	NGDWF4	NGDWFR
NGDWFS	NGDWM4	NGDWMR	NGDWMS	ADGWF2	

GDB 10-Yr Term Admin Plan Codes, with Policy Forms F3501, F3501MN, & F3501PA:

ADG1FM	ADG1MM	NG1F	NG1FA	NG1FM	NG1FP
NG1FSA	NG1FSM	NG1FSP	NG1M	NG1MA	NG1MM
NG1MS	NG1MSA	NG1MSM	NG1MSP	NG11	NG11A
NG11P	NG11SA	NG11SP	NG11S	NG11SM	ADGTF
ADGTM	ADGTMP				

GDB 20-Yr Term Admin Plan Codes, with Policy Forms F3511, F3511MN, & F3511PA:

ADG2F	ADG2FM	ADG2FP	ADG2M	ADG2MM	ADG2MP
NG2FA	NG2FM	NG2FP	NG2FS	NG2FSA	NG2FSM
NG2M	NG2MA	NG2MM	NG2MP	NG2MS	NG2MSA

GDB 30-Yr Term Admin Plan Codes, with Policy Forms F3521, F3521MN, & F3521PA:

ADG3F	ADG3FM	ADG3FP	ADG3M	ADG3MM	ADG3MP
NG3FA	NG3FM	NG3FP	NG3FS	NG3FSM	NG3FSP
NG3MA	NG3MM	NG3MP	NG3MS	NG3MSP	

RD Senior Life Whole Life Admin Plan Codes, with Policy Forms F3200 & F3200CA:

ADG3F	ADG3FM	ADG3FP	ADG3M	ADG3MM	ADG3MP
NG3FA	NG3FM	NG3FP	NG3FS	NG3FSM	NG3FSP

RD Senior Life Term Admin Plan Codes, with Policy Forms F3211, F3211CA, F3211HI, F3211SD, F3221, F3221CA, F3221HI, F3221SD, F3231, F3231CA, F3231HI, & F3231SD:

ADBGT3	RDS1F	RDS1F2	RDS1F3	RDS1F4	RDS1F5
RDS1F7	RDS1F8	RDS1F9	RDS1FA	RDS1FD	RDS1FM
RDS1FO	RDS1FR	RDS1FS	RDS1M	RDS1M2	RDS1M3
RDS1M5	RDS1M6	RDS1M7	RDS1M8	RDS1M9	RDS1MD
RDS1MN	RDS1MO	RDS1MR	RDS1MS	RDS1MT	RDS1MU
RDS2F2	RDS2F3	RDS2F4	RDS2F5	RDS2F6	RDS2F7
RDS2F9	RDS2FA	RDS2FD	RDS2FM	RDS2FN	RDS2FO
RDS2FS					

Exhibit B
Scheduled Decrease to the Funds Withheld Account

<u>Accounting Period</u>	<u>Scheduled Decrease</u>
Amended and Restated Effective Date	Initial increase as described in Article II
9/30/2016	3,300,000
12/31/2016	3,300,000
3/31/2017	3,300,000
6/30/2017	The remaining Funds Withheld Account Balance

Exhibit C-1

YRT Guaranteed Premium Rates for all YRT-only Policies, for all Covered Co/YRT Policies in their level period, and for all Covered Co/YRT Policies that are whole life Products

I. Level Term Then ART-Plans: YRT Guaranteed Premium Rates During Level Premium Period

<u>Product</u>	<u>Mortality Table During Level Premium Period (rates are per thousand)</u>
Hybrid Pilot (all cause)	2001 CSO Select & Ultimate Valuation Table, ANB, Sex-Distinct, Smoker/Non-Smoker Distinct
Hybrid Combo (all cause)	2001 CSO Select & Ultimate Valuation Table, ANB, Sex-Distinct, Smoker/Non-Smoker Distinct
Hybrid Combo (ADB)	1996 ADB Ultimate Valuation Table, ANB, Sex-Distinct
Mortgage Term	2001 CSO Select & Ultimate Valuation Table, ALB, Sex-Distinct, Smoker/Non-Smoker Distinct
RD Express Term	2001 CSO Select & Ultimate Valuation Table, ALB, Sex-Distinct, Smoker/Non-Smoker Distinct
RD Term	2001 CSO Select & Ultimate Valuation Table, ALB, Sex-Distinct, Smoker/Non-Smoker Distinct
LifeStory Term	2001 CSO Select & Ultimate Valuation Table, ALB, Sex-Distinct, Smoker/Non-Smoker Distinct

II. Other Plans: YRT Guaranteed Premium Rates

<u>Product</u>	<u>Mortality Table (rates are per thousand)</u>
GDB Term & Whole Life (all cause)	2001 CSO Ultimate Valuation Table, ALB, Sex-Distinct, Composite for Smoker/Non-Smoker
GDB Term & Whole Life (ADB)	1959 ADB Ultimate Valuation Table, ALB, Sex-Distinct
LBT*	2001 CSO Ultimate Valuation Tables, ALB, Sex-Distinct, Smoker/Non-Smoker Distinct*
Combined LBT ADB Rider	1996 ADB Ultimate Valuation Table, ANB, Sex-Distinct
Combined LBT Child and Dependent/Spouse Riders	2001 CSO Ultimate Valuation Tables, ALB, Sex-Distinct, Smoker/Non-Smoker Distinct
RD Senior Life Term & Whole Life (all cause)	2001 CSO Ultimate Valuation Table, ALB, Sex-Distinct, Composite for Smoker/Non-Smoker
RD Senior Life Term & Whole Life (ADB)	1959 ADB Ultimate valuation Table, ALB, Sex-Distinct

* For LBT, each case has an expected male/female mix, where that mix is used as the mortality basis for statutory valuations. The mix by admin plan code is as follows:

<u>Admin Plan Code</u>	<u>Male/Female Mix</u>
061G1G	LBT 100/0 male/female mix
061G2G	LBT 70/30 male/female mix
061G3G	LBT 50/50 male/female mix
061G4G	LBT 30/70 male/female mix
061G5G	LBT 0/100 male/female mix
101G1G	LBT 100/0 male/female mix
101G2G	LBT 70/30 male/female mix
101G3G	LBT 50/50 male/female mix
101G4G	LBT 30/70 male/female mix
101G5G	LBT 0/100 male/female mix
101GTN	LBT 30/70 male/female mix

Exhibit C-2
YRT Guaranteed Premium Rates for Covered Co/YRT
Policies in their post-level period

ART-Period Guaranteed Premium Rates Per \$1,000 of face amount

Hybrid Combo and Hybrid Pilot Guaranteed YRT Rates Per \$1,000 of Face During ART Period					Hybrid Combo and Hybrid Pilot Guaranteed YRT Rates Per \$1,000 of Face During ART Period				
Attained Age	M NS	F NS	M Sm	F Sm	Attained Age	M NS	F NS	M Sm	F Sm
16	1.85	0.98	1.98	1.03	56	15.35	12.95	29.25	24.95
17	2.13	1.03	2.43	1.15	57	17.08	14.25	32.28	27.35
18	2.30	1.05	2.78	1.25	58	18.55	15.65	34.65	29.88
19	2.35	1.13	3.03	1.35	59	20.25	17.05	37.40	32.25
20	2.38	1.13	3.18	1.45	60	22.30	18.50	40.73	34.93
21	2.38	1.15	3.33	1.53	61	24.80	20.08	44.85	37.70
22	2.38	1.20	3.50	1.63	62	27.85	21.80	49.83	40.83
23	2.40	1.20	3.65	1.68	63	31.28	23.58	55.35	43.95
24	2.43	1.25	3.85	1.80	64	34.88	25.50	61.00	47.25
25	2.45	1.25	4.08	1.93	65	38.68	27.63	66.58	50.85
26	2.55	1.33	4.28	2.03	66	42.53	29.98	71.95	54.68
27	2.68	1.43	4.53	2.18	67	46.43	32.55	77.18	58.98
28	2.63	1.45	4.55	2.30	68	50.63	35.43	82.68	63.70
29	2.58	1.55	4.53	2.48	69	54.98	38.58	88.13	68.83
30	2.55	1.60	4.50	2.58	70	60.25	42.05	94.73	74.55
31	2.53	1.70	4.50	2.80	71	66.15	46.05	101.95	81.08
32	2.53	1.80	4.55	2.98	72	73.90	50.53	111.78	88.28
33	2.60	1.90	4.68	3.20	73	82.08	55.38	121.65	eligible
34	2.65	2.05	4.85	3.48	74	90.68	60.70	131.63	104.53
35	2.73	2.23	5.00	3.83	75	100.08	66.60	143.23	113.08
36	2.88	2.38	5.28	4.13	76	110.33	73.08	155.58	122.40
37	3.00	2.58	5.68	4.48	77	122.23	80.20	eligible	132.43
38	3.23	2.68	6.00	4.70	78	136.13	88.08	186.35	143.23
39	3.43	2.83	6.43	5.00	79	152.18	96.58	205.13	154.90
40	3.65	3.00	6.93	5.30	80	169.68	106.08	225.18	167.48
41	3.95	3.18	7.58	5.65	81	189.60	118.98	247.63	185.18
42	4.33	3.38	8.33	6.08	82	210.35	133.53	270.28	204.40
43	4.75	3.63	9.23	6.58	83	232.73	148.03	294.03	223.13
44	5.25	3.93	10.30	7.15	84	257.50	164.05	319.85	243.25
45	5.83	4.28	11.43	7.83	85	285.18	182.10	350.23	263.53
46	6.38	4.68	12.48	8.58	86	315.85	198.48	363.48	280.43
47	6.98	5.18	13.65	9.53	87	349.35	223.13	419.23	307.23
48	7.33	5.73	14.30	10.70	88	385.25	248.88	456.80	333.98
49	7.73	6.33	15.05	12.03	89	423.13	276.33	495.68	360.88
50	8.30	7.03	16.13	13.48	90	462.65	301.63	535.33	382.63
51	8.98	7.80	17.40	15.05	91	499.83	314.43	571.08	387.35
52	9.90	8.68	19.15	16.78	92	538.58	339.60	607.55	406.65
53	10.90	9.63	21.13	18.60	93	579.45	376.95	645.25	437.75
54	12.18	10.63	23.60	20.60	94	622.63	424.10	684.35	477.43
55	13.75	11.70	26.40	22.70					

Exhibit C-2 (continued)
YRT Guaranteed Premium Rates for Covered Co/YRT
Policies in their post-level period

ART-Period Guaranteed Premium Rates Per \$1,000 of face amount

RD Term, RD Express Term, LifeStory, and Mortgage Term Guaranteed YRT Rates Per \$1,000 of Face During ART Period					RD Term, RD Express Term, LifeStory, and Mortgage Term Guaranteed YRT Rates Per \$1,000 of Face During ART Period				
Issue Age	M NS	F NS	M Sm	F Sm	Issue Age	M NS	F NS	M Sm	F Sm
16	2.16	1.15	2.41	1.27	56	19.21	16.30	35.01	31.38
17	2.44	1.21	2.89	1.39	57	21.11	17.92	38.08	34.18
18	2.58	1.27	3.20	1.51	58	23.01	19.60	41.01	37.12
19	2.64	1.33	3.45	1.66	59	25.23	21.31	44.45	40.27
20	2.67	1.33	3.65	1.75	60	27.93	23.11	48.69	43.54
21	2.67	1.39	3.82	1.87	61	31.22	25.09	53.87	47.08
22	2.67	1.42	4.02	1.96	62	35.04	27.19	59.82	50.83
23	2.70	1.42	4.22	2.05	63	39.22	29.41	66.19	54.67
24	2.73	1.48	4.45	2.17	64	43.58	31.84	72.56	58.81
25	2.81	1.51	4.70	2.35	65	48.12	34.54	78.79	63.28
26	2.92	1.63	4.95	2.50	66	52.72	37.48	84.82	68.14
27	2.98	1.69	5.09	2.65	67	57.52	40.75	90.91	73.54
28	2.98	1.78	5.12	2.83	68	62.59	44.38	97.14	79.45
29	2.98	1.87	5.12	3.01	69	68.28	48.34	104.00	85.96
30	2.98	1.96	5.12	3.19	70	74.92	52.81	111.85	93.31
31	2.98	2.08	5.15	3.43	71	82.98	57.91	121.50	101.53
32	3.01	2.20	5.24	3.67	72	92.41	63.49	132.71	110.47
33	3.10	2.35	5.41	3.97	73	102.34	69.58	144.01	120.22
34	3.16	2.53	5.61	4.36	74	113.01	76.33	156.25	130.42
35	3.31	2.74	5.84	4.75	75	124.63	83.74	169.85	141.13
36	3.46	2.95	6.18	5.14	76	137.73	91.87	184.93	152.71
37	3.67	3.13	6.58	5.47	77	152.97	100.87	202.37	165.19
38	3.94	3.28	7.06	5.80	78	170.67	110.68	222.37	178.66
39	4.18	3.46	7.60	6.16	79	190.50	121.45	244.39	193.15
40	4.51	3.67	8.25	6.55	80	212.62	134.83	268.46	211.21
41	4.90	3.91	9.05	7.00	81	236.66	151.27	294.04	233.29
42	5.38	4.18	9.99	7.57	82	262.13	168.67	320.38	256.03
43	5.94	4.51	11.10	8.20	83	289.94	186.94	348.42	279.25
44	6.56	4.90	12.35	8.95	84	320.86	207.31	380.15	303.43
45	7.24	5.35	13.60	9.82	85	358.80	227.95	420.28	325.78
46	7.92	5.89	14.85	10.84	86	400.94	252.34	464.23	351.61
47	8.48	6.62	15.90	12.10	87	446.98	282.46	511.49	383.65
48	8.92	7.21	16.70	13.60	88	496.52	314.23	561.40	415.72
49	9.48	7.99	17.72	15.28	89	549.17	345.85	613.47	445.08
50	10.22	8.86	19.06	17.08	90	602.55	369.13	654.83	461.74
51	11.17	9.85	20.80	19.06	91	668.07	391.39	714.82	475.42
52	12.33	10.96	22.91	21.19	92	712.79	428.29	766.80	504.97
53	13.66	12.13	25.44	23.50	93	773.22	478.30	821.16	546.79
54	15.35	13.36	28.46	25.96	94	837.55	540.58	879.59	605.08
55	17.25	14.77	31.68	28.57					

Exhibit D
Amortization Factors

<u>Accounting</u> <u>Period</u>	<u>Amortization</u> <u>Factor</u>
3/31/2021	0.95833
6/30/2021	0.95652
9/30/2021	0.95455
12/31/2021	0.95238
3/31/2022	0.95000
6/30/2022	0.94737
9/30/2022	0.94444
12/31/2022	0.94118
3/31/2023	0.93750
6/30/2023	0.93333
9/30/2023	0.92857
12/31/2023	0.92308
3/31/2024	0.91667
6/30/2024	0.90909
9/30/2024	0.90000
12/31/2024	0.88889
3/31/2025	0.87500
6/30/2025	0.85714
9/30/2025	0.83333
12/31/2025	0.80000
3/31/2026	0.75000
6/30/2026	0.66667
9/30/2026	0.50000
12/31/2026	0.00000

Exhibit E
MRT1 Premium Factors

- I. Whole life policies and policies during their level period: 13.75%**
- II. Policies in their post-level period: 8.333%**

Reinsurance Agreement #I478580US-13

This Automatic Self Administered Accidental Death Benefit Rider Policy Coinsurance. Reinsurance Agreement
Effective **June 1, 2013 (the “Effective Date”)**

(hereinafter referred to as the “Agreement”)

is made between

Fidelity Life Association, A Legal Reserve Life Insurance Company

an Illinois insurance company
(hereinafter referred to as the “Company”)

and

Swiss Re Life & Health America Inc.

a Connecticut insurance company
(hereinafter referred to as the “Reinsurer”)

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Article 1

1.1 General

This Agreement is an indemnity reinsurance agreement solely between the Company and the Reinsurer. The acceptance of risks under this Agreement by the Reinsurer will create no right or legal relation between the Reinsurer and the insured, owner, beneficiary, or assignee of any insurance policy of the Company.

This Agreement will be binding upon the parties hereto and their respective successors and assigns including any rehabilitator, conservator, liquidator or statutory successor of either party. Neither party may effect any novation of this Agreement without the other party's prior written consent.

Day or days, when used in this Agreement, will mean calendar days.

1.2 Scope of Coverage

This Agreement applies to all directly issued insurance policies and supplemental benefits and riders listed in Exhibit A (hereinafter referred to as "policies" or "policy" and issued, in a jurisdiction in which the Company is properly licensed. On and after the Effective Date of this Agreement, the Company will cede and the Reinsurer will accept its share of the benefits specified in Exhibit A in accordance with the terms of this Agreement. The policies accepted by the Reinsurer will be hereinafter referred to as "Reinsured Policies"

The Company may not reinsure the retained amounts specified in Exhibit D on any basis without the Reinsurer's prior written consent.

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2.1 Automatic Reinsurance

The Company will automatically cede and the Reinsurer will automatically accept its share of the Company's policies provided that, to the best of the Company's knowledge:

- a) The Company has retained on each life the amount set out in Exhibit D according to the age and mortality rating at the time of underwriting; and
- b) The total of the face amount of reinsurance required, including the amount already reinsured on that life under this Agreement and all other life agreements between the Reinsurer and the Company, does not exceed the Automatic Acceptance Limits set out in Exhibit E; and
- c) The total face amount of insurance on that life in force with all companies, including the Company, does not exceed the In Force Limits set out in Exhibit E.

If the Company is already on the risk for its retention under previously issued policies, the Reinsurer will automatically accept reinsurance for newly issued policies according to the limits set out in Exhibit E, provided the Company has complied with the business guidelines specified in Exhibit A-1 (hereinafter the "Business Guidelines") that would have applied if the new policy had been fully retained by the Company.

2.2 Exclusions from Automatic Coverage

Exclusions from automatic coverage under this Agreement shall follow the exclusions in the original policy or rider form.

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3.1 Automatic Submissions

The Company will report Reinsured Policies ceded automatically to the Reinsurer according to the terms specified in Exhibit F.

Upon request, the Company will provide the Reinsurer copies of the application, underwriting papers and other information pertaining to any automatic, cession under this Agreement.

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4.1 Commencement of Automatic Reinsurance Liability

The Reinsurer's liability for any Reinsured Policy accepted automatically will begin simultaneously with the Company's contractual liability for that policy.

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5.1 Premium Accounting

The Company will pay the Reinsurer Premiums in accordance with the terms specified in Exhibit C-1.

The method and requirements for reporting and remitting premiums are specified in Exhibit F.

5.2 Currency

All payments due under this Agreement will be made in U.S. Dollars.

5.3 Non-Payment of Premiums

The payment of reinsurance premiums is a condition to the liability of the Reinsurer for reinsurance provided by this Agreement. If reinsurance premiums are not paid within 60 days of the due date, the Reinsurer may terminate reinsurance for all Reinsured Policies having reinsurance premiums in arrears. If the Reinsurer elects to terminate any Reinsured Policies after such 60 day period, it will then give the Company at least 45 days' prior written notice, to be sent via overnight delivery from a major carrier (Federal Express, USPS, UPS, DHL, etc.) of its intention to terminate such reinsurance. If all reinsurance premiums in arrears, including any which may become in arrears during such 45 day notice period, are not paid before the end of the notice period, the Reinsurer's obligations for those Reinsured Policies will be limited to obligations relating to events arising on or before the last date for which reinsurance premiums have been paid in full for each Reinsured Policy.

If reinsurance is terminated according to this Article, the appropriate amount of benefit reserves to be held in respect of the reinsured amounts being terminated will be paid by the party with the positive balance, determined as of the effective date of termination, based on U.S. generally accepted accounting principle ("GAAP") consistent with FASB Accounting Standard Codification Topic 944, Financial Services - Insurance computed using the Reinsurer's original pricing assumptions without provision for adverse deviation, less any amount of unamortized deferred acquisition cost assets related thereto and excluding any provisions for adverse deviations or similar deficiency or special reserves net of outstanding balances.

The Reinsurer's right to terminate reinsurance will not prejudice its right to collect premiums, and applicable interest as specified in Exhibit C, for the period reinsurance was in force, through and including the 45 day notice period.

The Company may not force termination through the non-payment of reinsurance premiums to avoid the Agreement's requirements or to transfer the Reinsured Policies to another party.

Article 6

6.1 Right of Offset

The Company and the Reinsurer will have the right to offset any undisputed balances, whether on account of premiums, allowances, credits, claims or otherwise due from one party to the other under this Agreement or under any other reinsurance agreement between the Company and the Reinsurer.

The rights provided under this Article are in addition to any rights of offset that may exist at common law. The parties' offset rights may be enforced notwithstanding any other provision of this Agreement including, without limitation, the provisions of Article 11.

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7.1 Policy Changes

“Policy changes” refers to the variety of actions that may be made to a policy after issue as long as a similar change is made on the base life policy to which the covered riders, specified in Exhibit A, are attached. These actions include, but are not limited to, replacements, changes in plans, or a change in the benefit amount of the policy in conjunction with the base life policy.

7.2 Lapses

When a policy issued by the Company lapses, after the greater of the number of days for all state mandated grace periods and the number of days for the Company’s administrative procedures for lapsing policy to take place, the corresponding reinsurance on the Reinsured Policy will be terminated effective, the same date.

7.3 Reinstatements

If a policy reinsured on an automatic basis is reinstated according to its terms and the Company’s reinstatement rules, the Reinsurer will, upon notification, automatically reinstate the reinsurance.

To the extent the Reinsured Policy requires payment of premiums in arrears, the Company will pay all reinsurance premiums in arrears on reinstated policies and such premiums will be subject to Article 16.8 and Exhibit F.

8.1 Retention Limit Change

If the Company changes its retention limit (hereinafter “Retention Limit”), it will provide the Reinsurer with written notice of the new Retention Limit at least 90 days prior to the effective date. Changes to the Company’s Retention Limits in Exhibit D will not affect the Reinsured Policies in force at the time of such a change except as specifically provided for elsewhere in this Agreement, and will not affect the Automatic Acceptance Limits in Exhibit E unless mutually agreed in writing by the Company and the Reinsurer.

If the Company decreases its Retention Limit, no reinsurance may be ceded on an automatic basis until the parties have reviewed and either expressly affirmed or revised the terms specified in Exhibit C-1 and the Automatic Acceptance Limits set out in Exhibit E.

8.2 Recapture

Reinsured Policies will not be eligible for recapture, whether due to an increase in the Company’s retention or otherwise. The Reinsurer will consider a request by the Company to recapture, but will agree to the request only if the Company and the Reinsurer agree upon recapture terms.

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9.1 Claims Notice and Consultation

The Company is responsible for the settlement of claims in accordance with applicable law and policy terms. It is the Company's sole decision to determine whether a claim is payable under the policy. For purposes of this Article, Reinsured Policies include conditional receipts and temporary insurance agreements covered under the terms of this Agreement. It is a condition to the Reinsurer's obligation to pay a claim that the Company notify the Reinsurer in writing as soon as possible, but in any event not later than 12 months after the Company receives notice of a claim on a Reinsured Policy. The Company will promptly provide the Reinsurer with copies of all claims documents in its possession.

As a condition to the Reinsurer's obligation to pay a claim, before making a claim decision or settlement offer, the Company will seek the Reinsurer's recommendation on such matters to the extent specified in Exhibit C-1. The Reinsurer will promptly make a recommendation; failing such, the Company may settle the claim without further consultation. The terms of Exhibit C-1 notwithstanding, the Company may request a recommendation from the Reinsurer on any claim on a Reinsured Policy. The Company will provide the Reinsurer all information it has in its possession, including underwriting files, reasonably requested by the Reinsurer for consideration of any claim on a Reinsured Policy.

The Company, if notified, will notify the Reinsurer of deaths that do not trigger policy benefits.

9.2 Claims Payment

The Reinsurer will be liable to the Company for its share of the benefits owed under the express contractual terms of the Reinsured Policies and as specified under the terms of this Agreement. The Reinsurer will not participate in any ex gratia payments made by the Company (i.e., payments the Company is not required to make under the Reinsured policy terms.) The payment of death benefits by the Reinsurer will be in one lump sum regardless of the mode of settlement under the Reinsured Policy. Benefit payments from the Reinsurer will be due within 30 days of the claim satisfying the requirements established under this Agreement. The Reinsurer's share of any interest payable under the terms of a Reinsured Policy or applicable law which is based on the death benefits paid by the Company, will be payable provided that the Reinsurer will not be liable for interest accruing on or after the date of the Company's payment of benefits. The Reinsurer's share will be based upon the same interest rate and days used by the Company to calculate their interest paid.

The Reinsurer will make payment to the Company for each such claim.

9.3 Claims Practices

It is the Company's sole decision to determine whether to investigate, contest, compromise or litigate a claim; however, the Company is responsible for investigating, contesting, compromising or litigating Reinsured Policy claims in accordance with applicable law and policy terms.

The Company acknowledges that it obtains certified death certificates for death claims, and follows industry standard and investigates claims with any of the following criteria:

- a) If the claim occurs within the contestable period as defined by the Reinsured Policy; or
- b) If there is a reasonable question regarding the validity of the insured's death or the authenticity of the proofs of death; or
- c) If the death occurs outside the United States or Canada; or
- d) If the insured is missing or presumed dead; or
- e) If there is a reasonable suspicion of fraud.

A claim investigation generally includes confirming proof of death, medical records to validate the insured's medical disclosures and, if material, financial condition at the time of Policy application. Investigations may also include obtaining police reports, coroner's reports, financial records, or other information that would be appropriate under the circumstances.

The Company acknowledges that it does defend against claims meeting the following criteria:

- f) If a material misrepresentation is found in the Policy application and the policy is within the contestable period; or
- g) If fraud is found and there is a legal remedy available; or
- h) If there is insufficient proof of death; or
- i) If the death does not qualify for accidental death benefits and a claim for such benefits has been made.

9.4 Contested Claims

The Company will notify the Reinsurer promptly of its intention to investigate, contest, compromise, or litigate any claim involving a Reinsured Policy (hereinafter a "Contested Claim"). The Company will provide the Reinsurer all relevant information and documents in its possession, as such become available, pertaining to Contested Claims and will promptly report any developments during the Reinsurer's review. If the Reinsurer:

- a) Does not support the contest of the Claim, the Reinsurer will pay the Company its full share of the reinsurance benefit, and will not share in any subsequent reduction or increase in liability or in any subsequent expenses incurred by the Company; or
- b) Supports the Company's decision to contest the claim and the Contested Claim results in a reduction or increase in liability, the Reinsurer will share in any reduction or increase in proportion to its share of the risk on the Contested Claim.

If the Reinsurer supports the decision to contest the claim, the Company will promptly advise the Reinsurer of all significant developments it has been made aware of, including notice of legal proceeding (including, but not limited to, consumer complaints or actions by governmental authorities) initiated in connection with the Contested Claim.

If the Company returns premiums to the policy owner or beneficiary as a result of rescinding a policy, or if the Company pays a suicide benefit, the Reinsurer will refund net reinsurance premiums received on that policy to the Company.

9.5 Claims Expenses

The Reinsurer will pay its share of reasonable investigation and legal expenses incurred in investigating, adjudicating or litigating a claim, except as otherwise provided in this Agreement. The Reinsurer will not be liable for any routine investigative or administrative claim expenses (such as compensation of salaried employees) or for any expenses incurred in connection with conflicting claims of entitlement to Reinsured Policy benefits that the Company admits are payable.

9.6 Extra Contractual Obligations

For purposes of this Agreement, “Extra Contractual Obligations” are any obligations or expenses other than contractual obligations incurred by the Company, its affiliates, directors, officers, employees, agents or other representatives and arising under the express written terms and conditions of a policy, including but not limited to, punitive damages, bad faith damages, compensatory damages, and other damages or fines or penalties which may arise from the acts, errors or omissions of the Company or its affiliates, directors, officers, employees, agents or other representatives.

The Reinsurer is not liable for Extra Contractual Obligations associated with a contested claim unless it concurred in writing and in advance with the claim actions which were the basis for the Extra Contractual Obligations, or where the claim was contested based on Section 9.3 f, g or h. In these situations, the Company and the Reinsurer will share in Extra Contractual Obligations; the Reinsurer’s assessments would be in proportion to the risk accepted for the Reinsured Policy involved.

The Reinsurer will not be liable for any Extra Contractual Obligations resulting from the Company’s failure to implement the agreed upon course of action, such as the filing of timely pleadings or meeting court or statutory deadlines, etc.

10.1 Errors and Omissions in Administration of Reinsurance

Any unintentional or accidental failure to comply with the terms of this Agreement which can be shown to be the result of an oversight, administrative system error, or clerical error relating to the administration of reinsurance by either party will not constitute a breach of this Agreement. Upon discovery, the error will be promptly corrected so that both parties are restored to the position they would have occupied had the oversight, administrative system error, or clerical error not occurred. In the event a payment is corrected, the party receiving the payment may charge interest, calculated according to the terms specified in Exhibit C. Should it not be possible to restore both parties to this position, the party responsible for the oversight or clerical error will be responsible for any resulting liabilities and expenses. The Reinsurer will not be responsible for deliberate acts of the Company or for recurring errors made by the Company. Both parties will use their best efforts to detect any oversight errors, administrative system errors, or clerical errors it believes are occurring, and will promptly notify the other party of any such errors.

If the company has failed to cede reinsurance as provided under this Agreement or has failed to comply with reporting requirements with respect to business ceded hereunder, the Reinsurer may require the Company to audit its records for similar errors and take reasonable actions necessary to correct errors and avoid similar errors. Failing prompt correction, the Reinsurer may limit its liability to the correctly reported Reinsured Policies.

10.2 Dispute Resolution

As a condition to the parties' right to arbitration under this Agreement, either the Company or the Reinsurer will give written notification to the other party of any dispute relating to or arising from this Agreement, including, but not limited to, the formation or breach thereof. Within 45 days of notification, both parties must designate an officer of their respective companies to attempt to resolve the dispute. The officers will meet at a mutually agreeable location as soon as possible and as often as necessary to attempt to negotiate a resolution of the dispute. During the negotiation process, all of reasonable requests made for information concerning the dispute will be promptly honored. The format for discussions will be determined mutually by the officers.

If these officers are unable to resolve the dispute within 30 days of their first meeting, the parties may agree in writing to extend the negotiation period for an additional 30 days. If the matter is not resolved within 30 days of the first meeting or the additional 30 day period, if any, then either party may demand arbitration pursuant to Article 10.3. The discussion and all information exchanged for the purposes of such discussions will be confidential and without prejudice.

10.3 Arbitration

Except with respect to disputes subject to the Expedited Dispute Resolution Process in Article 10.4, if the Company and Reinsurer are unable to resolve any dispute arising from this Agreement, including but not limited to the formation or breach thereof, pursuant to Article 10.2, the matter will be referred to arbitration.

The arbitration will be conducted in accordance with the Procedures for Resolution of U.S. Insurance and Reinsurance Disputes, Neutral Panel Version, April 2004 (the "Procedures") available at www.arbitrationtaskforce.org, except as modified herein.

The arbitration will be held in New York City or another place as the parties may mutually agree. The arbitration will be conducted before a three person Panel qualified as:

- a) Current or former officers of life insurance or reinsurance companies, or
- b) Professionals with no less than 10 years of experience in or serving the life insurance or reinsurance industries.

The parties will select such candidates from the ARIAS-US Certified Arbitrators List available at www.ARIAS-US.org.

The customs and practices of the life insurance and reinsurance industries may be considered by the Panel to resolve any ambiguities in the Agreement but only insofar as such customs and practices are consistent with the terms of this Agreement. The Panel will not have the authority to award punitive or exemplary damages.

The Panel will award the remedy sought by the party seeking relief to the extent the remedy is provided for in this Agreement or otherwise reasonably compensates the damaged party for the economic effect of any demonstrated breach. Such remedies may include, but will not be limited to, monetary damages, revisions to the terms of the Agreement, including adjustments to premiums or allowances paid or to be paid, or any combination of the foregoing.

The Panel shall issue an order, appropriate for confirmation in a court of competent jurisdiction to resolve all matters in dispute. In addition, the Panel shall issue a written opinion setting forth the reasons for the award, with citations to the record of the hearing that support the reasoning.

The decision of the Panel will be final and binding upon the parties and their respective successors and assigns. Each party hereby consents to the entry of a judgment confirming or enforcing the award in the United States District Court for the Southern District of New York and/or in any other court of competent jurisdiction.

Within 20 days after the Transmittal of an award, either party, upon notice to the other party, may request the Panel to correct any clerical, typographical, or computational errors in the award. The other party will be given ten days to respond to the request. The Panel will dispose of the request within 20 days of its receipt of such request and any response thereto. The Panel will not be empowered to re-determine the merits of any claim already decided.

Each party will:

- c) Bear its own fees and expenses in connection with the arbitration, including the fees of any outside counsel and witness fees, and

- d) Share equally in the fees for the members of the Panel and the costs of the arbitration, such as hearing rooms, court reporters, etc.
- It is the intent of the parties that these arbitration provisions replace and be in lieu of any statutory arbitration provision, if permitted by law.

10.4 Expedited Dispute Resolution Process

The parties agree that the following types of issues and disputes will be subject to arbitration under the expedited procedures set forth in this Article:

- a) Any dispute regarding the obligations of the parties with respect to a single Reinsured Policy, regardless of the amount in controversy; or
- b) Any dispute in which the amount in controversy, exclusive of interest or costs, is less than \$1 million.

Arbitration proceedings under this Article will be commenced as specified in Article 10.3, and shall be subject to the requirements of Article 10.3 to the extent they are not inconsistent with this Article.

The proceedings will be held before a single neutral umpire meeting the qualifications set forth in Article 10.3. If the parties are unable to agree on an umpire within 30 days following commencement of the action, the selection will be made pursuant to the Umpire Selection Procedure of the ARIAS-US Certified Arbitrators List available at www.ARIAS-US.org. No ex parte communication will be permitted with the umpire at any time prior to the conclusion of the proceedings.

Within 21 days from the date the selection of the umpire is agreed upon, the parties and umpire will conduct an organizational meeting by teleconference to familiarize the umpire with the dispute and to set a timetable for submission of briefs. There will be no discovery, and the dispute will be submitted on briefs and documentary evidence only, unless otherwise agreed by the parties or ordered by the umpire for good cause.

Within 30 days of submission of briefs by the parties, the umpire will render a written award which will be final and binding on the parties.

11.1 Insolvency

A party to this Agreement will be deemed “insolvent” when it:

- a) Applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor (hereinafter referred to as the Authorized Representative) of its properties of assets; or
- b) Is adjudicated as bankrupt or insolvent; or
- c) Files or consents to the filing of a petition in bankruptcy, seeks reorganization or an arrangement with creditors or takes advantage of any bankruptcy, dissolution, liquidation, rehabilitation, conservation or similar law or statute; of
- d) Becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party’s domicile.

In the event of the insolvency of the Company, all reinsurance ceded, renewed or otherwise becoming effective under this Agreement will be Payable by the Reinsurer directly to the Company or to its Authorized Representative on the basis of the liability of the Company for benefits under the Reinsured Policies without diminution because of the insolvency of the Company.

The Reinsurer will be liable only for benefits reinsured as benefits become due under the terms of the Reinsured Policies and will not be or become liable for any amounts or reserves to be held by the Company as to the Reinsured Policies or for any damages or payments resulting from the termination or restructure of the Policies that are not otherwise expressly covered by this Agreement. The Company or its Authorized Representative will give written notice to the Reinsurer of all pending claims against the Company on any Reinsured Policies within a reasonable time after filing in the insolvency proceedings. While a claim is pending, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceedings where the claim is to be adjudicated, any defense or defenses which it may deem available to the Company or its Authorized Representative.

The expense incurred by the Reinsurer will be chargeable, subject to court approval, against the Company as part of the expense of its insolvency proceedings to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose a defense to such claim, the expense will be apportioned in accordance with the terms of the Agreement as though such expense had been incurred by the Company.

In the event of the insolvency of the Reinsurer, the Company may cancel this Agreement for new business by promptly providing the Reinsurer or its Authorized Representative with written notice of cancellation, to be effective as of the date on which the Reinsurer’s insolvency is established by the authority responsible for such determination, as long as written notice is provided by Reinsurer within 90 days of the action resulting in the insolvency or Reinsurer

In addition, in the event of the insolvency of the Reinsurer, the Company may provide the Reinsurer or its Authorized Representative with written notice of its intent to recapture all reinsurance in force under this Agreement regardless of the duration the reinsurance has been in force or the amount retained by the Company on the Reinsured Policies. The effective date of a recapture due to insolvency will be at the election of the Company but may not be earlier than the date on which the Reinsurer's insolvency is established by the authority responsible for such determination. If the Company elects to recapture reinsurance under this Article, the appropriate amount of benefit reserves to be held in respect of the reinsured amounts being recaptured will be paid by the party with the positive balance, determined as of the effective date of the recapture, based on U.S. generally accepted accounting principles ("GAAP") consistent with FASB Accounting Standard Codification Topic 944, Financial Services—Insurance computed using the Reinsurer's original pricing assumptions without provision for adverse deviation, less any amount of unamortized deferred acquisition cost assets related thereto and excluding any provisions for adverse deviations or similar deficiency or special reserves, net of outstanding balances.

In the event of the insolvency of either party, the rights or remedies of this Agreement will remain in full force and effect.

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12.1 DAC Tax Election (If applicable to the Company)

The Company and the Reinsurer agree to the election pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations effective December 29, 1992, under Section 848 of the Internal Revenue Code of 1986, as amended (such election being referred to as the “DAC Tax Election”), whereby:

- a) The party with the net positive consideration for this Agreement for each taxable year will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(1) of the Internal Revenue Code of 1986, as amended the “Code”;
- b) The parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency. If requested, the Company will provide supporting information reasonably requested by the Reinsurer. (The term “net consideration” means “net consideration” as defined in Regulation Section 1.848-2(f);
- c) This DAC Tax Election will be effective for the first taxable year in which this Agreement is effective and for all years for which this Agreement remains in effect.

The Company and the Reinsurer will each attach a schedule to their respective federal income tax returns filed for the first taxable year for which this DAC Tax Election is effective. Such schedule will identify the Agreement as a reinsurance agreement for which the DAC Tax Election under Regulation Section 1.848-2(g)(8) has been made.

The Company and the Reinsurer represent and warrant that each is respectively subject to U.S. taxation under either the provisions of subchapter L of Chapter 1 or the provisions of subpart F of subchapter N of Chapter 1 of the Code.

12.2 Taxes and Expenses

No taxes, allowances, or expense will be paid by the Reinsurer to the Company for any Reinsured Policy, except as specifically referred to in this Agreement.

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13.1 Entire Agreement

This Agreement and the Exhibits hereto constitute the entire agreement between the parties with respect to the business reinsured hereunder and supersede any and all prior representations, warranties, prior agreements or understandings between the parties pertaining to the subject matter of this agreement. There are no understandings between the parties other than as expressed in this Agreement and the Exhibits hereto. In the event of any express conflict between the Agreement and the Exhibits hereto, the Exhibits hereto will control.

Any change or modification to this Agreement and the Exhibits hereto will be null and void unless made by written amendment and signed by both parties.

13.2 Inspection of Records

The Reinsurer or its duly appointed representatives will have access to records of the Company, whether written or electronic, and including system view access, concerning the business reinsured hereunder for the purpose of inspecting, auditing and photocopying those records. Such access will be provided at the office of the Company and will be during reasonable business hours. Assuming the Reinsurer has continued to perform the undisputed portion of its obligations under this Agreement, the Company may not withhold access to information and records on the grounds that the Reinsurer is in breach. Reinsurer will pay all costs (such salaries of Reinsurer's employees, costs of any consultants Reinsurer uses, travel costs for any individuals Reinsurer involves, etc.) of any audits it undertakes.

The Reinsurer's right of access as specified above will survive until all of the Reinsurer's obligations under this Agreement have terminated or been fully discharged.

13.3 Utmost Good Faith

All matters with respect to this Agreement require the utmost good faith of each of the parties.

13.4 Confidentiality

The parties will keep confidential and not disclose or make competitive use of any shared Proprietary Information, as defined below, unless:

- a) The information becomes publicly available or is obtained other than through unauthorized disclosure by the party seeking to disclose or use such information;
- b) The information is independently developed by the recipient;
- c) The disclosure is required for the purpose of any reinsurance, retrocession, securitization, or structured, asset-backed or asset-based financing; or
- d) The disclosure is required by law.

“Proprietary Information” includes, but is not limited to, underwriting manuals and guidelines, applications, contract forms, and premium rates and allowances of the Reinsurer and the Company, but shall not include the existence of this Agreement and the identity of the parties. Nothing herein shall preclude either party from using Proprietary Information for ordinary business operations or developing pricing models and actuarial analyses. Additionally, Proprietary Information may be shared by either party on a need-to-know basis with its employees, affiliates, third party service providers, auditors, consultants or retrocessionaires, or in connection with the dispute process specified in this Agreement.

In addition, the Reinsurer and its representatives and service providers will protect the confidentiality and security of Non-Public Personal Information, as defined below, by:

- e) Holding all Non-Public Personal Information in strict confidence;
- f) Maintaining appropriate measures that are designed to protect the security, integrity and confidentiality of Non-Public Personal Information;
- g) Disclosing and using Non-Public Personal Information received under this Agreement for purposes of carrying out the Reinsurer’s obligations under this Agreement, for purposes of retrocession, or as may be required or permitted by law.

“Non-Public Personal Information” is personally identifiable medical, financial, and other personal information about proposed, current and former applicants, policy owners, contract holders, insureds, annuitants, claimants, and beneficiaries of Reinsured Policies or contracts issued by the Company, and their representatives, that is not publicly available. Non-Public Personal Information does not include de-identified personal data, i.e., information that does not identify, or could not reasonably be associated with, an individual.

The Company will obtain, as required by law, appropriate consents from its insureds to enable the parties to fully exercise their rights and perform their obligations under this Agreement.

13.5 OFAC Compliance

The parties represent that they are using, and shall use, best efforts to continue to be in compliance with all laws, regulations, judicial and administrative orders applicable to the Reinsured Policies as they pertain to the sanction laws administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), as such laws may be amended from time to time (collectively the “Laws”). Neither party shall be required to take any action under this Agreement that would violate said Laws, including, but not limited to, making any payments in violation of the Laws.

Should either party discover or otherwise become aware that a reinsurance transaction has been entered into or a payment has been made in violation of the Laws, the party who first becomes aware of the violation of the Laws shall notify the other party, and the parties shall cooperate in order to take all necessary corrective actions.

The parties agree that such reinsurance transaction shall be null, void and of no effect from its inception, to the same extent as if the reinsurance transaction had never been entered into. In such event, each party shall be restored to the position it would have occupied if the violation had not occurred, including the return of any payments received, unless prohibited by law.

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14.1 Representations and Warranties

The Company makes no representations and warranties as to the future experience or profitability arising from the Reinsured Policies.

Each party represents and warrants that as of the Effective Date of this Agreement and at the time of executing this Agreement, if later, it is solvent on a statutory basis in all states in which it does business or is licensed.

“Material” or “materially” for purposes of Articles 14 and 15 will mean facts that a prudent reinsurer or insurer would consider as reasonably likely to affect the Reinsurer’s experience under the Agreement. Prior to the execution of this Agreement, the Company has provided to the Reinsurer the Business Guidelines for use in its assessment of the risks covered hereunder. The Company represents and warrants that, to the best of its knowledge:

- a) It has disclosed to the Reinsurer all information which is material to the risks being assumed hereunder; and
- b) The Business Guidelines were complete and accurate when disclosed; and
- c) There has been no material change in the Business Guidelines between the “as of” dates of the information and the date of Agreement execution.

This Article will not terminate or expire until all Reinsured Policies have been discharged or terminated in full.



15.1 Business Continuity

All Reinsured Policies will be issued and administered in accordance with the Business Guidelines. The Company will notify the Reinsurer of any change that materially affects the reinsured business, including changes to the Business Guidelines. This Agreement will not cover policies affected by such changes unless the Reinsurer has agreed in writing and in advance with the changes. Outsourcing of underwriting functions, administrative functions or claims administration with respect to the Reinsured Policies will constitute a material change. If the Reinsurer agrees to accept policies affected by the outsourcing, the Company will secure the Reinsurer's right to audit and inspect the party performing such outsourced services.

If Reinsured Policies are not covered due to an unapproved material change, all payments between the Company and the Reinsurer with respect to the affected Policies shall be refunded, excluding items relating to reserves or interest on reserves. No liability shall remain with the Reinsurer with respect to such Policies.

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16.1 Duration of Agreement

This Agreement is unlimited as to its duration.

The Reinsurer or the Company may terminate this Agreement or any plan listed in Exhibit A with respect to the reinsurance of new business by giving at least 60 days' written notice of termination to the other party or pursuant to Article 15.1 or Article 17.1 of this Agreement. During the 60 day notification period, the Company will continue to cede and the Reinsurer will continue to accept policies covered under the terms of this Agreement.

The Reinsurer remains liable for all Reinsured Policies in force as of the date of the termination, until their natural expiration, unless the parties mutually decide otherwise or as specified otherwise in this Agreement. All provisions of this Agreement will survive its termination to the extent necessary to carry out its purpose.

16.2 Severability

Determination that any provision of this Agreement is invalid or unenforceable will not affect or impair the validity or the enforceability of the remaining provisions of this Agreement.

16.3 Construction

This Agreement will be construed and administered without regard to authorship and without any presumption or rule of construction in favor of either party. This Agreement is between sophisticated parties, each of which has reviewed the Agreement and is fully knowledgeable about its terms and conditions.

16.4 Credit for Reinsurance

The parties intend that the Company will receive statutory reserve credit in its state of domicile for reinsurance provided under this Agreement. The parties agree to use reasonable efforts to ensure that such reserve credit will remain available to the Company.

16.5 Non-Waiver

A waiver by either party of any violation, or the default by the other party in its adherence to any term of this Agreement, will not constitute a waiver of any other or subsequent violation or default. No prior transaction or dealing between the parties will establish any custom, usage or precedent waiving or modifying any provision of the Agreement. The failure of either party to enforce any part of this Agreement will not constitute a waiver of any right to do so.

16.6 Retrocession

The Reinsurer may reinsure or retrocede any risks or business assumed hereunder.

16.7 Governing Law

This Agreement shall be governed by the laws of the State of Illinois.

16.8 Interest

Each party reserves the right to charge interest on undisputed overdue balances, pursuant to the terms of this Agreement. If applicable, interest will be calculated according to the terms specified in Exhibit C.

16.9 Counterparts

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one Agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. When this Agreement has been fully executed by the Company and the Reinsurer, it will become effective as of the Effective Date specified in Exhibit A.

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17.1 Financial Conditions

If the Company's surplus falls below 300% of the authorized control level, as such RBC control level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000, then the following actions will occur:

- a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.
- b) For new business written after the trigger event, the allowance structure will move to that outlined in Exhibit C-1, item 14, Special Conditions, Reinsurance Allowance Structure.

The Company agrees to notify the Reinsurer within fifteen (15) business days of the occurrence of a triggering event. In addition, the Company agrees to provide quarterly estimates of RBC control level and statutory capital and surplus levels.

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Execution

This Agreement has been made in duplicate and hereby executed by both parties.

Signed for and on behalf of **Fidelity Life Association, A Legal Reserve Life Insurance Company**

By: /s/ Jim Harkensee
Title: President & COO
Date: 12/27/2013

By: /s/ Marc Cagen
Title: Financial Actuary
Place: 12/27/13 Chicago, IL

Signed for and on behalf of **Swiss Re Life & Health America Inc.**

By: UNDICIPHERABLE
Title: SVP
Date: 12/26/2013

By: UNDICIPHERABLE
Title: SVP
Place: Fort Wayne, IN

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Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy	C-1	June 1, 2013	
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	
Optional Inflation Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	
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Business Guidelines

The Company affirms that the following have been supplied to the Reinsurer and are in use as of the effective date of this Agreement:

- 1. Policy Form(s)
- 2. Policy Application Form(s)
- 3. Supplemental Benefit and Rider Form(s)
- 4. Premium Rates
- 5. Underwriting Guidelines/Rules
- 6. Preferred Underwriting Criteria or Rules
- 7. Conversion Rules

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Reinsurance Application

Not applicable.

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General Terms1. **Premium Tax:**

The Reinsurer will not reimburse the Company for premium taxes.

2. **Dividend Payments:**

The Reinsurer will not reimburse the Company for dividends paid to policyholders.

3. **Policy Loans:**

The Reinsurer Will not participate in policy loans or other forms of indebtedness as respects the Reinsured Policies.

4. **Cash Surrender Values:**

Not applicable for reinsurance.

5. **Interest Calculation on Late Payments:** Interest will accrue from the due date at a rate equal to the Three Month London Interbank Offering Rate (LIBOR) as published in the Wall Street Journal (or if not available, a comparable publication) on the due date or, if the due date is not a business day, on the next business day after the due date, plus 50 basis points per annum to be compounded and adjusted every three months after such due date.

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Rates and Terms for Accidental Death Benefit Rider Policy**Optional Family Accidental Death Benefit Rider
Optional Inflation Rider**

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

<u>Rider</u>	<u>Rate per \$1,000</u>	<u>Policy Fee</u>
ADB Rider (Face amounts under \$100,000)	\$ 1.04	\$50.00
ADB Rider (Face amounts over \$100,000)	\$ 0.99	\$55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the following table:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	125%	27%
30 – 39	125%	39%
40 – 49	125%	39%
50 – 59	125%	29%
60 – 65	125%	13%

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7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after January 1, 2014, either party may cancel new business with sixty (60) days' prior written notice.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:

- a) The Claim occurs during the contestable period and the Company is not contesting the claim; or
- b) The death occurs outside of the United States or Canada; or
- c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.

14. **Special Conditions:**

Agreement Terms: The Reinsurer and the Company will revisit the terms of the Agreement prior to July 1, 2014 to consider product changes under consideration by the Company and to further evaluate the volume and distribution of the business sold in 2014.

Experience data: The Company agrees to periodically provide updated distribution, lapse and mortality experience data upon request.



14. **Special Conditions:**

Volume Limitations: This Agreement has been approved for new business issued from June 1, 2013 forward, subject to a cap on base policy new business issues of \$15,000,000,000. If new business issues reach this limit, then all additional new business will move to the reinsurance allowance structure described below.

Administration: The Company and the Reinsurer agree to exercise best efforts to get reinsurance administration fully implemented prior to April 1, 2014. If reinsurance administration is not in place by July 1, 2014, all future reinsurance will move to the reinsurance allowance structure described below.

Reinsurance Allowance Structure: If any of the conditions described in Article 17.1, Financial Conditions, Exhibit C-1, item 14, Volume Limitations, or Exhibit C-1, item 14, Administration, are met, the following reinsurance allowance structure will be used:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	36%
30 – 39	100%	45%
40 – 49	100%	46%
50 – 59	100%	41%
60 – 65	100%	18%

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The Company’s Retention Limits

The Company will retain 10% of each Reinsured Policy. This applies to all business reinsured under this Agreement.

It is understood that the amount retained by the Company includes its retention under any in force policies without the benefit of other reinsurance.

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Automatic Issue and Acceptance Limits

The total Automatic Issue Amounts available to the Company on a per life basis for the Accidental Death Benefit Rider will be as follows:

\$500,000

The Reinsurer will automatically accept 90% of each Policy, not to exceed the limits specified below on a per life basis.

\$450,000

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Reinsurance Reports

The Company acknowledges that timely and correct compliance with the reporting requirements of this Agreement are a material element of the Company’s responsibilities hereunder and an important basis of the Reinsurer’s ability to reinsure the risks hereunder. Consistent and material non-compliance with reporting requirements, including extended delays, will constitute a material breach of the terms of this Agreement.

Remittance Reporting:

The Company will self-administer reinsurance transactions. Reinsurance premiums are payable as specified in the Premium Mode provision of Exhibit C-1. During each accounting period, as defined below, the Company will report to the Reinsurer all first year and renewal premiums which became due during the previous accounting period. Reporting of business transactions should begin within 90 days of the latter of the effective date or the execution date of the Agreement, including policies with zero first year premium. Any adjustments made necessary by changes in reinsurance effective during a previous accounting period will also be reported.

The Company will take credit, without interest, for any unearned premiums arising due to reductions, cancellations or death claims. The unearned premiums refunded will be net of allowances and policy fees.

The Company will pay the balance of premiums in arrears due under a reinstated Reinsured Policy.

If a net balance is due to the Reinsurer, the Company will forward a remittance in settlement with its report. If the net balance is due to the Company, the Reinsurer will forward a remittance in settlement within 30 days of receipt of the report.

Report Requirements:

The Company will send to the Reinsurer the following reports electronically, by the times indicated below:

	Report	Accounting Period	Due Date
1.	New Business (New issues only-first time policy reported to the Reinsurer)	Monthly	21 st day after month end
2.	Renewal Business (Policies with renewal dates within Accounting Period)	Monthly	21 st day after month end
3.	Changes & Terminations (including conversion replacements reinstatements, increases, decreases, recaptures, lapses, claims, etc.)	Monthly	21 st day after month end
4.	Inforce List (Listing of each policy force)	Quarterly	21 st day after quarter end

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5.	Accounting Information (only required for Paper Reporting) (See Exhibit F-1 for Sample Summary Reporting Form, Section I)	Monthly	21 st day after month end
6.	Statutory Reserves (See Exhibit F-1 for Sample Summary Reporting Form, Section II)	Quarterly	21 st day after quarter end
7.	Policy Exhibit (only required for Paper Reporting) (See Exhibit F-1 for Sample Summary Reporting Form, Section III)	Monthly	21 st day after month end
8.	Valuation Reserve Certification (See Exhibit F-2 for Sample)	Annually	October 31st
9.	Tax Reserve Certification (See Exhibit F-3 for Sample)	Annually	June 1st

Minimum Data Requirements for Electronic Administration;

Policy record details for new business, renewal business and changes and terminations (Reports #1, 2 and 3 in Report Requirements, above) may be reported as separate reports or combined into one report, hereinafter referred to as the Billings and Transactions Report. Nonetheless, the data elements specified below for the Billings and Transactions Report must be provided for each reported record.

Billings and Transactions Report:

General

- | | | |
|----|------------------------|--|
| 1. | Reporting Period Dates | Specifies the beginning and ending date of the reporting period represented on the statement file. |
|----|------------------------|--|

Insured Data

- | | | |
|----|--|--|
| 2. | Last Name | Represents the surname or family name of the insured; must be specified for each insured on Joint policy types; name fields are required to be parsed out into listed components |
| 3. | First Name | Represents the given name of the insured; must be specified for each insured on joint policy types; name fields are required to be parsed out into these listed components. |
| 4. | Middle Name or Middle Initial (if available) | Represents the middle name of the insured; must be specified for each insured on joint policy types; name fields are required to be parsed out into these listed components. |

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5. Date of Birth	Specifies the date on which the insured was born; this field must be provided on, each insured on a joint policy.
6. Sex	Indicates the gender of the insured; this field must be provided on each insured on a joint policy.
7. Tobacco Use Code	Indicates whether the insured is a smoker or user of tobacco products.
8. Rating	Indicates whether the insured is standard, substandard, or uninsurable.
9. Residence	State, province, or other geographical code that indicates where the insured resides.
10. Insured Sequence Number	Specifies the number assigned by the ceding company to delineate one insured from another on a policy with multiple insureds.
Coverage Data	
11. Currency	Indicates the currency to be applied in calculating monetary amounts, if currency within this treaty is a variable on a by policy basis.
12. Reinsurance Method	Indicates whether the policy is being ceded on an automatic or facultative basis.
13. Policy Number	Specifies the number assigned by the ceding company to the policy record.
14. Coverage Sequence Number	Specifies the number assigned by the ceding company to delineate one coverage or benefit from another on a policy with multiple coverages or benefits.
15. Issue Date	The date the policy or benefit was issued.
16. Reinsurance Effective Date (if different than issue date)	Specifies the date upon which the reinsurance coverage goes into effect, if it goes into effect on a date other than the issue date. Can also be used to specify the Original Policy Issue Date on a contractual policy conversion.
17. Plan Code	Specifies the plan of insurance being provided to the insured; there must be a separate plan code for each coverage.
18. Joint Life Indicator	Indicates that the coverage is a joint coverage and that multiple lives are involved with the coverage.
19. Smoker Code	Indicates that the coverage has been issued at either non-smoker or smoker rates.
20. Preferred Risk Class	Indicates the level of classification between the preferred and standard categories; there may be more than one level of the preferred classification available, and this will indicate the specific level for this policy.
21. Mortality Rating	Specifies the exact rating assigned to the policy; premium rates will be based on this rating; this rating is generally expressed as a percentage.
22. Flat Extra Rate	Specifies a flat rate par thousand to be charged on the policy.
23. Flat Extra Duration	Specifies the number of years that the flat extra rating will be charged.



24. Direct Face Amount	Specifies the face amount of the benefit issued to the insured before the purchase of any reinsurance.
25. Reinsured Face Amount	Specifies the face amount of the reinsurance purchased.
26. Reinsured Amount at Risk	Specifies the net amount at risk for the current year's reinsurance benefits.
27. Death Benefit Option	Specifies the option used to calculate the policy net amount at risk on Universal Life products only.
28. Coverage Maturity or Expiry Date	Specifies the date on which the insurance coverage will cease, based on the type or plan issued to the insured.
29. Issue Age	From date of issue, the age at which premiums will be charged when the case does not use a rated age.
30. Rated Age	From the date of issue, the age at which premiums will be charged when the age is increased for substandard reasons, or when the age is an equivalent age for joint products.
31. Transaction Code	Indicates the specific action that has occurred to cause a policy to appear on the billing or transaction report, such as New Business, Renewal, Lapse, Death etc.
32. Transaction Effective Date	Specifies the date on which the transaction is applied to the insured's policy.
33. Standard Premium	The premium to be paid for the reinsured benefit; this must be specified for each benefit provided on a policy record.
34. Substandard Premium	In the event that a mortality rating has been assigned, this is the substandard portion of the premium to be paid for the reinsured benefit; this must be specified for each benefit provided on a policy record.
35. Flat Extra Premium	The premium to be paid the reinsurer for any flat extra premiums assigned to the policy.
36. Fees	Any additional fees to be charged, such as policy fees
37. Standard Allowance	The allowance to be taken for the reinsured benefit; this must be specified for each benefit provided on a policy record.
38. Substandard Allowance	In the event that a mortality rating has been assigned, this is the portion of the allowance to be taken for the substandard premium; this must be specified for each benefit provided on a policy record.
39. Flat Extra Allowance	In the event a flat extra rating has been assigned to the policy, this is the portion of the allowance to be taken on the flat extra premium; this must be specified for each flat extra premium provided on a policy record.
40. Fee Allowance	The allowance to be taken for any fees paid on the record.
41. Underwriting Method (<u>mandatory</u> if Agreement covers policies with less than full underwriting)	The underwriting method applies to the reinsured policies, i.e., Simplified or Guaranteed Issue



Inforce List:

As required, a Complete listing of all policy records considered to be in force under this Agreement must also provided to the Reinsure [Report # 4 in Report Requirements, above). Each record on the Inforce List must contain data element 1-30, as specified in the above listing of data requirements.

Reporting System: The System used by the Company to administer its reinsurance is: TAI.

The Company will inform the Reinsurer at least one reporting period in advance of any change in the reporting format or data prior to prior to its use in reports to the Reinsurer. The Company will provide the Reinsurer with a test file containing such a change prior to its implementation in he production of reports.

Additional Information:

Upon request, the Company will promptly provide the Reinsurer with any additional Information related to the Reinsured Policies and which the Reinsurer requires in order to complete its financial statements.

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Swiss Re Life & Health America Inc.
SELF ADMINISTERED REINSURANCE SUMMARY REPORTING FORM

Ceding Company_____

Reinsurer_____

Treaty/Account #_____

Period Experience is for_____

Coin____YRT____Mod Co____Other____

Interest Sensitive: Yes____ No____

Reinsurance Premium Mode: Monthly_____

Quarterly_____

Annual_____

In Advance_____

In Arrears_____

Reinsurance Reporting Mode: Monthly_____

Quarterly_____

Annual_____

Contact_____

Date_____

Phone # _____

SECTION I - ACCOUNTING

Life
ADB
Waiver of Premium
TOTAL

** Premiums **		** Allowances Other **		Total
First Year	Renewal Year	First Year	Renewal Year Benefit	

SECTION II - RESERVE INFORMATION

Amount of Rein (000)		Issue Year	Reserves Reinsured				
Life	ADB		Life	ADB	Waiver	Subst'd	Deficiency

SECTION III - POLICY EXHIBIT INFORMATION

			Current Period					Year to Date	
			No. of Policies	Amt. of * Rein (000)				No. of Policies	Amt. of * Rein (000)
A.	In force Beg. of Period				A.				
1.	New Business	Auto Fac			1.	Auto Fac			
2.	Conversions/ Replacements - On				2.				
3.	Reinstatements				3.				
4.	Other Increases				4.				
5.	Not Takens				5.				
	a) Total Inc (1+2+3+4-5)					a)			
6.	Death				6.				
7.	Conversions/Replacements- Off				7.				
8.	Lapses				8.				
9.	Surrenders				9.				
10.	Expiry				10.				
11.	Recapture				11.				
12.	Other Decreases				12.				
	b) Total Dec (6+7+8+9+10+11+12)					b)			
B.	In force End of Period (A + a-b)				B.				

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Valuation Reserve for Self-Administered Business Ceded to Swiss Re Life & Health America Inc. from Fidelity Life Association, A Legal Reserve Life Insurance Company

In force and Reserves at 200x:
 Plan: Type: SM/NSM/AGGR/TOTAL
 In force Reinsured Amount: _____
 In force Number of Reinsured Policies: _____
 Valuation Reserve as at 200x:

Type	Reserve Amount (\$)	Reserve Basis (Table, interest rate and method)
Active Life Reserve		
Unearned Premium Reserve		
Disabled Life Reserve		
Liability for Incurred But Not Reported Claims (IBNR)		
Liability for Due and Unpaid Claims		
Liability for claims in Course of Settlement		
Other** (specify)		
Total		

** If credit for deficiency reserves is being taken, please specify under "other".

As the valuation actuary of the above named company I certify that the information above is correct as shown. *

Name:
 Signature:
 Actuarial Designation:
 Title:
 Date:

* Required only for Year End Valuation Reserves.

I478580US-13 (06-01-2013) Stand-alone ADB
 (QT #06635US13)



Tax Reserve Certification for Self Administered Business Ceded to Swiss Re Life & Health America Inc. from Fidelity Life Association, A Legal Reserve Life Insurance Company

In force and Reserves at December 31, 200x:

Plan: Type: SM/NSM/AGGR/TOTAL

In force Reinsured Amount:_____

In force Number of Reinsured Policies:_____

Tax Reserve as at December 31, 200x:

Type	Reserve Amount(\$)	Reserve Basis (Table, interest rata and method)
Active Life Reserve		
Unearned Premium Reserve		
Disabled Life Reserve		
Liability for incurred But Not Reported Claims (IBNR)		
Liability for Due and Unpaid Claims		
Liability for Claims In Course of Settlement		
Other** (specify)		
Total		

** If credit for deficiency reserves is being taken, please specify under ‘other’.

As the valuation actuary of the above named company 1 certify that the information above is correct as shown.

Name:
Signature:
Actuarial Designation:
Title:
Date:

I478580US-13 (06-01-2013) Stand-alone ADB
(QT #06635US13)



Amendment 1 to the Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement I478580US-13 effective June 1, 2013, between FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY of Chicago, Illinois (“the Company”) and SWISS RE LIFE & HEALTH AMERICA INC. of Hartford, Connecticut (“the Reinsurer”).

Effective July 1, 2014, the Agreement is amended as follows in order extend coverage for new business of the Stand-alone ADB with Family and inflation Riders:

1. Article 17.1 Financial Conditions is replaced in its entirety with the attached Article 17.1 Financial Conditions.
2. Article 17.2 Business Monitoring is added to the agreement as specified in the attached Article 17.2 Business Monitoring.
3. Exhibit A, Business Covered is replaced in its entirety with the attached Exhibit A, Business Covered.
4. Exhibit C-2, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider is added to the agreement as specified in the attached Exhibit C-2.

All other provisions of the Reinsurance Agreement will continue unchanged.

Made in duplicate and hereby executed by both parties.

FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY

By: /s/ Jim Harkensee
Title: President & COO
Date: 9/19/2014

By: /s/ Gregory J. Roemelt
Title: Chief Actuary
Date: 9/19/2014

SWISS RE LIFE & HEALTH AMERICA INC.

By: UNDICIPHERABLE
Title: SVP
Date: 9/22/2014

By: UNDICIPHERABLE
Title: VP
Date: 9/22/2014

A1-I478580US-13 (07-01-2014)
QT#08995US14

17.1 Financial Conditions

Effective July 1, 2014: If the Company's surplus falls below 400% of the company action level, as such RBC company action level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000 (each a "Triggering Event"), then the following actions will occur:

- a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.
- b) For new business written after the Triggering Event, the allowance structure will move to that outlined in Exhibit C-2, item 14, Special Conditions, Reinsurance Allowance Structure.

The Company agrees to notify the Reinsurer within seven (7) business days of the later of occurrence of a Triggering Event or Knowledge of that Triggering Event. In addition, the Company agrees to provide quarterly estimates of company action level RBC and statutory capital and surplus levels.

In addition, the Company agrees to notify the Reinsurer within five (5) business days of any material changes to the Company's July 2014 Board approval business plan or any discretionary payments in excess of the July 2014 Board approval plan outside of the normal course of business made by the Company to the parent company of any affiliated entities. This includes the drawing down of existing or inception of new intracompany loans. If the Company fails to meet these requirements the Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) to thirty (30) days.

Effective June 1, 2013 through June 30, 2014: If the Company's surplus falls below 300% of the authorized control level, as such RBC control level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000, then the following actions will occur:

- a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) to thirty (30) days.
- b) For new business written after the Trigger event, the allowance structure will move to that outlined in Exhibit C-1, item 14, Special Conditions, Reinsurance Allowance Structure.

The Company agrees to notify the Reinsurer within fifteen (15) business days of the occurrence of a triggering event. In addition, the Company agrees to provide quarterly estimates of RBC control level and statutory capital and surplus levels.

17.2 Business Monitoring

Effective July 1, 2014: The Company agrees to closely monitor new business volume production as well as first year lapse rates across the business. A Triggering Event for this Article is defined as the following:

- (a) New business issues for any rolling 3-month period exceeding \$10 billion of volume; and
- (b) First year lapse rate (volume based) for any 3 month period of new business issues exceeding 65%.

The Company agrees to notify the Reinsurer within seven (7) days of the later of occurrence of a Triggering Event or knowledge of that Triggering Event. In the event that a Triggering Event takes place the following actions will occur:

- (a) The Reinsurer's right to terminate This Agreement for new business will be reduced from sixty (60) days to thirty (30) days.
- (b) For new business written after the Triggering Event, the Reinsurer will have the option to move to the allowance structure outlined In Exhibit C-2, item 14, Special Conditions, Reinsurance Allowance Structure by providing thirty (30) days' notice.

Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	December 31, 2014
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	December 31, 2014
Optional Inflation Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	December 31, 2014
A1-I478580US-13 (07-01-2014)			Page 4
QT#08995US14			

Rates and Terms for Accidental Death Benefit Rider Policy
Optional Family Accidental Death Benefit Rider
Optional Inflation Rider

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

<u>Rider</u>	<u>Rate per \$1,000</u>	<u>Policy Fee</u>
ADB Rider (Face amounts under \$ 100,000)	\$ 1.04	\$50.00
ADB Rider (Face amounts over \$100,000)	\$ 0.99	\$55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

A1-I478580US-13 (07-01-2014)
QT#08995US14

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the following table:

July 1, 2014 to December 31, 2014, subject, but not limited to, Articles 17.1, 17.2 and Section 14 below and barring mutual agreement by the Company and the Reinsurer:

<u>Issue Age*</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	125%	19%
30 – 39	125%	31%
40 – 49	125%	32%
50 – 59	125%	21%

* See Section 14, Special Conditions for Issues Ages of 60 and above.

April 1, 2014 through June 30, 2014:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	36%
30 – 39	100%	45%
40 – 49	100%	46%
50 – 59	100%	41%
60 – 65	100%	18%

June 1, 2013 through March 31, 2014:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	125%	27%
30 – 39	125%	39%
40 – 49	125%	39%
50 – 59	125%	29%
60 – 65	125%	13%

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after December 31, 2014, the treaty will Cancel for new business.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:

- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
- b) The death occurs outside of the United States or Canada; or
- c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.

14. **Special Conditions:**

Agreement Terms: The Reinsurer and the Company will revisit the terms of the Agreement prior to December 31, 2014 to consider product Changes under consideration by the Company and to further evaluate the volume of sales, first year lapse, and other aspects of the business sold.

For Issue Ages 60 and above: The Company will cease accepting applications for policyholders issue ages 60 and above on August 1, 2014. The Company and the Reinsurer acknowledge that there will be policies for insureds with issue ages 60-65 that have effective dates of August 1, 2014 and later, due to normal new business processing. Reinsurer agrees to accept these post-July 31, 2014 effective date policies for Issue ages 60-65 under the same terms as policies with effective dates July 1, 2014 thru July 31, 2014, outlined below.

July 1, 2014 through July 31, 2014:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
60 – 65	100%	10%

Commission Structure: Commission structure changes discussed have been implemented and will be in place for all business issued from July 1, 2014 through the termination of this Agreement barring mutual agreement between the Company and the Reinsurer.

Administration: The Company and the Reinsurer agree that they are continuing to work together to fully implement the reinsurance administration within a timely manner.

Experience date: The Company agrees to periodically provide updated distribution, lapse, and mortality experience data upon request. The Company and The Reinsurer to determine specifics around frequency and type of reporting to be provided in addition to periodic seriatim data updates.

Volume Limitations: This Agreement has been approved for new business issued from July 1, 2014 forward, subject to a cap on base policy new business issues of \$15,000,000,000. If new business issues reach this limit, then all additional new business will move to the reinsurance allowance structure described below.

Reinsurance Allowance Structure: If any of the conditions described in Article 17.1, Financial Conditions, and Exhibit C-2, item 14, Volume Limitations, are met, the following reinsurance allowance structure will be used:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	27%
30 – 39	100%	38%
40 – 49	100%	40%
50 – 59	100%	28%

Amendment No. 2 to the Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement I478580US-13 effective June 1, 2013, between FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY of Chicago, Illinois (“the Company”) and SWISS RE LIFE & HEALTH AMERICA INC. of Hartford, Connecticut (“the Reinsurer”).

WHEREAS, the parties amended the Agreement in order to extend coverage for new business of the Stand-alone ADB with Family and Inflation Riders;

WHEREAS, the Stand-alone ADB with Family and Inflation Riders was terminated for new business effective December 31, 2014;

WHEREAS, the Company wishes to extend coverage for new business of the Standalone ADB with Family and Inflation Riders to January 31,2015.

NOW THEREFORE, the parties agree to amend the Agreement as follows:

1. Exhibit A, Business Covered is replaced In its entirety with the attached Exhibit A, Business Covered.

2. Exhibit C-2, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider is replaced in its entirety with the attached Exhibit C-2, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider and Optional Inflation Rider.

All other provisions of the Reinsurance Agreement will continue unchanged.

Made in duplicate and hereby executed by both parties.

FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY

By: /s/ Chris Kim
Title: CFO
Date: 12/23/2014

By: /s/ Gregory J Roemelt
Title: Chief Actuary
Date: 12/23/2014

SWISS RE LIFE & HEALTH AMERICA INC.

By: UNDICIPHERABLE
Title: VP
Date: 12/14/2014

By: UNDICIPHERABLE
Title: VP
Date: 12/18/2014

A2-I478580US-13(11-17-2014)
QT#10212US14

Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death	C-1	June 1, 2013	June 30, 2014
Benefit Rider Policy	C-2	July 1, 2014	January 31, 2015
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	January 31, 2015
Optional Inflation Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	January 31, 2015

A2-I478580US-13(11-17-2014)

QT#10212US14

Page 2 of 6

Rates and Terms for Accidental Death Benefit Rider Policy**Optional Family Accidental Death Benefit Rider
Optional Inflation Rider**

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

Rider	Rate per	Policy Fee
ADB Rider (Face amounts under \$100,000)	\$ 1.04	\$ 50.00
ADB Rider (Face amounts Over \$100,000)	\$ 0.99	\$ 55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

A2-I478580US-13(11-17-2014)
QT#10212US14

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the Following table:

July 1, 2014 to January 31, 2015, subjects, but not limited to, Articles 17.1, 17.2 and Section 14 below and barring mutual agreement by the Company and the Reinsurer:

<u>Issue Age*</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	125%	19%
30 – 39	125%	31%
40 – 49	125%	32%
50 – 59	125%	21%

* See Section 14, Special Conditions for Issues Ages of 60 and above.

April 1, 2014 through June 30, 2014:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	36%
30 – 39	100%	45%
40 – 49	100%	46%
50 – 59	100%	41%
60 – 65	100%	18%

June 1, 2013 through March 31, 2014:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	125%	27%
30 – 39	125%	39%
40 – 49	125%	39%
50 – 59	125%	29%
60 – 65	125%	13%

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after January 31, 2015, the treaty will cancel for new business.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct premiums are fully guaranteed far the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making. settlement to the claimant, the Company will seek the Reinsurer's recommendation if:

- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
- b) The death occurs outside of the United States, or Canada; or
- c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.

14. **Special Conditions:**

Agreement Terms: The Reinsurer and the Company will revisit the terms of the Agreement prior to January 31, 2015 to consider product changes under consideration by the Company and to further evaluate the volume of sales, first year lapse, and other aspects of the business sold.

For Issue Ages 60 and above: The Company will cease accepting applications for policyholders issue ages 60 and above on August 1, 2014. The Company and the Reinsurer acknowledge that there will be policies for insureds with issue ages 60-65 that have effective dates of August 1, 2014 and later, due to normal new business processing. Reinsurer agrees to accept these post-July 31, 2014 effective date policies for issue ages 60-65 under the same terms as policies with effective dates July 1, 2014 thru July 31, 2014, outlined below.

July 1, 2014 through July 31, 2014:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
60 – 65	100%	10%

Commission Structure: Commission structure changes discussed have been implemented end will be in place for all business issued from July 1, 2014 through the termination of this Agreement barring mutual agreement between the Company and the Reinsurer.

Administration: The Company and the Reinsurer agree that they are continuing to work together to fully implement the reinsurance administration within a timely manner.

Experience data: The Company agrees to periodically provide updated distribution, lapse, and mortality experience data upon request. The Company and the Reinsurer to determine specifics around frequency and type of reporting to be provided in addition to periodic seriatim data updates.

Volume Limitations: This Agreement has been approved for new business issued from July 1, 2014 forward, subject to a cap on base policy new business issues of \$15,000,000,000. If new business issues reach this limit, then all additional new business will move to the reinsurance allowance structure described below.

Reinsurance Allowance Structure: If any of the conditions described in Article 17.1, Financial Conditions, and Exhibit C-2, item 14, Volume Limitations, are met, the following reinsurance allowance structure will be used:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	27%
30 – 39	100%	38%
40 – 49	100%	40%
50 – 59	100%	28%

Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy*	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	January 31, 2015
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy**	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	January 31, 2015
Optional Inflation Rider attached to Accidental Death Benefit Policy	C-1	June 1, 2013	June 30, 2014
	C-2	July 1, 2014	January 31, 2015

* Embedded benefits include Auto Safety Benefit and Travel Benefit (not subject to an additional reinsurance premium).

** Embedded benefits include Auto Safety Benefit, College Fund Benefit, Double Tragedy Benefit and Travel Benefit (not subject to an additional reinsurance premium).

A3-I478580US-13(6-1-2013)
QT#10407US15

Business Guidelines

The Company affirms that the following have been supplied to the Reinsurer and are in use as of the effective date of this Agreement:

1. Policy Form(s)
ADB Policy Form F3700.doc
2. Supplemental Benefit and Rider Form(s)
F3715 Family Accidental Death Benefit Rider.doc;
F3720 Inflation Benefit Rider.doc
3. Premium Rates or COI Rates
Assumptions Stand-Alone ADB Sent to Swiss Re 5-7-13.xls
4. Underwriting Manual
Draft_ ADB_ App_20140325. pdf

A3-I478580US-13(6-1-2013)
QT#10407US15

Amendment No. 4 to the Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement I478580US-13 effective June 1, 2013, between FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY of Chicago, Illinois (“the Company”) and SWISS RE LIFE & HEALTH AMERICA INC. of Hartford, Connecticut (“the Reinsurer”).

Effective February 1, 2015, the Agreement is amended as follows in order to extend coverage for new business of the Stand-alone ADB with Family and Inflation Riders:

1. Article 17.1 Financial Conditions is replaced in its entirety with Article 17.1 Financial Conditions attached to this amendment.
2. Article 17.2 Business Monitoring is replaced in its entirety with Article 17.2 Business Monitoring attached to this amendment.
3. Exhibit A, Business Covered is replaced in its entirety with the attached Exhibit A, Business Covered.
4. Exhibit C-3, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider is added to the Agreement as specified in the attached Exhibit C-3.
5. Exhibit D, The Company’s Retention Limits and Exhibit E, Automatic Issue and Acceptance Limits are replaced in their entirety with the Exhibit D, The Company’s Retention Limits and Exhibit E, Automatic Issue and Acceptance Limits, attached to this amendment.

All other provisions of the Reinsurance Agreement will continue unchanged.

Made in duplicate and hereby executed by both parties.

FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY

By: <u>/s/ Gregory J Roemelt</u>	By: <u>/s/ Chris Kim</u>
Title: <u>Chief Actuary</u>	Title: <u>CFO</u>
Date: <u>4/7/15</u>	Date: <u>4/7/2015</u>

SWISS RE LIFE & HEALTH AMERICA INC.

By: <u>UNDICIPHERABLE</u>	By: <u>UNDICIPHERABLE</u>
Title: <u>SVP</u>	Title: <u>VP</u>
Date: <u>3/26/2015</u>	Date: <u>3/26/15</u>

A4-I478580US-13(02-01-2015)
QT#10227US14

Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

1. 90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.
2. 50% on a First Dollar Quota Share basis up to \$250,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Basis	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy*	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy**	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	
Optional Inflation Rider attached to Accidental Death Benefit Policy	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	

* Embedded benefits include Auto Safety Benefit and Travel Benefit (not subject to an additional reinsurance premium).

** Embedded benefits include Auto Safety Benefit, College Fund Benefit, Double Tragedy Benefit and Travel Benefit (not subject to an additional reinsurance premium).

A4-I478580US-13(02-01-2015)
QT#10227US14

17.1 Financial Conditions

Effective February 1, 2015: If the Company's surplus falls below 400% of the company action level, as such RBC company action level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000 (each a "Triggering Event"), then the Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.

The Company agrees to notify the Reinsurer within seven (7) business days of the later of occurrence of a Triggering Event or knowledge of that Triggering Event. In addition, the Company agrees to provide quarterly estimates of company action level RBC and statutory capital and surplus levels.

In addition, the Company agrees to notify the Reinsurer within five (5) business days of any material changes to the Company's Board approved business plan or any discretionary payments in excess of such Board approval plan outside of the normal course of business made by the Company to the parent company of any affiliated entities that was most recently communicated to the Reinsurer. This includes the drawing down of existing or inception of new intracompany loans. If the Company fails to meet these requirements the Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) to thirty (30) days.

Effective July 1, 2014 through January 31, 2015: If the Company's surplus falls below 400% of the company action level, as such RBC company action level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000 (each a "Triggering Event"), then the following actions will occur:

- a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.
- b) For new business written after the Triggering Event, the allowance structure will move to that outlined in Exhibit C-2, item 14, Special Conditions, Reinsurance Allowance Structure.

The Company agrees to notify the Reinsurer within seven (7) business days of the later of occurrence of a Triggering Event or knowledge of that Triggering Event. In addition, the Company agrees to provide quarterly estimates of company action level RBC and statutory capital and surplus levels.

In addition, the Company agrees to notify the Reinsurer within five (5) business days of any material changes to the Company's July 2014 Board approval business plan or any discretionary payments in excess of the July 2014 Board approval plan outside of the normal course of business made by the Company to the parent company of any affiliated entities. This includes the drawing down of existing or inception of new intracompany loans. If the Company fails to meet these requirements the Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) to thirty (30) days.

Effective June 1, 2013 through June 30, 2014: If the Company's surplus falls below 300% of the authorized control level, as such RBC control level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000, then the following actions will occur:

- a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) to thirty (30) days.
- b) For new business written after the trigger event, the allowance structure will move to that outlined in Exhibit C-1, Item 14, Special Conditions, Reinsurance Allowance Structure.

The Company agrees to notify the Reinsurer within fifteen (15) business days of the occurrence of a triggering event. In addition, the Company agrees to provide quarterly estimates of RBC control level and statutory capital and surplus levels.

17.2 Business Monitoring

Effective February 1, 2015: The Company agrees to closely monitor new business volume production as well as first year lapse rates across the business. A Triggering Event for this Article is defined as the following:

- (a) New business issues for any rolling 3-month period exceeding \$10 billion of volume; and
- (b) First year lapse rate (volume based) for any 3 month period of new business issues exceeding 65%.

The Company agrees to notify the Reinsurer within seven (7) days of the later of occurrence of a Triggering Event or knowledge of that Triggering Event. In the event that a Triggering Event takes place, the Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.

Effective July 1, 2014 through January 31, 2015: The Company agrees to closely monitor new business volume production as well as first year lapse rates across the business. A Triggering Event for this Article is defined as the following:

- (a) New business issues for any rolling 3-month period exceeding \$10 billion of volume; and
- (b) First year lapse rate (volume based) for any 3 month period of new business issues exceeding 65%.

The Company agrees to notify the Reinsurer within seven (7) days of the later of occurrence of a Triggering Event or knowledge of that Triggering Event. In the event that a Triggering Event takes place the following actions will occur:

- (a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.
- (b) For new business written after the Triggering Event, the Reinsurer will have the option to move to the allowance structure outlined in Exhibit C-2, item 14, Special Conditions, Reinsurance Allowance Structure by providing thirty (30) days' notice.

Rates and Terms for Accidental Death Benefit Rider Policy

**Optional Family Accidental Death Benefit Rider
Optional Inflation Rider**

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Made:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

<u>Rider</u>	<u>Rate per \$1,000</u>	<u>Policy Fee</u>
ADB Rider (Face amounts under \$100,000)	\$ 1.04	\$ 50.00
ADB Rider (Face amounts over \$100,000)	\$ 0.99	\$ 55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

A4-I478580US-13(02-01-2015)
QT#10227US14

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the following table:

For New Business issued from February 1, 2015 and onwards:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	24%
30 – 39	100%	36%
40 – 49	100%	37%
50 – 59	100%	26%

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after December 31 , 2015, the treaty will cancel for new business.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:
- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
 - b) The death occurs outside of the United States or Canada; or
 - c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.
14. **Special Conditions:**
- Agreement Terms:** The Reinsurer and the Company will revisit the terms of the Agreement prior to December 31, 2015 to consider product changes under consideration by the Company and to further evaluate the volume of sales, first year lapse, and other aspects of the business sold.
- For Issue Ages 60 and above:** The Company ceased accepting applications for policyholders issue ages 60 and above on February 1, 2015.
- Administration:** The Company and the Reinsurer agree that they are continuing to work together to fully implement the reinsurance administration within a timely manner.
- Experience data:** The Company agrees to periodically provide updated distribution, lapse, and mortality experience data upon request. The Company and the Reinsurer to determine specifics around frequency and type of reporting to be provided in addition to periodic seriatim data updates.

The Company's Retention Limits

Effective February 1, 2015: The Company will retain 50% of each Reinsured Policy. This applies to all business reinsured under this Agreement.

Effective June 1, 2013: The Company will retain 10% of each Reinsured Policy. This applies to all business reinsured under this Agreement.

It is understood that the amount retained by the Company includes its retention under any in force policies without the benefit of other reinsurance.

A4-I478580US-13(02-01-2015)
QT#10227US14

Automatic Issue and Acceptance Limits

The total Automatic Issue Amounts available to the Company on a per life basis for the Accidental Death Benefit Rider will be as follows:

Effective January 1, 2015:

\$250,000

Effective June 1, 2013:

\$500,000

Effective February 1, 2015:

The Reinsurer will automatically accept 50% of each Policy, not to exceed the limits specified below on a per life basis.

\$125,000

The Reinsurer will automatically accept 90% of each Policy, not to exceed the limits specified below on a per life basis:

Effective January 1, 2015 through January 31, 2015:

\$ 225,000

Effective June 1, 2013 through December 31, 2014:

\$450,000

A4-I478580US-13(02-01-2015)
QT#10227US14

Amendment No. 5 to the Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement I478580US-13 effective June 1, 2013, between FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY of Chicago, Illinois (“the Company”) and SWISS RE LIFE & HEALTH AMERICA INC. of Hartford, Connecticut (“the Reinsurer”).

The Agreement is amended as follows in order to extend Coverage for new business of the Stand-alone ADB with Family and Inflation Riders from December 31, 2015, to February 29, 2016:

1. Exhibit A, Business Covered is replaced in its entirety with the attached Exhibit A, Business Covered.
2. Exhibit C-3, Pates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider is added to the Agreement as specified in the attached Exhibit C-3.

All other provisions of the Reinsurance Agreement will continue unchanged.

Made in duplicate and hereby executed by both parties.

FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE-COMPANY

By: /s/ Gregory J Roemelt
Title: Chief Actuary
Date: 1/29/16

By: /s/ Chris Kim
Title: CFO
Date: 1/29/2016

SWISS RE LIFE & HEALTH AMERICA INC.

By: UNDICIPHERABLE
Title: SVP
Date: 1/21/2016

By: UNDICIPHERABLE
Title: VP
Date: 1/21/2016

A5-I478580US-13(12-31-2015)
QT#12399US16

Business Covered**Agreement Effective Data:**

June 1, 2013. The commencement dates for specific plans are shown below.

[ILLEGIBLE] Coverage:**Coverage:**

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

1. 90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.
2. 50% on a First Dollar Quota Share basis up to \$250,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Basis	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy*	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	February 29, 2016
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy**	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	February 29, 2016
Optional Inflation Rider attached to Accidental Death Benefit Policy	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	February 29, 2016

* Embedded benefits include Auto Safety Benefit and Travel Benefit (not subject to an additional reinsurance premium).

** Embedded benefits include Auto Safety Benefit, College Fund Benefit, Double Tragedy Benefit and Travel Benefit (not subject to an additional reinsurance premium).

A5-I478580US-13(12-31-2015)

QT#12399US16

Rates and Terms for Accidental Death Benefit Rider Policy

**Optional Family Accidental Death Benefit Rider
Optional Inflation Rider**

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

<u>Rider</u>	<u>Rate per \$1,000</u>	<u>Policy Fee</u>
ADB Rider (Face amounts under \$100,000)	\$ 1.04	\$ 50.00
ADB Rider (Face amounts over \$100,000)	\$ 0.99	\$ 55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

A5-I478580US-13(12-31-2015)
QT#12399US16

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the following table:

For New Business issued from February 1, 2015 and onwards:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	24%
30 – 39	100%	36%
40 – 49	100%	37%
50 – 59	100%	26%

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after February 29, 2016, the treaty will cancel for new business.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct, premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:
- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
 - b) The death occurs outside of the United States or Canada; or
 - c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.

14. **Special Conditions:**

Agreement Terms: The Reinsurer and the Company will revisit the terms of the Agreement prior to February 29, 2016, to consider product changes under consideration by the Company and to further evaluate the volume of sales, first year lapse, and other aspects of the business sold.

For Issue Ages 60 and above: The Company ceased accepting applications for policyholders issue ages 60 and above on February 1, 2015.

Administration: The Company and the Reinsurer agree that they are continuing to work together to fully implement the reinsurance administration within a timely manner.

Experience data: The Company agrees to periodically provide updated distribution, lapse, and mortality experience data upon request. The Company and the Reinsurer to determine specifics around frequency and type of reporting to be provided in addition to periodic seriatim data updates.

Amendment No. 6 to the Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement l478560US-13 effective June 1, 2013, between FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY of Chicago, Illinois (“the Company”) and SWISS RE LIFE & HEALTH AMERICA INC. of Jefferson City, Missouri (“the Reinsurer”).

The Agreement is amended as follows in order to extend coverage for new business of the Stand-alone ADB with Family and Inflation Riders from February 29, 2016, to April 30, 2016:

1. Exhibit A, Business Covered is replaced in its entirety with the attached Exhibit A, Business Covered.
2. Exhibit C-3, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider is replaced with the Exhibit C-3, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider.

All other provisions of the Reinsurance Agreement will continue unchanged.

Made in duplicate and hereby executed by both parties.

FIDELITY LINE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY

By: /s/ Gregory J Roemelt
Title: Chief Actuary
Date: 3/22/16

By: /s/ Jim Harkensee
Title: President & COO
Date: 3/23/16

SWISS RE LIFE & HEALTH AMERICA INC.

By: UNDICIPHERABLE
Title: VP
Date: 3/18/16

By: UNDICIPHERABLE
Title: VP
Date: 3/18/16

A6-I478580US-13(02-29-2016)
QT#12713US16

Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

1. 90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.
2. 50% on a First Dollar Quota Share basis up to \$250,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Basis	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy*	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	April 30, 2016
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy**	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	April 30, 2016
Optional Inflation Rider attached to Accidental Death Benefit Policy	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	April 30, 2016

* Embedded benefits include Auto Safety Benefit and Travel Benefit (not subject to an additional reinsurance premium).

** Embedded benefits include Auto Safety Benefit, College Fund Benefit, Double Tragedy Benefit and Travel Benefit (not subject to an additional reinsurance premium).

A6-I478580US-13(02-29-2016)

QT#12713US16

Rates and Terms for Accidental Death Benefit Rider Policy

**Optional Family Accidental Death Benefit Rider
Optional Inflation Rider**

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

<u>Rider</u>	<u>Rate per \$1,000</u>	<u>Policy Fee</u>
ADB Rider (Face amounts under \$100,000)	\$ 1.04	\$ 50.00
ADB Rider (Face amounts over \$100,000)	\$ 0.99	\$ 55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

A6-I478580US-13(02-29-2016)
QT#12713US16

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the following table:

For New Business issued from February 1, 2015 and onwards:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 – 29	100%	24%
30 – 39	100%	36%
40 – 49	100%	37%
50 – 59	100%	26%

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after April 30, 2016, the treaty will cancel for new business.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:
- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
 - b) The death occurs outside of the United States or Canada; or
 - c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.
14. **Special Conditions:**
- Agreement Terms:** The Reinsurer and the Company will revisit the terms of the Agreement prior to April 30, 2016, to consider product changes under consideration by the Company and to further evaluate the volume of sales, first year lapse, and other aspects of the business sold.
- For Issue Ages 60 and above:** The Company ceased accepting applications for policyholders issue ages 60 and above on February 1, 2015.
- Administration:** The Company and the Reinsurer agree that they are continuing to work together to fully implement the reinsurance administration within a timely manner.
- Experience data:** The Company agrees to periodically provide updated distribution, lapse, and mortality experience data upon request. The Company and the Reinsurer to determine specifics around frequency and type of reporting to be provided in addition to periodic seriatim data updates.

Amendment No. 7 to the Automatic Self-Administered Accidental Death Benefit Rider Policy Coinsurance Reinsurance Agreement I478580US-13 effective June 1, 2013, between FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY of Chicago, Illinois (“the Company”) and SWISS RE LIFE & HEALTH AMERICA INC. of Jefferson City, Missouri (“the Reinsurer”).

The Agreement is amended as follows in order to extend coverage for new business of the Stand-alone ADB with Family and Inflation Riders from April 30, 2016 to September 30, 2016:

1. Exhibit A, Business Covered is replaced in its entirety with the attached Exhibit A, Business Covered.
2. Exhibit C-3, Rates and Terms for Accidental Death Rider Policy. Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider is replaced with the Exhibit C-3, Rates and Terms for Accidental Death Benefit Rider Policy, Optional Family Accidental Death Benefit Rider, and Optional Inflation Rider.

All other provisions of the Reinsurance Agreement will continue unchanged.

Made in duplicate and hereby executed by both parties.

FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY

By: /s/ Gregory J Roemelt
Title: Chief Actuary
Date: 5/16/2016

By: /s/ Jim Harkensee
Title: President & COO
Date: 5/16/2016

SWISS RE LIFE & HEALTH AMERICA INC.

By: UNDICIPHERABLE
Title: VP
Date: 5/9/16

By: UNDICIPHERABLE
Title: SVP
Date: 5/9/2016

A7-I478580US-13(04-30-2016)
QT#12933US16

Business Covered**Agreement Effective Date:**

June 1, 2013. The commencement dates for specific plans are shown below.

Coverage:

The policy and riders shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the riders are issued to citizens of the United States or legal permanent residents thereof.

Basis:

1. 90% on a First Dollar Quota Share basis up to \$450,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.
2. 50% on a First Dollar Quota Share basis up to \$250,000 per insured (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E.

Company's State of Domicile: Illinois

Plan/Rider Identification	Basis	Exhibit Reference for Rates	Commencement Date	Termination Date
Accidental Death Benefit Rider Policy*	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	September 30, 2016
Optional Family Accidental Death Benefit Rider attached to Accidental Death Benefit Policy**	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	September 30, 2016
Optional Inflation Rider attached to Accidental Death Benefit Policy	1.	C-1	June 1, 2013	June 30, 2014
	1.	C-2	July 1, 2014	January 31, 2015
	2.	C-3	February 1, 2015	September 30, 2016

* Embedded benefits include Auto Safety Benefit and Travel Benefit (not subject to an additional reinsurance premium).

** Embedded benefits include Auto Safety Benefit, College Fund Benefit, Double Tragedy Benefit and Travel Benefit (not subject to an additional reinsurance premium).

Rates and Terms for Accidental Death Benefit Rider Policy

**Optional Family Accidental Death Benefit Rider
Optional Inflation Rider**

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy.
4. **Billing Frequency:** Monthly
5. **Gross Reinsurance Premiums:**

Reinsurance Premiums will be the appropriate quota share of the gross rate of premium charged by the Company, as shown below:

Rider	Rate per \$1,000	Policy Fee
ADB Rider (Face amounts under \$100,000)	\$ 1.04	\$ 50.00
ADB Rider (Face amounts over \$100,000)	\$ 0.99	\$ 55.00
Optional Family ADB Rider	\$ 0.45	N/A
Optional Inflation Rider (without Family ADB Rider)	\$ 0.17	N/A
Optional Inflation Rider (with Family ADB Rider)	\$ 0.22	N/A

The modal loading for the above gross premium rates is specified below:

Modal Factors

Annual, multiply 1.00
Semi-Annual, multiply 0.52
Quarterly, multiply 0.28
Monthly, multiply 0.087

A7-I478580US-13(04-30-2016)
QT#12933US16

6. **Reinsurance Allowances:**

The Reinsurer agrees to pay allowances for reinsurance ceded under this Agreement equal to the gross reinsurance premium times the appropriate allowance from the following table:

For New Business issued from February 1, 2015 and onwards:

<u>Issue Age</u>	<u>First Year</u>	<u>Renewal Years</u>
20 - 29	100%	24%
30 - 39	100%	36%
40 - 49	100%	37%
50 - 59	100%	26%

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to a 100% allowance in all years.

8. **Cancellation:**

On and after September 30, 2016, the treaty will cancel for new business.

9. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the reinsured face amount; the products reinsured hereunder have no cash surrender values

10. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

11. **Rate Guarantee:**

The Company's direct premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

12. **Minimum Recapture Period:**

Recapture not available.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:
- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
 - b) The death occurs outside of the United States or Canada; or
 - c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.
14. **Special Conditions:**
- Agreement Terms:** The Reinsurer and the Company will revisit the terms of the Agreement prior to September 30, 2016, to consider product changes under consideration by the Company and to further evaluate the volume of sales, first year lapse, and other aspects of the business sold.
- For Issue Ages 60 and above:** The Company ceased accepting applications for policyholders issue ages 60 and above on February 1, 2015.
- Administration:** The Company and the Reinsurer agree that they are continuing to work together to fully implement the reinsurance administration within a timely manner.
- Experience data:** The Company agrees to periodically provide updated distribution, lapse, and mortality experience data upon request. The Company and the Reinsurer to determine specifics around frequency and type of reporting to be provided in addition to periodic seriatim data updates.

Reinsurance Agreement #I486326US-14

This Automatic Self Administered Coinsurance Reinsurance Agreement

Effective **February 21, 2014 (the “Effective Date”)**, subject to Exhibit A

(hereinafter referred to as the “Agreement”)

is made between

Fidelity Life Association, A Legal Reserve Life Insurance Company

an Illinois insurance company

(hereinafter referred to as the “Company”)

and

Swiss Re Life & Health America Inc.

a Connecticut insurance company

(hereinafter referred to as the “Reinsurer”)

I486326US-14 (02-21-2014)

(QT #06655US13)



Article 1

- 1.1 General
- 1.2 Scope of Coverage

Article 2

- 2.1 Automatic Reinsurance
- 2.2 Facultative Reinsurance

Article 3

- 3.1 Automatic Submissions
- 3.2 Facultative Submissions

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1.1 General

This Agreement is an indemnity reinsurance agreement solely between the Company and the Reinsurer. The acceptance of risks under this Agreement by the Reinsurer will create no right or legal relation between the Reinsurer and the insured, owner, beneficiary, or assignee of any insurance policy of the Company.

This Agreement will be binding upon the parties hereto and their respective successors and assigns including any rehabilitator, conservator, liquidator or statutory successor of either party. Neither party may effect any novation of this Agreement without the other party's prior written consent.

Day or days, when used in this Agreement, will mean calendar days.

1.2 Scope of Coverage

This Agreement applies to all directly issued insurance policies and supplemental benefits and riders listed in Exhibit A (hereinafter referred to as "policies" or "policy") and issued in a jurisdiction in which the Company is properly licensed. On and after the Effective Date of this Agreement, the Company will cede and the Reinsurer will accept its share of the benefits specified in Exhibit A in accordance with the terms of this Agreement. The policies accepted by the Reinsurer will be hereinafter referred to as "Reinsured Policies."

The Company may not reinsure the retained amounts specified in Exhibit D on any basis without the Reinsurer's prior written consent.

This Agreement does not cover the following unless specified elsewhere:

- a) Noncontractual conversions or group conversions; or
- b) Policies issued where conventional selection criteria are not applied in underwriting the risk; or
- c) Any conversion of a previously issued policy that had been reinsured with another reinsurer.

Each Reinsured Policy must provide for the maximum periods of suicide and contestability protection permitted by applicable law.

2.1 Automatic Reinsurance

The Company will automatically cede and the Reinsurer will automatically accept its share of the Company's policies provided that, to the best of the Company's knowledge:

- a) The Company has retained on each life the amount set out in Exhibit D according to the age and mortality rating at the time of underwriting; and
- b) The total of the new ultimate face amount of reinsurance required, including any contractual increases and the amount already reinsured on that life under this Agreement and all other life agreements between the Reinsurer and the Company, does not exceed the Automatic Acceptance Limits set out in Exhibit E; and
- c) The total new ultimate face amount of insurance, including any contractual increases on that life in force with all companies, including the Company, does not exceed the In Force Limits set out in Exhibit E; and
- d) The application is on a life for which the current or any previous application had not been submitted by the Company on a facultative basis to the Reinsurer or any other reinsurer within the last five years, unless the reason for the previous facultative submission was for exceeding Automatic Acceptance Limits or exceeding In Force Limits and no longer applies; and
- e) The Policy is not purchased as part of a premium financing program or third party investment program, unless such programs have been approved in writing by the Reinsurer.

For purposes of this Article, "ultimate face amount" will mean, to the best of the Company's knowledge, the projected maximum face amount at the time of underwriting, including any contractual increases, that could be reached based on reasonable assumptions made about the policy.

If the Company is already on the risk for its retention under previously issued policies, the Reinsurer will automatically accept reinsurance for newly issued policies according to the limits set out in Exhibit E, provided the Company has complied with the business guidelines specified in Exhibit A-1 (hereinafter the "Business Guidelines") that would have applied if the new policy had been fully retained by the Company.

2.2 Facultative Reinsurance Not applicable.

2.3 Exclusions from Automatic Coverage

Exclusions from automatic coverage under this Agreement shall follow the exclusions in the original policy or rider form.

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Article 3

3.1 Automatic Submissions

The Company will report Reinsured Policies ceded automatically to the Reinsurer according to the terms specified in Exhibit F.

Upon request, the Company will provide the Reinsurer copies of the application, underwriting papers and other information pertaining to any automatic cession under this Agreement.

3.2 Facultative Submissions

Not applicable.

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4.1 Commencement of Automatic Reinsurance Liability

The Reinsurer's liability for any Reinsured Policy accepted automatically will begin simultaneously with the Company's contractual liability for that policy.

4.2 Commencement of Facultative Reinsurance Liability

Not applicable.

4.3 Conditional Receipt or Temporary Insurance Agreement Liability

Not applicable.

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5.1 Premium Accounting

The Company will pay the Reinsurer premiums in accordance with the terms specified in Exhibit C-1.

The method and requirements for reporting and remitting premiums are specified in Exhibit F.

5.2 Currency

All payments due under this Agreement will be made in U.S. Dollars.

5.3 Non-Payment of Premiums

The payment of reinsurance premiums is a condition to the liability of the Reinsurer for reinsurance provided by this Agreement. If reinsurance premiums are not paid within 60 days of the due date, the Reinsurer may terminate reinsurance for all Reinsured Policies having reinsurance premiums in arrears. If the Reinsurer elects to terminate any Reinsured Policies after such 60 day period, it will then give the Company at least 45 days' prior written notice, to be sent via overnight delivery from a major carrier (Federal Express, USPS, UPS, DHL, etc.) of its intention to terminate such reinsurance. If all reinsurance premiums in arrears, including any which may become in arrears during such 45 day notice period, are not paid before the end of the notice period, the Reinsurer's obligations for those Reinsured Policies will be limited to obligations relating to events arising on or before the last date for which reinsurance premiums have been paid in full for each Reinsured Policy.

If reinsurance is terminated according to this Article, the appropriate amount of benefit reserves to be held in respect of the reinsured amounts being terminated will be paid by the party with the positive balance, determined as of the effective date of termination, based on U.S. generally accepted accounting principles ("GAAP") consistent with FASB Accounting Standard Codification Topic 944, Financial Services—Insurance computed using the Reinsurer's original pricing assumptions without provision for adverse deviation, less any amount of unamortized deferred acquisition cost assets related thereto and excluding any provisions for adverse deviations or similar deficiency or special reserves net of outstanding balances.

The Reinsurer's right to terminate reinsurance will not prejudice its right to collect premiums, and applicable interest as specified in Exhibit C, for the period reinsurance was in force, through and including the 45 day notice period.

The Company may not force termination through the non-payment of reinsurance premiums to avoid the Agreement's requirements or to transfer the Reinsured Policies to another party.

6.1 Right of Offset

The Company and the Reinsurer will have the right to offset any undisputed balances, whether on account of premiums, allowances, credits, claims or otherwise due from one party to the other under this Agreement or under any other reinsurance agreement between the Company and the Reinsurer.

The rights provided under this Article are in addition to any rights of offset that may exist at common law. The parties' offset rights may be enforced notwithstanding any other provision of this Agreement including, without limitation, the provisions of Article 11.

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7.1 Conversions

Not applicable.

7.2 Policy Changes

“Policy changes” refers to the variety of actions that may be made to a policy after issue as long as a similar change is made on the base life policy to which the covered riders, specified in Exhibit A, are attached. These actions include, but are not limited to, replacements, changes in plans, a change in the face amount of the policy or the addition of a covered rider. If there is a change to the reinsurance on a Reinsured Policy, the Company will inform the Reinsurer in the subsequent Changes and Terminations Report specified in Exhibit F.

Except as provided in this Article, whenever a Reinsured Policy is changed and the Company’s underwriting guidelines do not require that full evidence of insurability be obtained, the reinsurance will remain in effect with the Reinsurer, whether the change is made before or after any cancellation of this Agreement for new business. The suicide and contestability periods applicable to the original Reinsured Policy will apply to the reissued Reinsured Policy and the duration will be measured from the effective date of the original Reinsured Policy.

Whenever a Reinsured Policy is changed and the Company’s underwriting guidelines require that full evidence of insurability be obtained, and the suicide and contestability periods are based on the reissued policy date, the reinsurance will remain in effect with the Reinsurer only if the change is made before any cancellation of this Agreement for new business.

Policy changes to Reinsured Policies will be subject to the Reinsurer’s prior written approval, if:

- a) The new ultimate face amount of the policy, including any contractual increases, would be in excess of the Automatic Acceptance Limit in effect at the time of the change, as set out in Exhibit E; or
- b) The new ultimate face amount of the policy, including any contractual increases, and the amount already in force in all companies on the same life exceeds the In Force Limits stated in Exhibit E; or
- c) Evidence of insurability is not obtained if required in the Company’s underwriting guidelines.

First year premium rates and allowances as specified in Exhibit C-1 will apply to the amount underwritten for a non-contractual increase.

7.3 Reductions

Unless specified otherwise in this Agreement, if the amount of a Reinsured Policy issued by the Company is reduced and:

- a) The amount of reinsurance is on an excess basis, then the amount of reinsurance on that life will be reduced effective the same date by the full amount of the reduction under the original Reinsured Policy. If the amount of insurance terminated equals or exceeds the amount of reinsurance, the full amount of reinsurance will be terminated; or
- b) The amount of reinsurance is on a quota share basis, then the amount of reinsurance on that Reinsured Policy will be reduced effective the same date by the same proportion as the reduction under the original Reinsured Policy.

The reduction will first apply to any reinsurance on the Reinsured Policy being reduced and then, if applicable, in chronological order according to policy date (“first in, first out”) to any reinsurance on other policies in force on the life. However, the Company will not be required to assume a risk for an amount in excess of its regular retention for the age at issue and the mortality rating of the policy under which reinsurance is being terminated.

If the reinsurance for a Reinsured Policy has been placed with more than one reinsurer, the reduction will be applied to all reinsurers pro rata to the amounts originally reinsured with each reinsurer.

A reduction to one of the Company’s policies not reinsured hereunder will require that the Company maintain its required retention as specified in Exhibit D of this Agreement.

7.4 Lapses

When a policy issued by the Company lapses, after the greater of the number of days for all state mandated grace periods and the number of days for the Company’s administrative procedures for lapsing policy to take place, the corresponding reinsurance on the Reinsured Policy will be terminated effective the same date. Unless specified otherwise in this Agreement, if a policy fully retained by the Company lapses, the terms of Article 7.3 will apply. Full retention shall be defined as specified in Exhibit D of this Agreement.

If a policy issued by the Company lapses and extended term insurance is elected under the terms of that policy, the corresponding reinsurance on the Reinsured Policy will continue on the same basis as the original Reinsured Policy until the expiry of the extended term period.

If a policy issued by the Company lapses and reduced paid-up insurance is elected under the terms of that policy, the amount of the corresponding reinsurance on the Reinsured Policy will be reduced according to the terms of Article 7.3.

If the Company allows the policy to remain in force under its automatic premium loan regulations, the corresponding reinsurance on the Reinsured Policy will continue unchanged and in force as long as such regulations remain in effect, except as otherwise provided in this Agreement.

7.5 **Reinstatements**

If a policy reinsured on an automatic basis is reinstated according to its terms and the Company's reinstatement rules, the Reinsurer will, upon notification, automatically reinstate the reinsurance.

To the extent the Reinsured Policy requires payment of premiums in arrears, the Company will pay all reinsurance premiums in arrears on reinstated policies and such premiums will be subject to Article 16.8 and Exhibit F.

7.6 **Reinsurance Limits**

The Company will not submit a policy to the Reinsurer unless the amount of reinsurance on the policy equals or exceeds the Minimum Initial Reinsurance Limit ceded to the Reinsurer as specified in Exhibit C.

7.7 **Backdating**

The Company will have the right to backdate policies up to six (6) months for the purpose of saving age. Such backdated policies will be covered by this Agreement even if the backdated issue date precedes the effective date of this Agreement.

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8.1 Retention limit Change

If the Company changes its retention limit (hereinafter “Retention Limit”), it will provide the Reinsurer with written notice of the new Retention Limit at least 90 days prior to the effective date. Changes to the Company’s Retention Limits in Exhibit D will not affect the Reinsured Policies in force at the time of such a change except as specifically provided for elsewhere in this Agreement, and will not affect the Automatic Acceptance Limits in Exhibit E unless mutually agreed in writing by the Company and the Reinsurer.

If the Company decreases its Retention Limit, no reinsurance may be ceded on an automatic basis until the parties have reviewed and either expressly affirmed or revised the terms specified in Exhibit C-1 and the Automatic Acceptance Limits set out in Exhibit E.

8.2 Recapture

Reinsured Policies will not be eligible for recapture, whether due to an increase in the Company’s retention or otherwise. The Reinsurer will consider a request by the Company to recapture, but will agree to the request only if the Company and the Reinsurer agree upon recapture terms.

8.3 Waiver of Premium Claims

Not applicable.

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9.1 Claims Notice and Consultation

The Company is responsible for the settlement of claims in accordance with applicable law and policy terms. It is the Company's sole decision to determine whether a claim is payable under the policy. For purposes of this Article, Reinsured Policies include conditional receipts and temporary insurance agreements covered under the terms of this Agreement. It is a condition to the Reinsurer's obligation to pay a claim that the Company notify the Reinsurer in writing as soon as possible, but in any event not later than 12 months after the Company receives notice of a claim on a Reinsured Policy. The Company will promptly provide the Reinsurer with copies of all claims documents in its possession.

As a condition to the Reinsurer's obligation to pay a claim, before making a claim decision or settlement offer, the Company will seek the Reinsurer's recommendation on such matters to the extent specified in Exhibit C-1. The Reinsurer will promptly make a recommendation; failing such, the Company may settle the claim without further consultation. The terms of Exhibit C-1 notwithstanding, the Company may request a recommendation from the Reinsurer on any claim on a Reinsured Policy. The Company will provide the Reinsurer all information in its possession, including underwriting files, reasonably requested by the Reinsurer for consideration of any claim on a Reinsured Policy.

The Company, if notified, will notify the Reinsurer of deaths that do not trigger policy benefits.

9.2 Claims Payment

The Reinsurer will be liable to the Company for its share of the benefits owed under the express contractual terms of the Reinsured Policies and as specified under the terms of this Agreement. The Reinsurer will not participate in any ex gratia payments made by the Company (i.e., payments the Company is not required to make under the Reinsured Policy terms.) The payment of death benefits by the Reinsurer will be in one lump sum regardless of the mode of settlement under the Reinsured Policy. Benefit payments from the Reinsurer will be due within 30 days of the claim satisfying the requirements established under this Agreement. The Reinsurer's share of any interest payable under the terms of a Reinsured Policy or applicable law which is based on the death benefits paid by the Company, will be payable provided that the Reinsurer will not be liable for interest accruing on or after the date of the Company's payment of benefits. The Reinsurer's share will be based upon the same interest rate and days used by the Company to calculate their interest paid.

The Reinsurer will make payment to the Company for each such claim.

9.3 Claims Practices

It is the Company's sole decision to determine whether to investigate, contest, compromise or litigate a claim; however, the Company is responsible for investigating, contesting, compromising or litigating Reinsured Policy claims in accordance with applicable law and policy terms.

The Company acknowledges that it obtains certified death certificates for death claims, and follows industry standard and investigates claims with any of the following criteria:

- a) If the claim occurs within the contestable period as defined by the Reinsured Policy; or
- b) If there is a reasonable question regarding the validity of the insured's death or the authenticity of the proofs of death; or
- c) If the death occurs outside the United States or Canada; or
- d) If the insured is missing or presumed dead; or
- e) If there is a reasonable suspicion of fraud.

A claim investigation generally includes confirming proof of death, medical records to validate the insured's medical disclosures and, if material, financial condition at the time of Policy application. Investigations may also include obtaining police reports, coroner's reports, financial records, or other information that would be appropriate under the circumstances.

The Company acknowledges that it does defend against claims meeting the following criteria:

- f) If a material misrepresentation is found in the Policy application and the policy is within the contestable period; or
- g) If fraud is found and there is a legal remedy available; or
- h) If there is insufficient proof of death.

9.4 Contested Claims

The Company will notify the Reinsurer promptly of its intention to investigate, contest, compromise, or litigate any claim involving a Reinsured Policy (hereinafter a "Contested Claim"). The Company will provide the Reinsurer all relevant information and documents in its possession, as such become available, pertaining to Contested Claims and will promptly report any developments during the Reinsurer's review. If the Reinsurer:

- a) Does not support the contest of the Claim, the Reinsurer will pay the Company its full share of the reinsurance benefit, and will not share in any subsequent reduction or increase in liability or in any subsequent expenses incurred by the Company; or

- b) Supports the Company's decision to contest the claim and the Contested Claim results in a reduction or increase in liability, the Reinsurer will share in any reduction or increase in proportion to its share of the risk on the Contested Claim.

If the Reinsurer supports the decision to contest the claim, the Company will promptly advise the Reinsurer of all significant developments it has been made aware of, including notice of legal proceedings (including, but not limited to, consumer complaints or actions by governmental authorities) initiated in connection with the Contested Claim.

If the Company returns premiums to the policy owner or beneficiary as a result of rescinding a policy, or if the Company pays a suicide benefit, the Reinsurer will refund net reinsurance premiums received on that policy to the Company.

9.5 Claims Expenses

The Reinsurer will pay its share of reasonable investigation and legal expenses incurred in investigating, adjudicating or litigating a claim, except as otherwise provided in this Agreement. The Reinsurer will not be liable for any routine investigative or administrative claim expenses (such as compensation of salaried employees) or for any expenses incurred in connection with conflicting claims of entitlement to Reinsured Policy benefits that the Company admits are payable.

9.6 Extra Contractual Obligations

For purposes of this Agreement, "Extra Contractual Obligations" are any obligations or expenses other than contractual obligations incurred by the Company, its affiliates, directors, officers, employees, agents or other representatives and arising under the express written terms and conditions of a policy, including but not limited to, punitive damages, bad faith damages, compensatory damages, and other damages or fines or penalties which may arise from the acts, errors or omissions of the Company or its affiliates, directors, officers, employees, agents or other representatives.

The Reinsurer is not liable for Extra Contractual Obligations associated with a contested claim unless it concurred in writing and in advance with the claim actions which were the basis for the Extra Contractual Obligations or where the claim was contested based on Section 9.3 f, g or h. In these situations, the Company and the Reinsurer will share in Extra Contractual Obligations; the Reinsurer's assessments would be in proportion to the risk accepted for the Reinsured Policy involved.

The Reinsurer will not be liable for any Extra Contractual Obligations resulting from the Company's failure to implement the agreed upon course of action, such as the filing of timely pleadings or meeting court or statutory deadlines, etc.

9.7 Misstatement of Age or Sex

In the event of a change in the amount payable under a Reinsured Policy due to a misstatement in age or sex, the Reinsurer’s liability will change proportionately. The Reinsured Policy will be rewritten from commencement on the basis of the adjusted amounts using premiums and amounts at risk for the correct ages and sex, and the proper adjustment for the difference in reinsurance premiums, without interest, will be made.

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10.1 Errors and Omissions in Administration of Reinsurance

Any unintentional or accidental failure to comply with the terms of this Agreement which can be shown to be the result of an oversight, administrative system error, or clerical error relating to the administration of reinsurance by either party will not constitute a breach of this Agreement. Upon discovery, the error will be promptly corrected so that both parties are restored to the position they would have occupied had the oversight, administrative system error, or clerical error not occurred. In the event a payment is corrected, the party receiving the payment may charge interest, calculated according to the terms specified in Exhibit C. Should it not be possible to restore both parties to this position, the party responsible for the oversight or clerical error will be responsible for any resulting liabilities and expenses. The Reinsurer will not be responsible for deliberate acts of the Company or for recurring errors made by the Company. Both parties will use their best efforts to detect any oversight errors, administrative system errors, or clerical errors it believes are occurring, and will promptly notify the other party of any such errors.

If the Company has failed to cede reinsurance as provided under this Agreement or has failed to comply with reporting requirements with respect to business ceded hereunder, the Reinsurer may require the Company to audit its records for similar errors and take reasonable actions necessary to correct errors and avoid similar errors. Failing prompt correction, the Reinsurer may limit its liability to the correctly reported Reinsured Policies.

10.2 Dispute Resolution

As a condition to the parties' right to arbitration under this Agreement, either the Company or the Reinsurer will give written notification to the other party of any dispute relating to or arising from this Agreement, including, but not limited to, the formation or breach thereof. Within 45 days of notification, both parties must designate an officer of their respective companies to attempt to resolve the dispute. The officers will meet at a mutually agreeable location as soon as possible and as often as necessary to attempt to negotiate a resolution of the dispute. During the negotiation process, all reasonable requests made for information concerning the dispute will be promptly honored. The format for discussions will be determined mutually by the officers.

If these officers are unable to resolve the dispute within 30 days of their first meeting, the parties may agree in writing to extend the negotiation period for an additional 30 days. If the matter is not resolved within 30 days of the first meeting or the additional 30 day period, if any, then either party may demand arbitration pursuant to Article 10.3. The discussions and all information exchanged for the purposes of such discussions will be confidential and without prejudice.

10.3 Arbitration

Except with respect to disputes subject to the Expedited Dispute Resolution Process in Article 10.4, if the Company and Reinsurer are unable to resolve any dispute arising from this Agreement, including but not limited to the formation or breach thereof, pursuant to Article 10.2, the matter will be referred to arbitration.

The arbitration will be conducted in accordance with the Procedures for Resolution of U.S. Insurance and Reinsurance Disputes, Neutral Panel Version, April 2004 (the "Procedures") available at www.arbitrationtaskforce.org, except as modified herein.

The arbitration will be held in New York City or another place as the parties may mutually agree. The arbitration will be conducted before a three person Panel qualified as:

- a) Current or former officers of life insurance or reinsurance companies, or
- b) Professionals with no less than 10 years of experience in or serving the life insurance or reinsurance industries.

The parties will select such candidates from the ARIAS-US Certified Arbitrators List available at www.ARIAS-US.org.

The customs and practices of the life insurance and reinsurance industries may be considered by the Panel to resolve any ambiguities in the Agreement but only insofar as such customs and practices are consistent with the terms of this Agreement. The Panel will not have the authority to award punitive or exemplary damages.

The Panel will award the remedy sought by the party seeking relief to the extent the remedy is provided for in this Agreement or otherwise reasonably compensates the damaged party for the economic effect of any demonstrated breach. Such remedies may include, but will not be limited to, monetary damages, revisions to the terms of the Agreement, including adjustments to premiums or allowances paid or to be paid, or any combination of the foregoing.

The Panel shall issue an order, appropriate for confirmation in a court of competent jurisdiction, to resolve all matters in dispute. In addition, the Panel shall issue a written opinion setting forth the reasons for the award, with citations to the record of the hearing that support the reasoning.

The decision of the Panel will be final and binding upon the parties and their respective successors and assigns. Each party hereby consents to the entry of a judgment confirming or enforcing the award in the United States District Court for the Southern District of New York and/or in any other court of competent jurisdiction.

Within 20 days after the transmittal of an award, either party, upon notice to the other party, may request the Panel to correct any clerical, typographical, or computational errors in the award. The other party will be given ten days to respond to the request. The Panel will dispose of the request within 20 days of its receipt of such request and any response thereto. The Panel will not be empowered to re-determine the merits of any claim already decided.

Each party will:

- c) Bear its own fees and expenses in connection with the arbitration, including the fees of any outside counsel and witness fees, and
- d) Share equally in the fees for the members of the Panel and the costs of the arbitration, such as hearing rooms, court reporters, etc.

It is the intent of the parties that these arbitration provisions replace and be in lieu of any statutory arbitration provision, if permitted by law.

10.4 Expedited Dispute Resolution Process

The parties agree that the following types of issues and disputes will be subject to arbitration under the expedited procedures set forth in this Article:

- a) Any dispute regarding the obligations of the parties with respect to a single Reinsured Policy, regardless of the amount in controversy; or
- b) Any dispute in which the amount in controversy, exclusive of interest or costs, is less than \$1 million.

Arbitration proceedings under this Article will be commenced as specified in Article 10.3, and shall be subject to the requirements of Article 10.3 to the extent they are not inconsistent with this Article.

The proceedings will be held before a single neutral umpire meeting the qualifications set forth in Article 10.3. If the parties are unable to agree on an umpire within 30 days following commencement of the action, the selection will be made pursuant to the Umpire Selection Procedure of the ARIAS-US Certified Arbitrators List available at www.ARIAS-US.org. No ex parte communication will be permitted with the umpire at any time prior to the conclusion of the proceedings.

Within 21 days from the date the selection of the umpire is agreed upon, the parties and umpire will conduct an organizational meeting by teleconference to familiarize the umpire with the dispute and to set a timetable for submission of briefs. There will be no discovery, and the dispute will be submitted on briefs and documentary evidence only, unless otherwise agreed by the parties or ordered by the umpire for good cause.

Within 30 days of submission of briefs by the parties, the umpire will render a written award which will be final and binding on the parties.

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11.1 Insolvency

A party to this Agreement will be deemed “insolvent” when it:

- a) Applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor (hereinafter referred to as the Authorized Representative) of its properties or assets; or
- b) Is adjudicated as bankrupt or insolvent; or
- c) Files or consents to the filing of a petition in bankruptcy, seeks reorganization or an arrangement with creditors or takes advantage of any bankruptcy, dissolution, liquidation, rehabilitation, conservation or similar law or statute; or
- d) Becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party’s domicile.

In the event of the insolvency of the Company, all reinsurance ceded, renewed or otherwise becoming effective under this Agreement will be payable by the Reinsurer directly to the Company or to its Authorized Representative on the basis of the liability of the Company for benefits under the Reinsured Policies without diminution because of the insolvency of the Company.

The Reinsurer will be liable only for benefits reinsured as benefits become due under the terms of the Reinsured Policies and will not be or become liable for any amounts or reserves to be held by the Company as to the Reinsured Policies or for any damages or payments resulting from the termination or restructure of the Policies that are not otherwise expressly covered by this Agreement. The Company or its Authorized Representative will give written notice to the Reinsurer of all pending claims against the Company on any Reinsured Policies within a reasonable time after filing in the insolvency proceedings. While a claim is pending, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceedings where the claim is to be adjudicated, any defense or defenses which it may deem available to the Company or its Authorized Representative.

The expense incurred by the Reinsurer will be chargeable, subject to court approval, against the Company as part of the expense of its insolvency proceedings to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose a defense to such claim, the expense will be apportioned in accordance with the terms of the Agreement as though such expense had been incurred by the Company.

In the event of the insolvency of the Reinsurer, the Company may cancel this Agreement for new business by promptly providing the Reinsurer or its Authorized Representative with written notice of cancellation, to be effective as of the date on which the Reinsurer’s insolvency is established by the authority responsible for such determination, as long as written notice is provided by the Reinsurer within 90 days of the action resulting in the insolvency or Reinsurer.

In addition, in the event of the insolvency of the Reinsurer, the Company may provide the Reinsurer or its Authorized Representative with written notice of its intent to recapture all reinsurance in force under this Agreement regardless of the duration the reinsurance has been in force or the amount retained by the Company on the Reinsured Policies. The effective date of a recapture due to insolvency will be at the election of the Company but may not be earlier than the date on which the Reinsurer's insolvency is established by the authority responsible for such determination. If the Company elects to recapture reinsurance under this Article, the appropriate amount of benefit reserves to be held in respect of the reinsured amounts being recaptured will be paid by the party with the positive balance, determined as of the effective date of the recapture, based on U.S. generally accepted accounting principles ("GAAP") consistent with FASB Accounting Standard Codification Topic 944, Financial Services – Insurance computed using the Reinsurer's original pricing assumptions without provision for adverse deviation, less any amount of unamortized deferred acquisition cost assets related thereto and excluding any provisions for adverse deviations or similar deficiency or special reserves, net of outstanding balances.

In the event of the insolvency of either party, the rights or remedies of this Agreement will remain in full force and effect.

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12.1 DAC Tax Election (If applicable to the Company)

The Company and the Reinsurer agree to the election pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations effective December 29, 1992, under Section 848 of the Internal Revenue Code of 1986, as amended (such election being referred to as the “DAC Tax Election”), whereby:

- a) The party with the net positive consideration for this Agreement for each taxable year will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(1) of the Internal Revenue Code of 1986, as amended (the “Code”);
- b) The parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency. If requested, the Company will provide supporting information reasonably requested by the Reinsurer. (The term “net consideration” means “net consideration” as defined in Regulation Section 1.848-2(f));
- c) This DAC Tax Election will be effective for the first taxable year in which this Agreement is effective and for all years for which this Agreement remains in effect.

The Company and the Reinsurer will each attach a schedule to their respective federal income tax returns filed for the first taxable year for which this DAC Tax Election is effective. Such schedule will identify the Agreement as a reinsurance agreement for which the DAC Tax Election under Regulation Section 1.848-2(g)(8) has been made.

The Company and the Reinsurer represent and warrant that each is respectively subject to U.S. taxation under either the provisions of subchapter L of Chapter 1 or the provisions of subpart F of subchapter N of Chapter 1 of the Code.

12.2 Taxes and Expenses

No taxes, allowances, or expense will be paid by the Reinsurer to the Company for any Reinsured Policy, except as specifically referred to in this Agreement.

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13.1 Entire Agreement

This Agreement and the Exhibits hereto constitute the entire agreement between the parties with respect to the business reinsured hereunder and supersede any and all prior representations, warranties, prior agreements or understandings between the parties pertaining to the subject matter of this Agreement. There are no understandings between the parties other than as expressed in this Agreement and the Exhibits hereto. In the event of any express conflict between the Agreement and the Exhibits hereto, the Exhibits hereto will control.

Any change or modification to this Agreement and the Exhibits hereto will be null and void unless made by written amendment and signed by both parties.

13.2 Inspection of Records

The Reinsurer or its duly appointed representatives will have access to records of the Company, whether written or electronic, and including system view access, concerning the business reinsured hereunder for the purpose of inspecting, auditing and photocopying those records. Such access will be provided at the office of the Company and will be during reasonable business hours. Assuming the Reinsurer has continued to perform the undisputed portion of its obligations under this Agreement, the Company may not withhold access to information and records on the grounds that the Reinsurer is in breach. The Reinsurer will pay all costs (such salaries of Reinsurer's employees, costs of any consultants Reinsurer uses, travel costs for any individuals Reinsurer involves, etc.) of any audits it undertakes.

The Reinsurer's right of access as specified above will survive until all of the Reinsurer's obligations under this Agreement have terminated or been fully discharged.

13.3 Utmost Good Faith

All matters with respect to this Agreement require the utmost good faith of each of the parties.

13.4 Confidentiality

The parties will keep confidential and not disclose or make competitive use of any shared Proprietary Information, as defined below, unless:

- a) The information becomes publicly available or is obtained other than through unauthorized disclosure by the party seeking to disclose or use such information;
- b) The information is independently developed by the recipient;
- c) The disclosure is required for the purpose of any reinsurance, retrocession, securitization, or structured, asset-backed or asset-based financing; or
- d) The disclosure is required by law.

“Proprietary Information” includes, but is not limited to, underwriting manuals and guidelines, applications, contract forms, and premium rates and allowances of the Reinsurer and the Company, but shall not include the existence of this Agreement and the identity of the parties. Nothing herein shall preclude either party from using Proprietary Information for ordinary business operations or developing pricing models and actuarial analyses. Additionally, Proprietary Information may be shared by either party on a need-to-know basis with its employees, affiliates, third party service providers, auditors, consultants or retrocessionaires, or in connection with the dispute process specified in this Agreement.

In addition, the Reinsurer and its representatives and service providers will protect the confidentiality and security of Non-Public Personal Information, as defined below, by:

- e) Holding all Non-Public Personal Information in strict confidence;
- f) Maintaining appropriate measures that are designed to protect the security, integrity and confidentiality of Non-Public Personal Information;
- g) Disclosing and using Non-Public Personal Information received under this Agreement for purposes of carrying out the Reinsurer’s obligations under this Agreement, for purposes of retrocession, or as may be required or permitted by law.

“Non-Public Personal Information” is personally identifiable medical, financial, and other personal information about proposed, current and former applicants, policy owners, contract holders, insureds, annuitants, claimants, and beneficiaries of Reinsured Policies or contracts issued by the Company, and their representatives, that is not publicly available. Non-Public Personal Information does not include de-identified personal data, i.e., information that does not identify, or could not reasonably be associated with, an individual.

The Company will obtain, as required by law, appropriate consents from its insureds to enable the parties to fully exercise their rights and perform their obligations under this Agreement.

13.5 OFAC Compliance

The parties represent that they are using, and shall use, best efforts to continue to be in compliance with all laws, regulations, judicial and administrative orders applicable to the Reinsured Policies as they pertain to the sanction laws administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), as such laws may be amended from time to time (collectively the “Laws”). Neither party shall be required to take any action under this Agreement that would violate said Laws, including, but not limited to, making any payments in violation of the Laws.

Should either party discover or otherwise become aware that a reinsurance transaction has been entered into or a payment has been made in violation of the Laws, the party who first becomes aware of the violation of the Laws shall notify the other party, and the parties shall cooperate in order to take all necessary corrective actions.

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The parties agree that such reinsurance transaction shall be null, void and of no effect from its inception, to the same extent as if the reinsurance transaction had never been entered into. In such event, each party shall be restored to the position it would have occupied if the violation had not occurred, including the return of any payments received, unless prohibited by law.

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14.1 Representations and Warranties

The Company makes no representations and warranties as to the future experience or profitability arising from the Reinsured Policies.

Each party represents and warrants that as of the Effective Date of this Agreement and at the time of executing this Agreement, if later, it is solvent on a statutory basis in all states in which it does business or is licensed.

“Material” or “materially” for purposes of Articles 14 and 15 will mean facts that a prudent reinsurer or insurer would consider as reasonably likely to affect the Reinsurer’s experience under the Agreement. Prior to the execution of this Agreement, the Company has provided to the Reinsurer the Business Guidelines for use in its assessment of the risks covered hereunder. The Company represents and warrants that, to the best of its knowledge:

- a) It has disclosed to the Reinsurer all information which is material to the risks being assumed hereunder; and
- b) The Business Guidelines were complete and accurate when disclosed; and
- c) There has been no material change in the Business Guidelines between the “as of” dates of the information and the date of Agreement execution.

This Article will not terminate or expire until all Reinsured Policies have been discharged or terminated in full.

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15.1 Business Continuity

All Reinsured Policies will be issued and administered in accordance with the Business Guidelines. The Company will notify the Reinsurer of any change that materially affects the reinsured business, including changes to the Business Guidelines. This Agreement will not cover policies affected by such changes unless the Reinsurer has agreed in writing and in advance with the changes. Outsourcing of underwriting functions, administrative functions or claims administration with respect to the Reinsured Policies will constitute a material change. If the Reinsurer agrees to accept policies affected by the outsourcing, the Company will secure the Reinsurer's right to audit and inspect the party performing such outsourced services.

If Reinsured Policies are not covered due to an unapproved material change, all payments between the Company and the Reinsurer with respect to the affected Policies shall be refunded, excluding items relating to reserves or interest on reserves. No liability shall remain with the Reinsurer with respect to such Policies.

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16.1 Duration of Agreement

This Agreement is unlimited as to its duration.

The Reinsurer or the Company may terminate this Agreement or any plan listed in Exhibit A with respect to the reinsurance of new business by giving at least 60 days' written notice of termination to the other party or pursuant to Article 15.1 or Article 17.1 of this Agreement. During the 60 day notification period, the Company will continue to cede and the Reinsurer will continue to accept policies covered under the terms of this Agreement.

In the event the Company terminates the Agreement with respect to new business within three (3) years after February 21, 2014, the Company will pay the Reinsurer a fee based on the following schedule:

<u>Termination Within:</u>	<u>Fee</u>
First twelve months	\$100,000
Months thirteen through twenty-four	\$ 50,000
Months twenty-five through thirty-six	\$ 25,000

Any fee owed to the Reinsurer under this Article 16.1 will be due on the effective date of termination for new business.

In exchange for product development support provided, the Reinsurer will have a three (3) year exclusive to reinsure the plans specified in Exhibit A or any plans replacing the same by the Company or an affiliate. If the Reinsurer exercises any contractual rights that have a material impact on new business terms within three (3) years after February 21, 2014, the fee schedule above and the three (3) year reinsurance exclusivity period will no longer be in effect.

In the event that the Company pays the Reinsurer a fee as described above, the three (3) year reinsurance exclusive will no longer apply.

The Reinsurer remains liable for all Reinsured Policies in force as of the date of the termination, until their natural expiration, unless the parties mutually decide otherwise or as specified otherwise in this Agreement. All provisions of this Agreement will survive its termination to the extent necessary to carry out its purpose.

16.2 Severability

Determination that any provision of this Agreement is invalid or unenforceable will not affect or impair the validity or the enforceability of the remaining provisions of this Agreement.

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16.3 Construction

This Agreement will be construed and administered without regard to authorship and without any presumption or rule of construction in favor of either party. This Agreement is between sophisticated parties, each of which has reviewed the Agreement and is fully knowledgeable about its terms and conditions.

16.4 Credit for Reinsurance

The parties intend that the Company will receive statutory reserve credit in its state of domicile for reinsurance provided under this Agreement. The parties agree to use reasonable efforts to ensure that such reserve credit will remain available to the Company.

16.5 Non-Waiver

A waiver by either party of any violation, or the default by the other party in its adherence to any term of this Agreement, will not constitute a waiver of any other or subsequent violation or default. No prior transaction or dealing between the parties will establish any custom, usage or precedent waiving or modifying any provision of the Agreement. The failure of either party to enforce any part of this Agreement will not constitute a waiver of any right to do so.

16.6 Retrocession

The Reinsurer may reinsure or retrocede any risks or business assumed hereunder.

16.7 Governing Law

This Agreement shall be governed by the laws of the State of Illinois.

16.8 Interest

Each party reserves the right to charge interest on undisputed overdue balances, pursuant to the terms of this Agreement. If applicable, interest will be calculated according to the terms specified in Exhibit C.

16.9 Counterparts

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one Agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. When this Agreement has been fully executed by the Company and the Reinsurer, it will become effective as of the Effective Date specified in Exhibit A.

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17.1 Financial Conditions

If the Company's surplus falls below 300% of the authorized control level, as such RBC control level is defined at inception of this Agreement, or the Company's statutory capital and surplus falls below \$100,000,000, then the following actions will occur:

- a) The Reinsurer's right to terminate this Agreement for new business will be reduced from sixty (60) days to thirty (30) days.
- b) For new business written after the trigger event, the allowance structure will move to that outlined in Exhibit C-1, Section 14.c, Reinsurance Allowance Structure.

The Company agrees to notify the Reinsurer within fifteen (15) business days of the occurrence of a triggering event. In addition, the Company agrees to provide quarterly estimates of RBC control level and statutory capital and surplus levels.

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Execution

This Agreement has been made in duplicate and hereby executed by both parties.

Signed for and on behalf of **Fidelity Life Association, A Legal Reserve Life Insurance Company**

By: /s/ Jim Harkensee

Title: President & COO

Date: 6/16/2014

Signed for and on behalf of **Swiss Re Life & Health America Inc.**

By: UNDICIPHERABLE

Title: SVP

Date: 5/30/2014

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By: /s/ Chris Kim

Title: CAO

Date: 6/16/2014

By: UNDICIPHERABLE

Title: VP

Date: 5/30/2014



Business Covered**Agreement Effective Date:**

February 21, 2014. The commencement dates for specific plans are shown below.

Coverage:


The policies and riders on the plans shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the policies are issued to citizens of the United States or legal permanent residents thereof.

Basis:

1. 80% on a First Dollar Quota Share basis (100% of the total reinsurance) to the maximum Automatic Acceptance Limits stated in Exhibit E, applicable to policies on lives with surnames commencing with the letters A to Z inclusive.

Company's State of Domicile: Illinois

Plans, Riders and Benefits:

Plan Identification	Exhibit Reference for Rates	Basis No.	Commencement Date	Termination Date
Simplified Issue Final Expense Whole Life to Age 121 (Level Death Benefit)	C-1	1.	February 21, 2014	
Accelerated Death Benefit Rider (Terminal Illness)	C-1	1.	February 21, 2014	
Guaranteed Issue Graded Benefit Whole Life to Age 121	C-1	1.	February 21, 2014	
Accelerated Death Benefit Rider (Terminal Illness)	C-1	1.	February 21, 2014	
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Business Guidelines

The Company affirms that the following have been supplied to the Reinsurer and are in use as of the effective date of this Agreement:

1. Policy Form(s)
F3010 Accelerated Death Benefit Rider.pdf
FLA Policy Form – Final Expense (ICC13 F3300).pdf
FLA Policy Form – Guar Issue GDB (ICC12-F3200-02).pdf
2. Policy Application Form(s)
FLA_ICC13-F1008E_2013-11-20_2.docx (Final Expense-only App for the Compact)
New Universal Application (SRE only) 20131120.docx (Common App)
3. Premium Rates
Final Expense Premiums - Second Cut 2013-07-03.xlsx
GDB Premiums - Second Cut 2013-10-01.xlsx
FLA_SIFE_AdminFactors_CSV.xls
FLA_GL_GDB_AdminFactors_CSV.xls
4. Underwriting Guidelines/Rules
RD Sr Life UW Guidelines August 2013.doc
Build Chart - RDSL.docx

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Reinsurance Application

Not applicable.

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General Terms1. **Premium Tax:**

The Reinsurer will not reimburse the Company for premium taxes.

2. **Dividend Payments:**

The Reinsurer will not reimburse the Company for dividends paid to policyholders.

3. **Policy Loans:** The Reinsurer will not participate in policy loans or other forms of indebtedness as respects the Reinsured Policies.4. **Cash Surrender Values:**

The Reinsurer will reimburse the Company for the Reinsurer's proportionate share of cash surrender values paid to the policyholder.

5. **Reinsurance Limits:**

Minimum Initial Reinsurance Limit ceded to the Reinsurer: \$0

Minimum Final Reinsurance Limit ceded to the Reinsurer: \$0

6. **Interest Calculation on late Payments: Interest will accrue** from the due date at a rate equal to the Three Month London Interbank Offering Rate (LIBOR) as published in the Wall Street Journal (or if not available, a comparable publication) on the due date or, if the due date is not a business day, on the next business day after the due date, plus 50 basis points per annum to be compounded and adjusted every three months after such due date.7. **Rates Applicable to Increases:** Non-contractual increases which are underwritten consistently with the Business Guidelines and have the same sales compensation paid as a new issue will be reinsured as a new issue. First year reinsurance premium rates and allowances will apply.

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Rates and Terms for Simplified Issue Final Expense Whole Life to Age 121 (Level Death Benefit) and Guaranteed Issue Graded Benefit Whole Life to Age 121

1. **Reinsurance Structure:** Coinsurance
2. **Age Basis:** Age Last Birthday
3. **Premium Mode:** Reinsurance premium mode will follow the premium mode of the underlying policy, with the Reinsurer collecting its proportionate share of policy fees and modal loads.
4. **Billing Frequency:** Monthly
5. **Premiums:**

Basic Premiums:

The Company will pay to the Reinsurer a basic premium calculated by multiplying the net amount at risk of the Reinsured Policy, as defined in the Net Amounts At Risk provision of this Exhibit, by the appropriate rate from the set of rates included at the end of this Exhibit, subject to the allowances shown below. The Company will continue to pay the appropriate premium to the Reinsurer as long as the Reinsured Policy is in force.

The Reinsurer will pay the following allowances to the Company on the premiums payable hereunder:

Simplified Issue Final Expense Whole Life to Age 121 (Level Death Benefit):

<u>Issue Age</u>	<u>First Year</u>	<u>Durations 2+</u>
50 – 85	140%	23%

Guaranteed Issue Graded Benefit Whole Life to Age 121:

<u>Issue Age</u>	<u>First Year</u>	<u>Durations 2+</u>
50 – 79	110%	9%
80 – 85	110%	5%

Table Extra Premiums/Multiple Extra Premiums:

Not applicable.

Supplementary Rider(s):

The Terminal Illness Rider specified in Exhibit A will be reinsured at no additional cost to the Company.

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6. **Other Allowances:**

On Multiple Extra Premiums: Not applicable

On Supplementary Riders: Not applicable

On Flat Extra Premiums: Not applicable.

7. **Policy Fee:**

The Company will pay the Reinsurer its share of the annual policy fee, subject to the same allowances applicable to that basic Reinsured Policy.

8. **Reinsured Net Amounts At Risk:**

The net amount at risk will be based on the policy face amount, as shown in the policy.

9. **Rate Basis:**

The rates in this subsection are on a non-participating basis.

10. **Rate Guarantee:** The Company's direct premiums are fully guaranteed for the life of the policy. Likewise, the reinsurance allowances set out in this Exhibit are guaranteed for the life of the policy.

11. **Minimum Recapture Period:**

Recapture not available.

12. **YRT Rates for Conversions:**

Not applicable.

13. **Conditions Requiring Claims Consultation:** Before conceding liability or making settlement to the claimant, the Company will seek the Reinsurer's recommendation if:

- a) The claim occurs during the contestable period and the Company is not contesting the claim; or
- b) The death occurs outside of the United States or Canada; or
- c) The claim is one for which there is no body, i.e. the insured is missing and presumed dead.

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14. **Special Conditions:**

- a) **Volume Limitations:** This Agreement has been approved for new business issued from February 21, 2014 forward, subject to a volume cap on new business issues of \$200,000,000 in any calendar year. If new business issues reach this limit, then all additional new business will move to the Reinsurance Allowance Structure described in Section 14.c below.
- b) **Administration:** The Company and the Reinsurer agree to exercise best efforts to get reinsurance administration fully implemented prior to June 30, 2014. If reinsurance administration is not in place by September 30, 2014, all future reinsurance will move to the Reinsurance Allowance Structure described in Section 14.c below.
- c) **Reinsurance Allowance Structure:** If any of the conditions described in
- i) Article 17.1, Financial Conditions, or
 - ii) Exhibit C-1, Section 14.a, Volume Limitations, or
 - iii) Exhibit C-1, Section 14.b, Administration

are met, the following Reinsurance Allowance Structure will be used:

Simplified Issue Final Expense Whole life to Age 121 (Level Death Benefit):

<u>Issue Age</u>	<u>First Year</u>	<u>Durations 2+</u>
50 – 85	100%	30%

Guaranteed Issue Graded Benefit Whole Life to Age 121:

<u>issue Age</u>	<u>First Year</u>	<u>Durations 2+</u>
50 – 79	100%	11%
80 – 85	100%	7%

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FLA Pricing Results - Final Expense Premiums
6/27/2013

<u>Key</u>	<u>Gender</u>	<u>Class</u>	<u>Band</u>	<u>Term</u>	<u>Age</u>	<u>Prem Rate</u>
M_StdNT_0_WL_50	M	StdNT	0	WL	50	38.68
M_StdNT_0_WL_51	M	StdNT	0	WL	51	40.29
M_StdNT_0_WL_52	M	StdNT	0	WL	52	41.90
M_StdNT_0_WL_53	M	StdNT	0	WL	53	43.51
M_StdNT_0_WL_54	M	StdNT	0	WL	54	45.11
M_StdNT_0_WL_55	M	StdNT	0	WL	55	46.72
M_StdNT_0_WL_56	M	StdNT	0	WL	56	48.33
M_StdNT_0_WL_57	M	StdNT	0	WL	57	49.94
M_StdNT_0_WL_58	M	StdNT	0	WL	58	51.55
M_StdNT_0_WL_59	M	StdNT	0	WL	59	53.16
M_StdNT_0_WL_60	M	StdNT	0	WL	60	54.77
M_StdNT_0_WL_61	M	StdNT	0	WL	61	57.07
M_StdNT_0_WL_62	M	StdNT	0	WL	62	59.37
M_StdNT_0_WL_63	M	StdNT	0	WL	63	61.67
M_StdNT_0_WL_64	M	StdNT	0	WL	64	63.97
M_StdNT_0_WL_65	M	StdNT	0	WL	65	66.26
M_StdNT_0_WL_66	M	StdNT	0	WL	66	69.83
M_StdNT_0_WL_67	M	StdNT	0	WL	67	73.39
M_StdNT_0_WL_68	M	StdNT	0	WL	68	76.95
M_StdNT_0_WL_69	M	StdNT	0	WL	69	80.52
M_StdNT_0_WL_70	M	StdNT	0	WL	70	84.08
M_StdNT_0_WL_71	M	StdNT	0	WL	71	90.40
M_StdNT_0_WL_72	M	StdNT	0	WL	72	96.72
M_StdNT_0_WL_73	M	StdNT	0	WL	73	103.05
M_StdNT_0_WL_74	M	StdNT	0	WL	74	109.37
M_StdNT_0_WL_75	M	StdNT	0	WL	75	115.69
M_StdNT_0_WL_76	M	StdNT	0	WL	76	125.34
M_StdNT_0_WL_77	M	StdNT	0	WL	77	135.00
M_StdNT_0_WL_78	M	StdNT	0	WL	78	144.66
M_StdNT_0_WL_79	M	StdNT	0	WL	79	154.31
M_StdNT_0_WL_80	M	StdNT	0	WL	80	163.97
M_StdNT_0_WL_81	M	StdNT	0	WL	81	178.45
M_StdNT_0_WL_82	M	StdNT	0	WL	82	192.93
M_StdNT_0_WL_83	M	StdNT	0	WL	83	207.41
M_StdNT_0_WL_84	M	StdNT	0	WL	84	221.90
M_StdNT_0_WL_85	M	StdNT	0	WL	85	236.38
M_StdT_0_WL_50	M	StdT	0	WL	50	52.52
M_StdT_0_WL_51	M	StdT	0	WL	51	54.86
M_StdT_0_WL_52	M	StdT	0	WL	52	57.20
M_StdT_0_WL_53	M	StdT	0	WL	53	59.54

Key	Gender	Class	Band	Term	Age	Prem Rate
M_StdT_0_WL_54	M	StdT	0	WL	54	61.88
M_StdT_0_WL_55	M	StdT	0	WL	55	64.22
M_StdT_0_WL_56	M	StdT	0	WL	56	66.56
M_StdT_0_WL_57	M	StdT	0	WL	57	68.90
M_StdT_0_WL_58	M	StdT	0	WL	58	71.37
M_StdT_0_WL_59	M	StdT	0	WL	59	73.84
M_StdT_0_WL_60	M	StdT	0	WL	60	76.31
M_StdT_0_WL_61	M	StdT	0	WL	61	80.16
M_StdT_0_WL_62	M	StdT	0	WL	62	84.02
M_StdT_0_WL_63	M	StdT	0	WL	63	87.87
M_StdT_0_WL_64	M	StdT	0	WL	64	91.72
M_StdT_0_WL_65	M	StdT	0	WL	65	95.57
M_StdT_0_WL_66	M	StdT	0	WL	66	100.52
M_StdT_0_WL_67	M	StdT	0	WL	67	105.46
M_StdT_0_WL_68	M	StdT	0	WL	68	110.40
M_StdT_0_WL_69	M	StdT	0	WL	69	115.34
M_StdT_0_WL_70	M	StdT	0	WL	70	120.29
M_StdT_0_WL_71	M	StdT	0	WL	71	129.71
M_StdT_0_WL_72	M	StdT	0	WL	72	139.14
M_StdT_0_WL_73	M	StdT	0	WL	73	148.56
M_StdT_0_WL_74	M	StdT	0	WL	74	157.99
M_StdT_0_WL_75	M	StdT	0	WL	75	167.41
M_StdT_0_WL_76	M	StdT	0	WL	76	177.76
M_StdT_0_WL_77	M	StdT	0	WL	77	188.10
M_StdT_0_WL_78	M	StdT	0	WL	78	198.45
M_StdT_0_WL_79	M	StdT	0	WL	79	208.79
M_StdT_0_WL_80	M	StdT	0	WL	80	219.14
M_StdT_0_WL_81	M	StdT	0	WL	81	238.68
M_StdT_0_WL_82	M	StdT	0	WL	82	258.22
M_StdT_0_WL_83	M	StdT	0	WL	83	277.76
M_StdT_0_WL_84	M	StdT	0	WL	84	297.30
M_StdT_0_WL_85	M	StdT	0	WL	85	316.84
F_StdNT_0_WL_50	F	StdNT	0	WL	50	28.62
F_StdNT_0_WL_51	F	StdNT	0	WL	51	29.83
F_StdNT_0_WL_52	F	StdNT	0	WL	52	31.03
F_StdNT_0_WL_53	F	StdNT	0	WL	53	32.24
F_StdNT_0_WL_54	F	StdNT	0	WL	54	33.45
F_StdNT_0_WL_55	F	StdNT	0	WL	55	34.66
F_StdNT_0_WL_56	F	StdNT	0	WL	56	36.15
F_StdNT_0_WL_57	F	StdNT	0	WL	57	37.64
F_StdNT_0_WL_58	F	StdNT	0	WL	58	39.14
F_StdNT_0_WL_59	F	StdNT	0	WL	59	40.63
F_StdNT_0_WL_60	F	StdNT	0	WL	60	42.13

Key	Gender	Class	Band	Term	Age	Prem Rate
F_StdNT_0_WL_61	F	StdNT	0	WL	61	44.20
F_StdNT_0_WL_62	F	StdNT	0	WL	62	46.26
F_StdNT_0_WL_63	F	StdNT	0	WL	63	48.33
F_StdNT_0_WL_64	F	StdNT	0	WL	64	50.40
F_StdNT_0_WL_65	F	StdNT	0	WL	65	52.47
F_StdNT_0_WL_66	F	StdNT	0	WL	66	55.23
F_StdNT_0_WL_67	F	StdNT	0	WL	67	57.99
F_StdNT_0_WL_68	F	StdNT	0	WL	68	60.75
F_StdNT_0_WL_69	F	StdNT	0	WL	69	63.51
F_StdNT_0_WL_70	F	StdNT	0	WL	70	66.26
F_StdNT_0_WL_71	F	StdNT	0	WL	71	70.54
F_StdNT_0_WL_72	F	StdNT	0	WL	72	74.82
F_StdNT_0_WL_73	F	StdNT	0	WL	73	79.10
F_StdNT_0_WL_74	F	StdNT	0	WL	74	83.38
F_StdNT_0_WL_75	F	StdNT	0	WL	75	87.66
F_StdNT_0_WL_76	F	StdNT	0	WL	76	95.11
F_StdNT_0_WL_77	F	StdNT	0	WL	77	102.55
F_StdNT_0_WL_78	F	StdNT	0	WL	78	110.00
F_StdNT_0_WL_79	F	StdNT	0	WL	79	117.44
F_StdNT_0_WL_80	F	StdNT	0	WL	80	124.89
F_StdNT_0_WL_81	F	StdNT	0	WL	81	136.38
F_StdNT_0_WL_82	F	StdNT	0	WL	82	147.87
F_StdNT_0_WL_83	F	StdNT	0	WL	83	159.37
F_StdNT_0_WL_84	F	StdNT	0	WL	84	170.86
F_StdNT_0_WL_85	F	StdNT	0	WL	85	182.36
F_StdT_0_WL_50	F	StdT	0	WL	50	42.77
F_StdT_0_WL_51	F	StdT	0	WL	51	44.46
F_StdT_0_WL_52	F	StdT	0	WL	52	46.15
F_StdT_0_WL_53	F	StdT	0	WL	53	47.84
F_StdT_0_WL_54	F	StdT	0	WL	54	49.53
F_StdT_0_WL_55	F	StdT	0	WL	55	51.22
F_StdT_0_WL_56	F	StdT	0	WL	56	52.91
F_StdT_0_WL_57	F	StdT	0	WL	57	54.60
F_StdT_0_WL_58	F	StdT	0	WL	58	56.68
F_StdT_0_WL_59	F	StdT	0	WL	59	58.76
F_StdT_0_WL_60	F	StdT	0	WL	60	60.84
F_StdT_0_WL_61	F	StdT	0	WL	61	62.92
F_StdT_0_WL_62	F	StdT	0	WL	62	65.00
F_StdT_0_WL_63	F	StdT	0	WL	63	68.40
F_StdT_0_WL_64	F	StdT	0	WL	64	71.80
F_StdT_0_WL_65	F	StdT	0	WL	65	75.20
F_StdT_0_WL_66	F	StdT	0	WL	66	78.60
F_StdT_0_WL_67	F	StdT	0	WL	67	82.00

Key	Gender	Class	Band	Term	Age	Prem Rate
F_StdT_0_WL_68	F	StdT	0	WL	68	84.58
F_StdT_0_WL_69	F	StdT	0	WL	69	87.16
F_StdT_0_WL_70	F	StdT	0	WL	70	89.74
F_StdT_0_WL_71	F	StdT	0	WL	71	95.91
F_StdT_0_WL_72	F	StdT	0	WL	72	102.07
F_StdT_0_WL_73	F	StdT	0	WL	73	108.24
F_StdT_0_WL_74	F	StdT	0	WL	74	114.41
F_StdT_0_WL_75	F	StdT	0	WL	75	120.57
F_StdT_0_WL_76	F	StdT	0	WL	76	127.64
F_StdT_0_WL_77	F	StdT	0	WL	77	134.71
F_StdT_0_WL_78	F	StdT	0	WL	78	141.78
F_StdT_0_WL_79	F	StdT	0	WL	79	148.85
F_StdT_0_WL_80	F	StdT	0	WL	80	155.92
F_StdT_0_WL_81	F	StdT	0	WL	81	172.01
F_StdT_0_WL_82	F	StdT	0	WL	82	188.10
F_StdT_0_WL_83	F	StdT	0	WL	83	204.20
F_StdT_0_WL_84	F	StdT	0	WL	84	220.29
F_StdT_0_WL_85	F	StdT	0	WL	85	236.38

The Company’s Retention Limits

Life:

The Company will retain 20% of each Reinsured Policy, not to exceed its Retention Limits stated below. This applies to all business reinsured under this Agreement.

<u>Issue Ages</u>	<u>Preferred/Standard to Table D</u>
16 – 75	\$300,000

It is understood that the amount retained by the Company includes its retention under any in force policies without the benefit of other reinsurance.

Any change in the net amount at risk due to changes in the cash value applicable to the policy will be shared proportionately between the Company and its reinsurers.

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Automatic Issue and Acceptance Limits

The Reinsurer will automatically accept 80% of each Policy, not to exceed the limits specified below on a per life basis. If the Company has filled its maximum retention on the life as specified in Exhibit D, the percentage the Reinsurer will automatically accept will increase to 100%, but the limits stated below will not change.

Simplified Issue Final Expense Whole Life to Age 121 (Level Death Benefit):	\$35,000
Guaranteed Issue Graded Benefit Whole Life to Age 121:	\$20,000

In Force Limits:

In force and applied for on any one life: \$300,000

Conditional Receipt or Temporary Insurance Agreement Liability: Not applicable

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Reinsurance Reports

The Company acknowledges that timely and correct compliance with the reporting requirements of this Agreement are a material element of the Company's responsibilities hereunder and an important basis of the Reinsurer's ability to reinsure the risks hereunder. Consistent and material non-compliance with reporting requirements, including extended delays, will constitute a material breach of the terms of this Agreement.

Remittance Reporting:

The Company will self-administer reinsurance transactions. Reinsurance premiums are payable as specified in the Premium Mode provision of Exhibit C-1. During each accounting period, as defined below, the Company will report to the Reinsurer all first year and renewal premiums which became due during the previous accounting period. Reporting of business transactions should begin within 90 days of the latter of the effective date or the execution date of the Agreement, including policies with zero first year premium. Any adjustments made necessary by changes in reinsurance effective during a previous accounting period will also be reported.

The Company will take credit, without interest, for any unearned premiums arising due to reductions, cancellations or death claims. The unearned premiums refunded will be net of allowances and policy fees.

The Company will pay the balance of premiums in arrears due under a reinstated Reinsured Policy.

If a net balance is due to the Reinsurer, the Company will forward a remittance in settlement with its report. If the net balance is due to the Company, the Reinsurer will forward a remittance in settlement within 30 days of receipt of the report.

Report Requirements:

The Company will send to the Reinsurer the following reports electronically, by the times indicated below:

Report	Accounting Period	Due Date
1. New Business (New issues only – first time policy reported to the Reinsurer)	Monthly	21 st day after month end
2. Renewal Business (Policies with renewal dates within Accounting Period)	Monthly	21 st day after month end
3. Changes & Terminations (including conversions, replacements reinstatements, increases, decreases, recaptures, lapses, claims, etc.)	Monthly	21 st day after month end
4. Inforce List (Listing of each policy in force)	Quarterly	21 st day after quarter end

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5.	Accounting Information (only required for Paper Reporting) (See Exhibit F-1 for Sample Summary Reporting Form, Section I)	Monthly	21st day after month end
6.	Statutory Reserves (See Exhibit F-1 for Sample Summary Reporting Form, Section II)	Quarterly	21st day after quarter end
7.	Policy Exhibit (only required for Paper Reporting) (See Exhibit F-1 for Sample Summary Reporting Form, Section III)	Monthly	21st day after month end
8.	Valuation Reserve Certification (See Exhibit F-2 for Sample)	Annually	October 31st
9.	Tax Reserve Certification (See Exhibit F-3 for Sample)	Annually	June 1st

Minimum Data Requirements for Electronic Administration:

Policy record details for new business, renewal business and changes and terminations (Reports #1, 2 and 3 in Report Requirements, above) may be reported as separate reports or combined into one report, hereinafter referred to as the Billings and Transactions Report. Nonetheless, the data elements specified below for the Billings and Transactions Report must be provided for each reported record.

Billings and Transactions Report:

General

- | | | |
|----|------------------------|--|
| 1. | Reporting Period Dates | Specifies the beginning and ending date of the reporting period represented on the statement file. |
|----|------------------------|--|

Insured Data

- | | | |
|----|--|--|
| 2. | Last Name | Represents the surname or family name of the insured; must be specified for each insured on joint policy types; name fields are required to be parsed out into these listed components |
| 3. | First Name | Represents the given name of the insured; must be specified for each insured on joint policy types; name fields are required to be parsed out into these listed components. |
| 4. | Middle Name or Middle Initial (if available) | Represents the middle name of the insured; must be specified for each insured on joint policy types; name fields are required to be parsed out into these listed components. |

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5.	Date of Birth	Specifies the date on which the insured was born; this field must be provided on each insured on a joint policy.
6.	Sex	Indicates the gender of the insured; this field must be provided on each insured on a joint policy.
7.	Tobacco Use Code	Indicates whether the insured is a smoker or user of tobacco products.
8.	Rating	Indicates whether the insured is standard, substandard, or uninsurable.
9.	Residence	State, province, or other geographical code that indicates where the insured resides.
10.	Insured Sequence Number	Specifies the number assigned by the ceding company to delineate one insured from another on a policy with multiple insureds.

Coverage Data

11.	Currency	Indicates the currency to be applied in calculating monetary amounts, if currency within this treaty is a variable on a by policy basis.
12.	Reinsurance Method	Indicates whether the policy is being ceded on an automatic or facultative basis.
13.	Policy Number	Specifies the number assigned by the ceding company to the policy record.
14.	Coverage Sequence Number	Specifies the number assigned by the ceding company to delineate one coverage or benefit from another on a policy with multiple coverages or benefits.
15.	Issue Date	The date the policy or benefit was issued.
16.	Reinsurance Effective Date (if different than issue date)	Specifies the date upon which the reinsurance coverage goes into effect, if it goes into effect on a date other than the issue date. Can also be used to specify the original Policy Issue Date on a contractual policy conversion.
17.	Plan Code	Specifies the plan of insurance being provided to the insured; there must be a separate plan code for each coverage.
18.	Joint Life Indicator	Indicates that the coverage is a joint coverage and that multiple lives are involved with the coverage.
19.	Smoker Code	Indicates that the coverage has been issued at either non-smoker or smoker rates.
20.	Preferred Risk Class	Indicates the level of classification between the preferred and standard categories; there may be more than one level of the preferred classification available, and this will indicate the specific level for this policy.
21.	Mortality Rating	Specifies the exact rating assigned to the policy; premium rates will be based on this rating; this rating is generally expressed as a percentage.
22.	Flat Extra Rate	Specifies a flat rate per thousand to be charged on the policy.
23.	Flat Extra Duration	Specifies the number of years that the flat extra rating will be charged.

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24. Direct Face Amount	Specifies the face amount of the benefit issued to the insured before the purchase of any reinsurance.
25. Reinsured Face Amount	Specifies the face amount of the reinsurance purchased.
26. Reinsured Amount at Risk	Specifies the net amount at risk for the current year's reinsurance benefits.
27. Death Benefit Option	Specifies the option used to calculate the policy net amount at risk on Universal Life products, only.
28. Coverage Maturity or Expiry Date	Specifies the date on which the insurance coverage will cease, based on the type of plan issued to the insured.
29. Issue Age	From date of issue, the age at which premiums will be charged when the case does not use a rated age.
30. Rated Age	From the date of issue, the age at which premiums will be charged when the age is increased for substandard reasons, or when the age is an equivalent age for joint products.
31. Transaction Code	Indicates the specific action that has occurred to cause a policy to appear on the billing or transaction report, such as New Business, Renewal, Lapse, Death etc.
32. Transaction Effective Date	Specifies the date on which the transaction is applied to the insured's policy.
33. Standard Premium	The premium to be paid for the reinsured benefit; this must be specified for each benefit provided on a policy record.
34. Substandard Premium	In the event that a mortality rating has been assigned, this is the substandard portion of the premium to be paid for the reinsured benefit; this must be specified for each benefit provided on a policy record.
35. Flat Extra Premium	The premium to be paid the reinsurer for any flat extra premiums assigned to the policy.
36. Fees	Any additional fees to be charged, such as policy fees
37. Standard Allowance	The allowance to be taken for the reinsured benefit; this must be specified for each benefit provided on a policy record.
38. Substandard Allowance	In the event that a mortality rating has been assigned, this is the portion of the allowance to be taken for the substandard premium; this must be specified for each benefit provided on a policy record.
39. Flat Extra Allowance	In the event a flat extra rating has been assigned to the policy, this is the portion of the allowance to be taken on the flat extra premium; this must be specified for each flat extra premium provided on a policy record.
40. Fee Allowance	The allowance to be taken for any fees paid on the record.
41. Underwriting Method (<u>mandatory</u> if Agreement covers policies with less than full underwriting)	The underwriting method applies to the reinsured policies, i.e., Simplified or Guaranteed Issue

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Inforce list:

As required, a complete listing of all policy records considered to be in force under this Agreement must also be provided to the Reinsurer (Report #4 in Report Requirements, above). Each record on the Inforce List must contain data elements 1–30, as specified in the above listing of data requirements.

Reporting System: The system used by the Company to administer its reinsurance is: TAI.

The Company will inform the Reinsurer at least one reporting period in advance of any change in the reporting format or data prior to its use in reports to the Reinsurer. The Company will provide the Reinsurer with a test file containing such a change prior to its implementation in the production of reports.

Additional Information: Upon request, the Company will promptly provide the Reinsurer with any additional information related to the Reinsured Policies and which the Reinsurer requires in order to complete its financial statements.

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Swiss Re Life & Health America Inc.

SELF ADMINISTERED REINSURANCE SUMMARY REPORTING FORM

Ceding Company _____ Reinsurer _____

Treaty/Account # _____ Period Experience is for _____

Coin ____ YRT ____ Mod Co ____ Other ____ Interest Sensitive: Yes ____ No ____

Reinsurance Premium Mode: Monthly ____ Quarterly ____ Annual ____ In Advance ____ In Arrears ____

Reinsurance Reporting Mode: Monthly ____ Quarterly ____ Annual ____

Contact _____ Date _____ Phone # _____

SECTION I – ACCOUNTING

	** Premiums **		** Allowances Other **		
	First Year	Renewal Year	First Year	Renewal Year Benefit	Total
Life					
ADB					
Waiver of Premium					
TOTAL					

SECTION II – RESERVE INFORMATION

Amount of Rein (000)		Issue Year	Reserves Reinsured				
Life	ADB		Life	ADB	Waiver	Subst'd	Deficiency

SECTION III – POLICY EXHIBIT INFORMATION

	Current Period			Year to Date	
	No. of Policies	Amt of * Rein (000)		No. of Policies	Amt. of * Rein (000)
A. In force Beg. of Period			A.		
1. New Business			1. Auto		
Auto			Fac		
2. Conversions/Replacements - On			2.		
3. Reinstatements			3.		
4. Other Increases			4.		
5. Not Takens			5.		
a) Total Inc (1 + 2 + 3 + 4-5)			a)		
6. Death			6.		
7. Conversions/Replacements - Off			7.		
8. Lapses			8.		
9. Surrenders			9.		
10. Expiry			10.		
11. Recapture			11.		
12. Other Decreases			12.		
b) Total Dec (6 + 7 + 8 + 9 + 10 + 11 + 12)			b)		
B. In force End of Period (A + a-b)			B.		

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Valuation Reserve for Self-Administered Business Ceded to Swiss Re Life & Health America Inc. from Fidelity Life Association, A Legal Reserve Life Insurance Company

In force and Reserves at 200x:
 Plan: Type: SM/NSM/AGGR/TOTAL
 In force Reinsured Amount: _____
 In force Number of Reinsured Policies: _____
 Valuation Reserve as at 200x:

Type	Reserve Amount (\$)	Reserve Basis (Table, interest rate and method)
Active Life Reserve		
Unearned Premium Reserve		
Disabled Life Reserve		
Liability for Incurred But Not Reported Claims (IBNR)		
Liability for Due and Unpaid Claims		
Liability for claims in Course of Settlement		
Other* * (specify)		
Total		

* * If credit for deficiency reserves is being taken, please specify under "other".

As the valuation actuary of the above named company I certify that the information above is correct as shown. *

Name:
 Signature:
 Actuarial Designation:
 Title:
 Date:

* Required only for Year End Valuation Reserves.

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Tax Reserve Certification for Self Administered Business Ceded to Swiss Re Life & Health America Inc. from Fidelity Life Association, A Legal Reserve Life Insurance Company

In force and Reserves at December 31, 200x:

Plan: Type: SM/NSM/AGGR/TOTAL

In force Reinsured Amount: _____

In force Number of Reinsured Policies: _____

Tax Reserve as at December 31, 200x:

Type	Reserve Amount (\$)	Reserve Basis (Table, interest rate and method)
Active Life Reserve		
Unearned Premium Reserve		
Disabled Life Reserve		
Liability for Incurred But Not Reported Claims (IBNR)		
Liability for Due and Unpaid Claims		
Liability for Claims in Course of Settlement		
Other* * (specify)		
Total		

* * If credit for deficiency reserves is being taken, please specify under “other”.

As the valuation actuary of the above named company I certify that the information above is correct as shown.

Name:
Signature:
Actuarial Designation:
Title:
Date:

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AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT

THIS AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of this 20 day of April, 2018, by and between **HANNOVER LIFE REASSURANCE COMPANY OF AMERICA (BERMUDA) LTD.**, a Bermuda insurance company ("Purchaser"), **FIDELITY LIFE ASSOCIATION**, a Legal Reserve Life Insurance Company organized under the laws of the State of Illinois ("Seller"), and **EFINANCIAL, LLC**, a Washington limited liability company ("Seller's Designee").

WHEREAS, Seller desires from time to time to sell to Purchaser certain compensation, commissions and related rights, as described herein, that would otherwise be payable by Seller to Seller's Designee under those certain agency commission agreements most recently provided by Seller's representatives to Purchaser's representatives (collectively, the "Underlying Insurance Agreements");

WHEREAS, Seller and Seller's Designee are affiliates, and Seller's Designee and Vericity (as defined below), the common parent to Seller and Seller's Designee, receive good and valuable consideration from the agreements set forth herein;

WHEREAS, Purchaser shall acquire such compensation, commissions and related rights, as described herein, in consideration of making purchase price payments as set forth herein;

WHEREAS, Seller's Designee agrees to forfeit its rights to receive compensation, commissions and related rights as described herein from its affiliate, Seller, in return for purchase price payments made by Purchaser as set forth herein; and

WHEREAS, the parties desire to enter into this Agreement which will control their course of dealing with respect to the purchase and sale of such compensation, commissions and other rights;

WHEREAS, Seller, Seller's Designee and Hannover Life Reassurance Company of America, a reinsurance company domiciled within the United States in the State of Florida ("HLRA") entered into that certain Purchase and Sale Agreement dated as of January 26, 2018 (the "Original PSA");

WHEREAS, immediately prior to the effectiveness of this Agreement, HLRA, as Purchaser, under the Original PSA, assigned all of its rights, title, interests, liabilities and obligations under the Original PSA to Purchaser pursuant to a certain Assignment and Assumption dated as of even date herewith (the "Assignment and Assumption"), pursuant to which, as of the date thereof and immediately prior to the effectiveness of this Agreement, Purchaser assumed all such rights, title, interests, liabilities and obligations of HLRA under the Original PSA;

WHEREAS, the parties hereto desire to amend and restate the Original PSA to, among other things, amend the deadline and dollar cap contained within the definition of Funding Termination Date under the Original PSA;

WHEREAS, the parties to this Agreement desire to enter into this Agreement to amend and restate in its entirety the Original PSA, the terms of which are entirely superseded by the terms and provisions of this Agreement;

NOW, THEREFORE, Purchaser, Seller and Seller's Designee do hereby agree, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, as follows:

Section 1. Definitions.

“Allocation and Payment Report” has the meaning set forth in Schedule A, attached hereto and made a part hereof.

“Assignment and Assumption” shall have the meaning set forth in the Recitals above.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois or Orlando, Florida are authorized or required by law to close.

“Cancellations & Rescissions” shall mean that, as set forth herein, for any Subject Policy which is terminated due to a policyholder’s cancellation or insurer’s rescission rights, Seller shall pay to Purchaser on the next Settlement Date following such cancellation or rescission an amount equal to the Initial Amount previously paid by Purchaser for such Subject Policy.

“Commissionable Premium” shall mean with respect to each Subject Policy, the total, gross amount of all premiums and other sums paid by the policyholder during each Policy Year that such policy is in force during such policy’s level premium period (including, for the avoidance of doubt, for Settlement Periods after the Funding Termination Date), minus policy fees not exceeding \$65.00 per policy per Policy Year. Commissionable Premium shall not be reduced by any Initial Amount Offsets that are payable or that have been paid.

“Conversions Exchanges & Replacements” shall mean, as set forth herein, for any Subject Policy that is converted, replaced with or exchanged for (i) a new insurance policy issued by Seller or one of its affiliates, or (ii) any new policy issued by any other insurance company that is caused by, or which results from, directly or indirectly, the efforts, marketing, sales or other actions of Seller, Seller’s Designee or one of their affiliates, Seller shall pay to Purchaser on the next Settlement Date an amount equal to the unamortized percentage of the Initial Amount previously paid by Purchaser for such policy, as such unamortized percentage is shown on Schedule B attached hereto and made a part hereof, applicable to the Policy Year in which such conversion, exchange or replacement occurs.

“Conveyed Property” shall mean, collectively, the Percent of Premium Fees and the Related Rights applicable to a particular Subject Policy.

“Default” shall have the meaning set forth in Section 7 below.

“Dispute” shall mean any dispute, deduction, claim, offset, defense or counterclaim of any kind pertaining to the Percent of Premium Fees or to the other Conveyed Property asserted by Seller’s Designee, Seller, one of their affiliates, a governmental regulator or other authority, or any other party, regardless of the final outcome or merit thereof.

“Event of Default” shall have the meaning set forth in Section 7 below.

“First Year Lapse” shall mean that, as set forth herein, for any Subject Policy which is lapsed due to the policyholder’s non-payment of premium during the first Policy Year, Seller shall pay to Purchaser on the next Settlement Date following such lapse an amount equal to (i) twelve (12) minus the number of months the Subject Policy was in force divided by (ii) twelve (12) multiplied by (iii) the Initial Amount with respect to such policy.

“Funding Termination Date” shall mean that date which is the earlier of (i) December 31, 2018 and (ii) that date when the aggregate of all Initial Amounts which have been funded by Purchaser hereunder equals or exceeds \$20 million, net of all Initial Amount Offsets and all Percent of Premium Fees which Purchaser has received to date in accordance with the terms hereof.

“HLRA” shall have the meaning set forth in the Recitals above.

“Initial Amount” shall mean the purchase price payable by Purchaser to Seller’s Designee as to a particular New Subject Policy in consideration of Seller’s conveyance to Purchaser of the Percent of Premium Fees and other Conveyed Property pertaining to such Subject Policy. The Initial Amount for a particular Subject Policy shall be in an amount equal to (i) the Initial Amount Percentage applicable to such policy multiplied by (ii) the annualized Commissionable Premium during the first Policy Year for such policy.

“Initial Amount Offsets” shall mean all amounts due and payable to Purchaser by Seller on a particular Settlement Date as a result of (i) Conversions, Exchanges & Replacements, (ii) First Year Lapse, and (iii) Cancellations & Rescissions, which in each case, have occurred during the immediately preceding Settlement Period.

“Initial Amount Percentage” shall be that percentage applicable to a particular Subject Policy of a specific term, as set forth on **Schedule C**, attached hereto and made a part hereof.

“Liens” shall mean any statutory or other lien, pledge, hypothecation, mortgage, assignment, preference, priority, security interest, encumbrance, setoff right, offset or other charge on, against or affecting any Conveyed Property or any portion thereof or any interest therein, including without limitation, any financing lease or similar transaction, any financing statement or similar instrument under the Uniform Commercial Code or comparable law, any mechanics, materialmen’s or other similar liens or encumbrances.

“New Subject Policy” shall mean a Subject Policy satisfying all of the following conditions:

- (i) such Subject Policy is not a Subject Policy in respect of which Purchaser has previously paid an Initial Amount; and
- (ii) such Subject Policy is currently in force and all premiums then due and payable thereunder have been fully paid by the applicable policyholder.

“Obligations” shall have the meaning set forth in Section 9 below.

“Original PSA” shall have the meaning set forth in the Recitals above.

“Percent of Premium Fee Rate” shall mean the percentage rate applicable to a particular Subject Policy of a specific term, as set forth on **Schedule C**, attached hereto and made a part hereof.

“Percent of Premium Fees” shall mean an amount of money equal to (i) the Percent of Premium Fee Rate for a particular Subject Policy of a specific term, multiplied by (ii) the Commissionable Premium for such Subject Policy.

“Policy Year” shall mean with respect to a Subject Policy, the one calendar year period commencing upon the issuance date of the policy, and each one calendar year period thereafter, in each case commencing on the anniversary date of the policy’s issuance date.

“Related Rights” shall mean all consent, amendment, termination and any other substantive rights held by Seller under the Underlying Insurance Agreements that could impact the term, duration or persistency of any Subject Policy or the continued payment of Percent of Premium Fees hereunder, but shall not include any obligations, duties or liabilities of Seller thereunder, Without limiting the generality of the foregoing, the parties hereto understand that the Related Rights include, without limitation, any Lien, security interest, guaranty, offset, debit, setoff or other rights previously held by Seller pertaining to the Commissionable Premium or the payment by Seller of the Percent of Premium Fees as well as any rights and remedies that Seller may have under the Underlying Insurance Agreements pertaining to the same.

“Settlement Date” shall generally mean the 5th Business Day following the end of the previous Settlement Period.

“Settlement Period” hereunder shall mean each calendar month, with each such period ending on the last day of such calendar month; provided, however, (a) the first Settlement Period shall be deemed to have commenced as of March 1, 2018 and ended on March 31, 2018, and (b) the second Settlement Period commenced on April 1, 2018 and ended on April 30, 2018. For the avoidance of doubt, it is understood that Settlement Periods shall continue after the Funding Termination Date.

“Subject Policy” shall mean each and every RAPI Decision Life 10, 15, 20, and 30 year term life insurance policies sold by Seller’s Designee and issued by Seller, in accordance with the representations, warranties and covenants hereof (including without limitation, the covenants set forth in Section 11(1) below), from and after October 1, 2017 and prior to the Funding Termination Date.

“Vericity” shall mean Vericity Holdings, Inc., a Delaware corporation.

Section 2. Purchase and Sale of Conveyed Property.

Seller hereby sells, assigns, transfers, conveys and delivers to Purchasers, and Purchaser hereby purchases and receives from Seller, free and clear of any Liens or Disputes all rights, title and interests of Seller in and to the Conveyed Property. Seller makes the warranties set forth in Section 10 below as to itself and the Conveyed Property. As set forth below, Seller hereby indemnifies and holds Purchaser harmless from and against any claims or damages from any person or entity regarding Seller’s grant of The Conveyed Property to Purchaser absent the gross negligence or willful misconduct of Purchaser. Any amounts advanced by Purchaser pursuant to any future purchase and sale of Conveyed Property will be deemed to be a future advance by Purchaser, and the corresponding obligations of the Seller with respect to such property shall be deemed to be an obligation covered by this Agreement.

Section 3. Purchase Price; Percent of Premium Fees.

In reliance on the representations and warranties set forth herein and subject to satisfaction of all conditions precedent as set forth herein or in any other agreement between Seller and Purchaser, Purchaser hereby agrees to pay to Seller, in consideration of the conveyance to Purchaser of the Conveyed Property, a purchase price calculated as set forth in this Section 3 and payable as set forth in Section 4. With respect to each New Subject Policy, prior to the Funding Termination Date and so long as no Event of Default exists hereunder, Purchaser shall pay to seller, c/o Seller’s Designee, pursuant to the Efinancial account information set forth on Schedule D attached hereto and made a part hereof, a purchase price equal to the Initial Amount for a particular Subject Policy. Thereafter, no additional Initial Amount payments or any other payments shall be made by Purchaser with respect to that Subject Policy Upon receipt of the Initial Amount, Seller acknowledges that the Conveyed Property shall be fully and absolutely assigned and conveyed to Purchaser free and clear of any Liens or Disputes. In addition, thereafter, Seller shall pay to Purchaser on each succeeding Settlement Date all Percent of Premium Fees which Seller has received, directly or indirectly, from the policyholder of that Subject Policy during the preceding Settlement Period. Seller’s obligation to pay Purchaser Percent of Premium Fees shall extend for so long as the particular Subject Policy from which such fees derive remains in force, even if such time periods are after the Funding Termination Date. Seller hereby acknowledges that any and all rights it may claim to any Commissionable Premium, including all offset, setoff, debit and similar rights, are subject and subordinate, in all respects, to Purchaser’s rights to the Percent of Premium Fees derived therefrom. Seller’s Designee hereby acknowledges that any rights or interests it may claim to any Percent of Premium Fees, Initial Amount Offsets or other consideration periodically paid by Seller to Purchaser hereunder are fully and completely waived, relinquished and forfeited in consideration of Purchaser’s payment of each Initial Amount to Seller, an affiliate of Seller’s Designee, in accordance with the terms and provisions of this Agreement.

Section 4. Purchase Price Payments and Offsets.

Prior to the date hereof, under the Original PSA, HLRA, as the purchaser, advanced an aggregate amount of Initial Amounts equal to \$4,468,150, net of all Percent of Premium Fees and all Initial Amount Offsets for all Subject Policies issued thereunder and received by HLRA through February 28, 2018, at which time the “Funding Termination Date” under the Original PSA had been reached. Also, prior to the date hereof, pursuant to a Letter of Intent between Seller and HLRA (which Letter of Intent is superceded hereby), HLRA has made an initial purchase price payment of \$1,138,818, which represents an estimate of the Initial Amounts of all Subject Policies issued or to be issued during the first Settlement Period, net of

Percent of Premium Fees and Initial Amount Offsets for the Settlement Period of February, 2018 for all Subject Policies issued prior to February 28, 2018, all subject to the Original PSA. Also, subsequent to the Assignment and Assumption and substantially concurrently with the execution of this Agreement, Purchaser has made an initial purchase price payment of \$1,035,370, which represents an estimate of the Initial Amounts of all Subject Policies issued or to be issued during the second Settlement Period, net of Percentage of Premium Fees and Initial Amount Offsets for the first Settlement Period for all Subject Policies issued during the first Settlement Period, all subject to this Agreement. As a result, as of the date of this Agreement a total of \$6,642,338, net of Percent of Premium Fees and Initial Amount Offsets, has been paid by Purchaser or Purchaser's predecessor -in -interest for all Conveyed Property, and such amount is hereby acknowledged by Seller to be outstanding and due and payable to Purchaser in accordance with the provisions of this Agreement.

On the next Settlement Date after the date of this Agreement and on each succeeding Settlement Date until the funding Termination Date, provided no Event of Default then exists, based on the representations, warranties and covenants set forth below, including without limitation, the covenants set forth in Section 11(1) below, Purchaser shall make, for each New Subject Policy that was issued during the preceding Settlement Period and for which no Initial Amount was previously paid, an aggregate Initial Amount payment to Seller's Designee, in an amount equal to

(a) \$1.2 million plus;

(b) the excess, if any, that the Initial Amounts in respect of Subject Policies issued during the immediately preceding Settlement Period exceeds \$1.2 million as an estimate of Initial Amounts in respect of Subject Policies expected to be issued during the Settlement Period in which the Settlement Date falls minus;

(c) the amount, if any, that the Initial Amounts in respect of Subject Policies issued during the immediately preceding Settlement Period is less than \$1.2 million minus;

(d) the total Percent of Premium Fees actually received by Purchaser during the immediately preceding Settlement Period minus; and

(e) the total of Initial Amount Offsets arising during the immediately preceding Settlement Period.

Notwithstanding the foregoing, in no event shall any monthly Initial Amount calculated in accordance with clauses (a) through (c) above be more than \$2 million or less than the lesser of (x) such amount as is unfunded and remains available for funding by Purchaser in accordance with the definition of Funding Termination Date above and (y) \$0.5 million; any carry-over shall be applied to the following Settlement Date and Settlement Period. If during any Settlement Period, the amount of (d) plus (e) immediately above exceeds the amount of (a) plus (b) minus (c), in each case, immediately above, Seller understands and agrees that it shall pay to Purchaser such excess amount within one (1) Business Day of demand by Purchaser.

From and after the Funding Termination Date, Seller shall continue to be obligated to pay (a) any Percent of Premium Fees and (b) any Initial Amount Offsets, in each case, not previously included in a Settlement Date calculation or otherwise paid under this Agreement Accordingly, on each Settlement Date following the end of each Settlement Period after the Funding Termination Date, Seller shall pay Purchaser any Percent of Premium Fees and any Initial Amount Offsets that arose during any prior Settlement Period, in each case, to the extent not previously included in a Settlement Date calculation or otherwise paid under this Agreement.

Section 5. Conditions Precedent to Purchase.

Prior to Purchaser paying the purchase price for the Conveyed Property on any Settlement Date and being otherwise bound by the terms of provisions of this Agreement, Seller shall execute and deliver this Agreement, legal opinions and such other information regarding the Underlying Insurance Agreements, the commissionable Premium, the Subject Policies and other matters related thereto as Purchaser may

reasonably require, all in form and content reasonably satisfactory to Purchaser.

Section 6. [Intentionally Omitted].

Section 7. Events of Default.

An “Event of Default” shall be deemed to exist under this Agreement in the event of any of the following

- (a) Seller defaults in the payment or performance of any obligations under this Agreement or any other agreement by and between Purchaser and Seller;
- (b) Seller or Purchaser discovers or determines that any representation or warranty made by Seller or Seller’s Designee in the Agreement or any document executed in connection with this Agreement is false or misleading in any respect;
- (c) Any Dispute arises with respect to any portion of the Conveyed Property;
- (d) Seller or Seller’s Designee breaches any covenant or agreement contained in this Agreement or any other document executed in connection with this Agreement;
- (e) Dissolution, insolvency, cessation or termination of Seller’s business, or should Seller’s business be placed in receivership or any bankruptcy or insolvency proceeding;
- (f) The loss, sale, levy, destruction, attachment, seizure or other encumbrance of the Percent of Premium Fees; and
- (g) Seller and/or Seller’s Designee at any time is not directly or indirectly majority-owned and controlled by Vericity. As used herein, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the subject person or entity, whether through the ability to exercise voting power, by contract or otherwise.

The occurrence of any Event of Default under this Agreement shall be a “Default” which entitles Purchaser to exercise any applicable rights and remedies under.

Regardless of the foregoing, with respect to any non-monetary Event of Default, Seller shall have 5 Business Days’ notice and opportunity to cure such Event of Default prior to it becoming a Default hereunder. However, Purchaser maintains the express rights of setoff and recoupment, which it may exercise at any time with or without notice upon any Event of Default.

Section 8. Purchaser’s Remedies upon Seller’s Default.

In the event Seller is in Default, Purchaser shall have the right, in addition to any other right or remedy available under applicable law, but not the obligation, in Purchaser’s own name, or in the name of Seller, to take any one or more of the following actions, simultaneously or in such sequence as Purchaser shall determine in Purchaser’s sole discretion:

- (a) exercise all recoupment or setoff rights which Purchaser may have under this Agreement or under applicable law;
- (b) require Seller to repurchase, for cash, all or any part of the Conveyed Property sold to Purchaser under this Agreement for the purchase price paid by the Purchaser for such property minus any payments previously received by Purchaser from Seller related to such purchase price, as set forth in **Section 4** above;
- (c) refuse to fund any further Initial Amounts following the issuance of New Subject Policies; and
- (d) exercise all other rights and remedies available to Purchaser.

Section 9. Interest on Obligations.

As used herein, “Obligations” shall mean all payment obligations owed by Seller to Purchaser hereunder, including without limitation, the payment of Percent of Premium Fees, all Initial Amount Offsets, all indemnification obligations of Seller set forth herein, and all fees and costs incurred by Purchaser hereunder. All Obligations of Seller to Purchaser which become due and unpaid upon Seller’s Default pursuant to Section 7 of this Agreement shall bear interest at the rate of 16% (Sixteen per cent) per annum, Interest will accrue on unpaid Obligations during the period beginning on the tenth day following the date on which Purchaser makes demand on Seller to repurchase the Conveyed Property(s) and ending on the date the Obligations are fully satisfied.

Section 10. Representations and Warranties of Seller.

Seller hereby represents, warrants and guarantees to Purchaser on the date hereof and on each Settlement Date as follows:

(a) that the information with respect to the Subject Policies, Seller’s financial statements and all other materials previously or hereafter submitted to Purchaser by Seller or Seller’s Designee in connection herewith are true, correct and complete in all material respects;

(b) all federal, state and other material tax returns and payments of any kind due or owing by Seller have been timely filed and paid , except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP;

(c) execution of this Agreement by Purchaser and payment of the purchase price set forth herein will thereby vest in Purchaser absolute ownership of the Conveyed Property (for each existing Subject Policy and for each future Subject Policy) free from any security interests, liens, claims or equities of third parties;

(d) prior to its sale to Purchaser hereunder, Seller is the sole owner of and has good, free and unencumbered title to the Percent of Premium Fees,

(e) execution and delivery of this Agreement and the conveyance by Seller of the Conveyed Property has been duly authorized by all necessary company actions, has received all necessary governmental and third-party approvals (if any shall be required), and does not and will not contravene or conflict with any provision of the organizational documents of Seller, any applicable law, any Underlying Insurance Agreement or any other material agreement, indenture, instrument, order or decree which is binding upon Seller, and this Agreement and all the other documents executed in connection herewith are legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, except as enforceability may be limited, by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(f) no other, sale, assignment, lien, security interest or pledge exists against any Conveyed Property;

(g) Seller’s chief executive office and the location where all books and records pertaining to the Conveyed Property are kept are at the address shown below for notice to Seller or such other address as Seller has notified Purchaser in writing, in advance;

(h) Seller is solvent, properly licensed and authorized to operate its business under the name designated herein, and is in good standing with and duly organized under the laws of the jurisdiction under which it was organized or incorporated, and has the requisite authority to transact business in each state in which it is engaged in business;

(i) Seller currently uses no trade name that has not been disclosed to Purchaser in writing;

(j) no petition in bankruptcy naming Seller as a debtor has been filed by or against Seller nor has Seller filed any petition seeking an arrangement of its debts or for any other relief under the Bankruptcy Code of the United States;

(k) that no application for appointment of a receiver or trustee for all or a substantial part of Seller's property is pending;

(l) Seller has made no general assignment for the benefit of creditors;

(m) there is not of record, in any jurisdiction or filing office, any financing statement, notice of lien, tax lien, notice of assessment, assessment, assignment, charge, or other instrument of any kind covering any Conveyed Property;

(n) Seller is not in default (beyond all applicable notice and cure periods) in any material respect under any loan agreement, indenture, mortgage, security agreement, or other material agreement or obligation to which it is a party or by which any of its properties may be bound;

(o) there is no action, suit, investigation, or proceeding before any court, governmental authority, or arbitrator pending, or to the knowledge of Seller, threatened against or affecting Seller, that would, if adversely determined, have a material adverse effect on the financial condition or operations of Seller;

(p) there are no outstanding judgments against Seller that would have a material adverse effect on the financial condition or operations of Seller;

(q) neither Seller, Seller's Designee, any affiliates of either of them, any reinsurers of Seller, any finance company, any other lender, nor any other person or party holds any ownership interest in, security interest in, lien rights on, or offset rights against, any of the Conveyed Property or any of the Commissionable Premium arising under any of the Subject Policies;

(r) other than Seller's Designee, no other agent, producer, broker or other person or party is paid, receives or withholds any commission, fees or other compensation with respect to the Commissionable Premium;

(s) the exercise of any remedies by Purchaser under this Agreement or under applicable law relating to the Percent of Premium Fees and the other Conveyed Property will not contravene or conflict with any Underlying Insurance Agreements or applicable law, and will not require the consent or approval of Seller, any reinsurer or any other person or entity having any rights or interests pertaining to a Subject Policy;

(t) the Underlying Insurance Agreements delivered to Purchaser are in full force and effect, have not been amended, modified or waived and are enforceable on accordance with their terms. There are no other agreements, side letters or other documents of any sort pertaining to or affecting the Underlying Insurance Agreements;

(u) Seller has fully disclosed in writing to Purchaser all current pricing, sales, marketing and other business practices that are currently used regarding the sales and distribution of the Subject Policies; and

(v) Seller does not hold, and hereby fully relinquishes and releases to the extent it may be deemed to hold, any claim or cause of action against HLRA and/or Purchaser pertaining to the Original PSA, the Assignment and Assumption or otherwise.

THE PARTIES HAVE CAREFULLY CONSIDERED THE REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN AS THEY RELATE TO EACH SUBJECT POLICY AND THE PERCENT OF PREMIUM FEES AND THE RELATED RIGHTS ASSOCIATED THEREWITH, AND UNDERSTANDS THAT ALL REPRESENTATIONS AND WARRANTIES

MADE BY SELLER SHALL BE DEEMED REAFFIRMED BY SELLER UPON ITS ENTERING INTO EACH NEW SUBJECT POLICY AND PURCHASER'S DELIVERY TO THE SELLER OF AN INITIAL AMOUNT PURCHASE PRICE ASSOCIATED THEREWITH. THE PARTIES ACKNOWLEDGE THAT ANY KNOWING OR RECKLESS ERROR OR OMISSION MADE BY THE OTHER PARTY IN THE REPRESENTATIONS OR WARRANTIES MADE HEREIN MAY SUBJECT THAT PARTY TO CIVIL PENALTIES, IN ADDITION TO CIVIL LIABILITY.

Section 11. Certain Covenants of Seller and Seller's Designee.

Seller and Seller's Designee covenant and agree that neither will, without prior written approval from Purchaser;

(a) move either Seller's chief executive office or the location where books and records pertaining to the Conveyed Property are kept to a location outside of the location specified in the section entitled "Notices", below without giving prior written notice to Purchaser;

(b) use any trade name without giving prior written notice to Purchaser;

(c) change its name or convert its corporate structure without giving prior written notice to Purchaser;

(d) take or omit taking any actions that would render any of Seller's representations and warranties incorrect or incomplete;

(e) merge or consolidate with any other corporation or entity unless Seller is the continuing and surviving person;

(f) dissolve or cease its operations as they are now conducted;

(g) take, consent to or acquiesce in any action that would result in (i) Vericity failing to own and control, of record and beneficially, 100% of the outstanding voting membership interests of Seller or take any action to sell all or substantially all of Seller's assets, or (ii) Vericity failing to own and control, of record and beneficially, at least a majority of the outstanding voting membership interests of Seller's Designee or take any action to sell all or substantially all of Seller's Designee assets;

(h) neither Seller nor Seller's Designee will directly or indirectly solicit, encourage, support or permit the replacement of any Subject Policy;

(i) amend, modify or supplement any of the approved forms of Subject Policies from those forms which exist as the date of this Agreement, or amend, modify or supplement any of the Underlying Insurance Agreements;

(j) neither Seller nor Seller's Designee will convey any security interest in, liens rights on, or offset rights against any of the Conveyed Property or any of the Commissionable Premium arising under any of the Subject Policies;

(k) pay to or withhold from any agent, producer, broker or other person or party any commission, fees or other compensation with respect to the Commissionable Premium; or

(l) neither Seller, Seller's Designee, or any affiliates of either of them will make any material changes to the pricing, sales, marketing or other business practices that are used as of the date hereof regarding the sales and distribution of the Subject Policies.

Seller and Seller's Designee each covenants that it will notify Purchaser in writing promptly upon the imposition or assessment of any, tax lien, assessment or similar levy against Seller or any of Seller's assets, and upon any Dispute arising with respect to any Conveyed Property.

Section 12. Reports.

Seller shall provide to Purchaser:

(a) As soon as available, but in any event not later than the 3rd Business Day of each Settlement Period after the date hereof, an Allocation and Payment Report for the most recently ended Settlement Period, as well as seriatim files for all new Subject Policies in form and content reasonably acceptable to Seller and Purchaser.

(b) As soon as available, but in any event not later than two (2) Business Days after delivery thereof, copies of (i) any written or electronic reports or other information provided or received by Seller under any of the Underlying Insurance Agreements and (ii) any default or termination notices or other material notices given or received with respect to any Underlying Insurance Agreements and the actions being taken to cure or enforce the same.

(c) Within two (2) Business Days of becoming aware of any of the following, inform Purchaser of the same together with a reasonably detailed description of the steps being taken by Seller with respect thereto; (i) the occurrence of an Event of Default; or (ii) any litigation, arbitration or governmental investigation or proceeding which have been instituted or, to the knowledge of Seller, is threatened against Seller, Seller's Designee, the Commissionable Premium, the Conveyed Property or to which any of the Seller's property is subject, including, without limitation, any actions taken by the department of insurance, insurance regulator or other governmental authority regarding any material actions involving Seller or Seller's Designee.

(d) From time to time such other information concerning the Conveyed Property, any Underlying Insurance Agreements or the transactions hereunder as Purchaser may reasonably request, subject to any legal or contractual confidentiality restrictions.

Section 13. Books and Records.

Seller agrees, upon reasonable prior notice, to permit Purchaser access, not to exceed once per fiscal quarter unless an Event of Default has occurred and is continuing, to all books and records of the Seller, and as applicable, Seller's Designee, including access to computer files and databases, during normal business hours.

Section 14. Resolution of Disputes.

Each party shall immediately notify the other party of the assertion by any party or person of any Dispute. Seller shall settle, at its own expense, all Disputes, subject to Purchaser's approval, but Purchaser shall have the right, in its discretion, to settle any Dispute directly with the party or person involved upon such terms as Purchaser may deem advisable and at Seller's expense without waiving Purchaser's right to declare a Default, and any deficiency resulting from such settlement shall be the responsibility of Seller.

Seller specifically acknowledges and agrees that Purchaser is not assuming any liability or obligation of any kind to Seller's customers or in any way relating to the Conveyed Property or any of Seller's other accounts receivable, except as caused by Purchaser's gross negligence or willful misconduct.

Section 15. INDEMNIFICATION.

The parties hereby unconditionally and irrevocably, jointly and severally, agrees to indemnify, defend and hold harmless (each such party providing such indemnification being the "Indemnifying Party") the other party and, its officers, servants, employees, agents, attorneys, principals, directors, affiliates, shareholders, parents, subsidiaries, predecessors, successors, and assigns (collectively, the "Indemnified Parties") from and against any and all Losses (as hereinafter defined) that any Indemnified Party may suffer, pay or incur as a result of, arising from or connected with any Claim (as hereinafter defined) threatened or asserted against any Indemnified Party, by any person or entity, except to the extent such Losses are attributable to the bad faith, willful misconduct or gross negligence of the Indemnified Party.

For purposes hereof, "Claims" shall mean all, claims, demands, lawsuits, causes of action, choses in action and other legal, governmental and/or administrative actions and proceedings of whatever

nature or kind threatened, brought, or asserted against any Indemnified Party whether by reason or in consequence of direct action, counterclaim, cross-claim, third party claim, intervention, interpleader, or otherwise, even if groundless, false, meritless or fraudulent, and whether or not caused directly or indirectly, by any error, omission, act or negligence of any Indemnified Party so long as the claim, lawsuit, cause of action, chose in action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, result from, relate to, or be based upon, in whole or in part: (i) the obligations, duties, responsibilities, activities, acts or omissions of any Indemnifying Party, in connection with this Agreement; or (ii) as to matters where Purchaser and its related parties are the only Indemnified Parties, any matter whatsoever relating to any of the Percent of Premium Fees, other Conveyed Property or Initial Amount Offsets, including, without limitation, the use, ownership, sale, conversion, disposition, or collection of all or any portion of the Percent of Premium Fees, other Conveyed Property or Initial Amount Offsets (including compliance with laws).

For purposes hereof, “Losses” shall mean any losses, costs, damages, expenses, judgments, liabilities, obligations and penalties of whatever nature or kind, including, without limitation, attorneys’, accountants, and other professional fees; reasonable litigation expenses and court costs and expenses; amounts paid in settlement; amounts paid to discharge judgments, penalties, fines and amounts payable to or incurred by any Indemnified Party to any other person or entity, directly or indirectly, resulting from, arising out of or relating to one or more Claims.

In the event that an Indemnifying Party fails or refuses to defend any Indemnified Party as required herein, or an Indemnifying Party fails or refuses to engage independent counsel to defend any Indemnified Party to avoid any possible conflict of interest that results from joint representation of that party and any Indemnified Party by the same counsel, then, in such event, Indemnified Party, at its option, may engage counsel to defend the Indemnified Party and the Indemnifying Party consents, covenants and agrees to bear and pay all such reasonable legal fees and related costs just as though that party had incurred the same for its own account.

Section 16. Taxes.

All taxes and governmental charges imposed with respect to the sales of the goods related to the Conveyed Property shall be charged to Seller.

Section 17. Termination.

This Agreement shall automatically terminate upon the occurrence of the Funding Termination Date. Termination of this Agreement shall not terminate any of Seller’s other liabilities or obligations hereunder, including but not limited to (i) payment of Initial Offset Amounts not previously included in a Settlement Date calculation or otherwise paid under this Agreement, (ii) payment of all Percent of Premium Fees payable after the Funding Termination Date for any Subject Policy which then remains in force, and (iii) any obligations that may arise under Seller’s indemnification obligation described above.

Section 18. Waiver.

Any failure by Purchaser to exercise any of its rights hereunder shall not be deemed to be a waiver by Purchaser of such or any other rights, nor in any manner impair the subsequent exercise of the same or any other right, and any waiver by Purchaser of any Event of Default or Default shall not constitute a waiver of any subsequent Event of Default or Default.

Section 19. Choice of Law; Venue, Service of Process.

This Agreement shall be construed according to the laws of the State of New York, without regard to choice of law principles. Any action or proceeding against Seller under or in connection with this Agreement or any other agreement executed in connection herewith shall be brought in any state or federal court in New York, New York, and Seller hereby irrevocably submits to the exclusive jurisdiction of such courts and waives any objection it may now or hereafter have as to the venue of any such court as an inconvenient forum.

Section 20. WAIVER OF JURY TRIAL; CLASS ACTION WAIVER.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN

ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 21. Assignment; Successors and Assigns.

Purchaser may from time to time, without the consent of, but with prior written notice to, Seller, assign its rights, or sell participation interests, in and under this Agreement to any affiliate of Purchaser or to any other person or entity, and the assignee or participant shall be entitled to all of the rights and remedies of Purchaser under this Agreement, including its rights as a secured party. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective administrators, legal representatives, successors and assigns; however, Seller may not assign its obligations or rights under this Agreement without the written consent of Purchaser.

Section 22. Further Assurances.

Seller agrees to execute and deliver to Purchaser such notices of assignment and other documents as Purchaser may reasonably request to further document the sale and assignment of the Conveyed Property hereunder.

Section 23. Severability.

If any provision of this Agreement shall, for any reason, be held to violate any applicable law, then the remaining portion of this Agreement shall remain in full force and effect.

Section 24. Headings, Construction.

The headings contained in this Agreement are for reference purposes only and shall not modify or affect the terms of this Agreement in any manner.

Section 25. Saturday, Sunday or Legal Holiday.

If any day provided in this Agreement for the performance of any obligation should fall on a day which is not a Business Day, the compliance with such obligation or delivery shall be deemed acceptable on the next Business Day following such day.

Section 26. Notices.

All notices and requests hereunder shall be in writing (including email or facsimile transmission) and shall be sent to any party to the following address or to such other address as such party may, by written notice to the other parties, have designated as its address for such purpose:

If to Seller;

Fidelity Life Association
8700 W. Bryn Mawr Avenue
Suite 900S
Chicago, IL 60631
Attention: Deputy General Counsel
Email: michael.gooding@fidelitylife.com
Attention: Chief Actuary
Email: marc.cagen@fidelitylife.com

If to Seller's Designee.

Efinancial, LLC
8700 W. Bryn Mawr Avenue
Suite 900S
Chicago, IL 60631
Attention: Deputy General Counsel
Email: michael.gooding@fidelitylife.com
Attention: Chief Actuary
Email: marc.cagen@fidelitylife.com

If to Purchaser:

Hannover Life Reassurance Company of America (Bermuda) Ltd.
c/o Appleby (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM12, Bermuda
Email 1: FSOps@hlramerica.com
Email 2: FSReporting@hlramerica.com

with a copy of any notice to Purchaser being simultaneously sent to:

Hannover Life Reassurance Company of America
200 South Orange Avenue, Suite 1900
Orlando, FL 32801,
Attention: General Counsel
Email 1: FSOps@hlramerica.com
Email 2: FSReporting@hlramerica.com

Notices sent by email or facsimile transmission shall be deemed to have been given upon receipt by the sender of confirmation, via email transmission, of receipt thereof; notices sent by mail shall be deemed to have been given three (3) Business Days after the date when sent by registered or certified mail, postage prepaid; notices sent by overnight courier shall be deemed to have been given one (1) Business Day after the date sent by reputable overnight courier, postage prepaid; and notices sent by hand delivery or overnight courier shall be deemed to have been given when received. The parties hereto authorize each other party to rely upon and comply with instructions or directions sent via unsecured email transmission and each party shall not be liable for any loss, liability or expense of any kind incurred by another party due to such party's reliance upon and compliance with instructions or directions given by unsecured email transmission, provided, however, that such losses have not arisen from the gross negligence or willful misconduct of the receiving party, it being understood that the failure of the receiving party to verify or confirm that the person providing the instructions or directions, is, in fact, an authorized person does not constitute gross negligence or willful misconduct.

Section 27. Costs of Enforcement.

In the event of any default or breach by Seller under this Agreement, or any portion hereof, whether or not such enforcement becomes necessary by reason of a breach or default by Seller and/or in the event it becomes necessary for Purchaser to employ an attorney and incur other expenses to collect any Conveyed Property or Obligation, or to negotiate or otherwise render advice on this Agreement, Seller agrees to pay to Purchaser on demand, from time to time as such amounts are reasonably incurred by Purchaser, an amount or amounts equal to all reasonable fees, expenses, attorneys' fees and costs incurred by Purchaser including but not limited to court costs and reasonable attorneys' fees. The costs described in this section shall become Obligations under Section 9 of this Agreement. Furthermore, Seller agrees to reimburse Purchaser on demand for the actual amount of all reasonable costs and expenses, including reasonable attorneys' fees, which Purchaser has incurred or may incur in:

(a) protecting, preserving or enforcing any right granted by Seller to Purchaser or arising under applicable law, whether or not suit is brought, including but not limited to the defense of any claims or Disputes; and

(b) complying with any subpoena or other legal process attendant to any litigation in which Seller is a party, including photocopying and travel expenses

Section 28. Electronic Signatures.

Seller agrees that any executed facsimile (faxed), electronic copy of documents, electronic signatures, or signature-stamped documents, received by Purchaser relating to this Agreement shall be deemed to be of the same force and effect as the original, manually executed documents.

Section 29. Obligations Absolute.

Seller agrees that its obligations shall not be released, diminished, impaired or affected by the occurrence of any one or more of the following events, all of which may occur without notice to or consent of Seller:

- (a) Any release, partial release, subordination or loss of any security or guaranty at any time existing in connection with the obligations contained herein;
- (b) The insolvency, bankruptcy, disability or incapacity of any Seller, any guarantor, or any other party now or hereafter obligated hereon;
- (c) Any renewal, extension, and/or rearrangement of all or any portion of the obligations contained herein;
- (d) Any neglect, delay, omission, failure or refusal of Purchaser to take or prosecute any action for the collection of the obligations provided herein;
- (e) The unenforceability for any reason of all or any part of the obligations contained herein against any Seller, guarantor or other party;
- (f) The finding of any payment by any Seller to constitute a preference under bankruptcy or similar debtor relief law;
- (g) Any release or partial release of liability of any Seller, guarantor or other party; or
- (h) Any other action that might impair rights in the nature of contribution or subrogation that Seller might otherwise have.

Section 30. Entire Agreement: Amendment.

This Agreement and the other instruments executed and delivered by Seller and Purchaser in connection herewith represents and embodies the final, entire agreement between the parties hereto and supersedes any and all prior commitments, agreements, representations and understandings, whether written or oral relating to the subject matter hereof, including any written proposal any letter of intent and the Original PSA, and may not be contradicted or varied by evidence of prior, contemporaneous or subsequent oral agreements or discussions of the parties hereto. There are no oral agreements between the parties hereto. The provisions of this Agreement may not be amended or modified except by a written instrument executed by Purchaser, Seller's Designee, and Seller.

Section 31. Conflict.

Unless otherwise expressly stated in any other agreement between Purchaser and Seller, if a conflict exists between the provisions of this Agreement and the provisions of such other agreement, the provisions of this Agreement shall control.

Section 32. Nature of Agreement.

Seller and Purchaser have, for all legal and business purposes, characterized the sale of Percent of Premium and Related Rights by Seller to Purchaser pursuant to this Agreement as a purchase and sale transaction, and not a transaction for the use, forbearance or detention of money.

Section 33. Authority.

The individual signing below warrants and represents that s/he has the requisite authority to bind the entity on whose behalf s/he signs. Purchaser may rely on any Schedule that purports to come from the Seller and is under no duty to verify its authenticity or genuineness or the authority of the signatory.

Section 34. Confidentiality.

The parties agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the party to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or participant in, or any prospective assignee of or participant in, any of a party's rights under this Agreement, (g) with the consent of the other parties, or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (j) becomes available to such party on a non-confidential basis from a source other than Purchaser or Seller, as the case may be. For the purposes of this Section, "Information" as used herein means all financial information received from a party to this Agreement, other than any such information that is available to such party on a non-confidential basis prior to disclosure. Any party required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such party has exercised the same degree of care to maintain the confidentiality of such Information as such party would accord to its own confidential information. It is specifically agreed that invoices and other documents evidencing a Conveyed Property or other payment right sold hereunder shall not be confidential, and Purchaser may share such information as necessary in its collection efforts.

Section 35. Agreement Supersedes Original PSA.

The parties hereto acknowledge and agree that the terms of this Agreement amend and restate the Original PSA in its entirety and the terms and provisions of such Original PSA have been entirely superseded by the terms and provisions of this Agreement. The parties further acknowledge that, as of the date hereof, Purchaser is the sole "Purchaser" under the Original PSA, as amended and restated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day first above written.

PURCHASER:

**HANNOVER LIFE REASSURANCE COMPANY OF
AMERICA (BERMUDA) LTD., a
Bermuda insurance company**

By: /s/ Dale Mensik
Name: Dale Mensik
Title: Senior Vice President

By: /s/ Jeffrey R. Birt
Name: Jeffrey R. Birt
Title: CEO

SELLER:

**FIDELITY LIFE ASSOCIATION, A LEGAL
RESERVE LIFE INSURANCE COMPANY**

By: /s/ Jim Harkensee

Name: Jim Harkensee

Title: President

SELLER'S DESIGNEE:

EFINANCIAL, LLC,
a Washington limited liability company

By: /s/ Christopher Campbell

Name: Christopher Campbell

Title: President

SCHEDULE A

Form of Allocation and Payment Report

(See Attached)

Hannover/FLA Commission Financing/Acquisition Agreement
Allocation and Payment Report
As Of: _____

(1) Estimate Initial Amount (Previous Settlement Period) _____

(2) Initial Amount on actual production, previous settlement period

	Annualized Premium	Policy Count	Commissonable Premium	Initial Amount Percentage	Initial Amount
(a) 10 Year Term				135%	
(b) 15 Year Term				135%	
(c) 20 Year Term				145%	
(d) 30 Year Term				145%	
(e) Total					

(3) Estimate Initial Amount (Current Settlement Period) _____

(4) Percentage of Premium Fees, current settlement period

	Earned Premium (level term only)	Policy Count	Commissonable Premium (level term only)	Percent of Premium Fee Rate	Percent of Premium Fee
(a) 10 Year Term				28%	
(b) 15 Year Term				28%	
(c) 20 Year Term				21%	
(d) 30 Year Term				21%	
(e) Total					

(5) Chargebacks (Initial Amount Offsets) _____

(6) Net Settlement (2) - (1) + (3) - (4) - (5)

SCHEDULE B

<u>Policy Year</u>	<u>Unamortized Percentage</u>
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	10%
11 and (thereafter)	0%

SCHEDULE C

Subject Policy Type	Initial Amount Percentage	Percent of Premium Fee Rate
10 Year Term	135%	28%
15 Year Term	135%	28%
20 Year Term	145%	21%
30 Year Term	145%	21%

SCHEDULE D

Efinancial Payment Account Information

Name of Bank	US Bank
ABA Number	1250000105
Account Name	Efinancial, LLC
Account Number	1 535 9239 7209

STANDBY STOCK PURCHASE AGREEMENT

DATED AS OF OCTOBER 5, 2018

BY AND AMONG

APEX HOLDCO L.P.,

VERICITY, INC.,

MEMBERS MUTUAL HOLDING COMPANY,

AND

FIDELITY LIFE ASSOCIATION

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STANDBY STOCK PURCHASE AGREEMENT

This STANDBY STOCK PURCHASE AGREEMENT is dated as of October 5, 2018, by and among APEX HOLDCO L.P., a Delaware limited partnership (the “**Standby Purchaser**”), VERICITY, INC., a Delaware corporation (“**HoldCo**”), MEMBERS MUTUAL HOLDING COMPANY, an Illinois mutual insurance holding company (“**Members Mutual**”), and solely with respect to Section 1.4(e)(iii), Fidelity Life Association, an Illinois legal reserve life insurance company (“**Fidelity Life**”). Any capitalized term used and not immediately defined is defined in Section 9.12 of this Agreement.

WHEREAS, the Board of Directors of Members Mutual (the “**Members Mutual Board**”) has adopted a Plan of Conversion (as amended or supplemented from time to time, the “**Plan of Conversion**”) attached hereto as Exhibit A, pursuant to which Members Mutual will convert from an Illinois domiciled mutual holding company to an Illinois domiciled stock company pursuant to Section 59.1 of the Illinois Insurance Code (the “**Conversion**”), and immediately following the Conversion Members Mutual will become a wholly owned subsidiary of HoldCo;

WHEREAS, for U.S. federal income tax purposes, HoldCo and Members Mutual intend for the Conversion to qualify as a “reorganization” under the provisions of Section 368(a)(1)(E) of the Code (as defined below), and have each adopted the Conversion as a “plan of reorganization” within the meaning of Treasury Regulation Section 1.368-2(g);

WHEREAS, a special meeting (including any adjournment or postponement thereof, the “**Special Meeting**”) of the Eligible Members of Members Mutual will be held to approve the Plan of Conversion and the Members Mutual Restated Articles, both of which must be approved by the affirmative vote of at least two-thirds of the votes cast at the Special Meeting (the “**Eligible Member Approval**”);

WHEREAS, as part of the Conversion, HoldCo will offer for sale between 14,875,000 shares (the “**Offering Minimum**”) of common stock of HoldCo, par value \$0.001 per share (the “**Common Stock**”) and 20,125,000 shares (the “**Offering Maximum**”) of Common Stock at a purchase price of \$10.00 per share (the “**Subscription Price**”) on a priority basis to Eligible Members of Members Mutual and the directors and officers of Members Mutual in the Subscription Offering in accordance with the Plan of Conversion;

WHEREAS, if the number of shares of Common Stock subscribed for in the Subscription Offering is less than the Offering Minimum, the Standby Purchaser is willing to purchase from HoldCo the number of shares of Common Stock that, together with the number of shares of Common Stock subscribed for in the Subscription Offering, equals the Offering Minimum, and may purchase such number of additional shares up to the Offering Maximum, which such additional shares may permit the Standby Purchaser to acquire up to a majority of the shares of Common Stock sold (such offering of shares of Common Stock to the Standby Purchaser, the “**Standby Offering**”, and together with the Subscription Offering, the “**Offerings**”);

WHEREAS, promptly after the execution of this Agreement, HoldCo intends to confidentially submit a registration statement on Form S-1 (as the same may be amended, the “**Registration Statement**”) to the SEC to register the shares to be offered in the Subscription Offering;

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition and inducement to HoldCo's and Members Mutual's willingness to enter into this Agreement, J.C. Flowers IV L.P. ("**Fund IV**"), an Affiliate of the Standby Purchaser, has entered into a Guaranty (the "**Guaranty**"), a copy of which is attached hereto as Exhibit D, pursuant to which Fund IV will guarantee the payment of all obligations (including any payment due for damages) of the Standby Purchaser under this Agreement; and

WHEREAS, concurrently with the execution and delivery of this Agreement, the Standby Purchaser and certain members of the board and management of Members Mutual have entered into an equity incentive plan arrangement that will become effective upon the Closing.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

THE STANDBY PURCHASE

Section 1.1. Standby Purchase Commitment.

(a) Subject to the terms and conditions of this Agreement, the Standby Purchaser agrees to purchase from HoldCo, at the Subscription Price, the number of shares of Common Stock of HoldCo equal to the difference between (i) the Offering Minimum and (ii) the number of shares of Common Stock subscribed for in the Subscription Offering (the "**Mandatory Standby Shares**").

(b) If the Initial Standby Ownership Percentage is equal to or less than 50%, the Standby Purchaser shall have the option to purchase such number of additional shares of Common Stock at the Subscription Price (the "**Optional Standby Shares**", and together with the Mandatory Standby Shares, the "**Standby Shares**"), such that the Final Standby Ownership Percentage is equal to or less than 51%; provided, however, that in no event may the Standby Purchaser purchase a number of shares of Common Stock that, together with the number of shares of Common Stock sold in the Subscription Offering, would exceed the Offering Maximum. As used herein, the "**Initial Standby Ownership Percentage**" shall mean the quotient, (i) the numerator of which equals the number of Mandatory Standby Shares and (ii) the denominator of which equals the sum of (x) the total number of shares of Common Stock of HoldCo subscribed for in the Subscription Offering, and plus (y) the number of Mandatory Standby Shares; and the "**Final Standby Ownership Percentage**" shall mean a quotient, (i) the numerator of which equals the number of Standby Shares and (ii) the denominator of which equals the sum of (A) the total number of shares of Common Stock of HoldCo subscribed for in the Subscription Offering, and plus (B) the number of Standby Shares.

(c) If the number of shares of Common Stock subscribed for by Eligible Members and the directors and officers of Members Mutual in the Subscription Offering is equal to or greater than the Offering Minimum, the Standby Purchaser may purchase a number of shares of Common Stock (if any) that, together with the number of shares of Common Stock sold in the Subscription Offering, would not exceed the Offering Maximum.

Section 1.2. Issuance of Members Mutual Shares to HoldCo. Upon the terms and subject to the conditions of the Plan of Conversion and this Agreement, immediately after the Plan becomes effective on the Effective Date, Converted Members Mutual shall issue to HoldCo 1,000 shares of Converted Members Mutual's common stock, \$1.00 par value per share, which shall constitute all of the authorized shares of capital stock of Converted Members Mutual.

Section 1.3. Closing.

(a) The closing (the "**Closing**") of the transactions contemplated by this Agreement, including the purchase of the Standby Shares by the Standby Purchaser, shall take place (i) at the offices of Locke Lord LLP, 111 S. Wacker Dr., Chicago, Illinois 60606, at 10:00 a.m., Central time, as soon as possible after, and in any event within three Business Days of, the date on which the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) shall have been satisfied or waived in accordance with this Agreement, or (ii) at such other place and time and/or on such other date as the parties hereto may mutually agree in writing.

(b) At least one (1) Business Day prior to the date of the Special Meeting, the Standby Purchaser shall deposit with the escrow agent (as identified in the Registration Statement) (the "**Escrow Agent**"), for the benefit of HoldCo and Members Mutual, sufficient funds in cash to pay for the Purchase Price at the Closing (the "**Escrow Fund**").

(c) At the Closing (i) HoldCo shall issue and sell to the Standby Purchaser, and the Standby Purchaser shall purchase from HoldCo, the number of Standby Shares determined in accordance with Section 1.1 at the Subscription Price (the aggregate amount of such purchase price, the "**Purchase Price**"), and (ii) HoldCo shall issue to the Standby Purchaser the Standby Shares represented by certificates or in book entry form against delivery to HoldCo by the Escrow Agent of the Purchase Price therefor from the Escrow Fund in immediately available funds by wire transfer to an account or accounts designated by HoldCo in writing prior to the Closing.

Section 1.4. Post-Closing Governance Matters.

(a) On or prior to the Effective Date, HoldCo shall cause the Amended and Restated Certificate of Incorporation of HoldCo (the "**Restated Articles**") in the form attached hereto as Exhibit B to have been duly filed with the Secretary of State of Delaware, which shall be effective until thereafter altered, amended or repealed.

(b) On or prior to the Effective Date, HoldCo shall cause the Amended and Restated Bylaws of HoldCo in the form attached hereto as Exhibit C (the “**Restated Bylaws**”) to have been duly adopted by the Board of Directors of HoldCo (the “**HoldCo Board**”), which shall be effective only upon the Closing and until thereafter altered, amended or repealed.

(c) The Restated Bylaws shall provide for, among other things, the following board composition mechanisms during the Standstill Period:

(i) the HoldCo Board shall consist of the Standby Purchaser Designees and the Company Designees, it being understood that the number of Company Designees shall not exceed six (6), nor at any time be less than two (2), and that the number of Standby Purchaser Designees at any given time shall be one (1) more than the number of Company Designees, but in no event less than three (3); provided, that the Standby Purchaser shall have the right to remove any Standby Purchaser Designee at any time with or without Cause; provided, further, that if among the Company Designees and the Standby Purchaser Designees there are insufficient independent directors available to satisfy the independence requirements under the rules of the Nasdaq Stock Market or the Securities and Exchange Commission relating to the number of independent directors required to serve on the board of directors or any committee thereof, the Standby Purchaser shall have the right to designate the minimum number of additional directors necessary to satisfy such applicable independence requirements; provided, further, that while the Standby Purchaser shall have the right to designate such additional directors and their successors or replacements, such additional directors shall not be deemed to be Standby Purchaser Designees under this Agreement.

(ii) “**Standby Purchaser Designees**” shall mean the individuals designated by the Standby Purchaser and identified as such in the Registration Statement, one of whom shall be the chairman of the HoldCo Board;

(iii) “**Company Designees**” shall mean the individuals designated by Members Mutual and identified as such in the Registration Statement, one of whom shall be the Chief Executive Officer of HoldCo;

(iv) the initial composition of the committees of the HoldCo Board shall be determined by Members Mutual and the Standby Purchaser and reflected as such in the Registration Statement; provided, that the majority of the members of such committees shall consist of Standby Purchaser Designees (and if applicable such additional directors as provided in Section 1.4(c)(i) above), and that at least one Company Designee shall serve on each committee;

(v) the compensation payable to the Company Designees may be decreased only with the consent of a majority of the Company Designees and increased only with the consent of a majority of the Standby Purchaser Designees;

(vi) in the event of any vacancy in the office of any Standby Purchaser Designee, a majority of the remaining Standby Purchaser Designees shall have the right to designate a replacement, and in the event of any vacancy in the office of any Company Designee, a majority of the remaining Company Designees shall have the right to designate a replacement, in each case to fill such vacancy; provided, that in the event of any vacancy in the office of any Company Designees, at the election of the Standby Purchaser, in lieu of the designation of a replacement Company Designee, the size of the HoldCo Board may be reduced by two (2) directors, with one of the Standby Purchaser Designees resigning such that the Standby Purchaser will continue to have one more designee than the number of Company Designees (provided that the number of Company Designees, as reduced as aforesaid, may not be reduced below two (2));

(vii) at any election of directors of HoldCo, a majority of the Standby Purchaser Designees shall have the right to nominate the successors of the Standby Purchaser Designees (and as applicable such additional directors as provided in Section 1.4(c)(i) above), and a majority of the Company Designees shall have the right to nominate the successors of the Company Designees, in each case for election or reelection to the HoldCo Board; and

(viii) the establishment of an advisory board (the “**Advisory Board**”) to advise and provide general policy advice to the HoldCo Board, as follows:

(A) the Advisory Board shall be established upon effectiveness of the Restated Bylaws and shall terminate on (i) the earlier of the consummation of a Sale of the Company to a Third Party Purchaser or (ii) the fifth anniversary of the Closing (the “**Advisory Board Termination Date**”). Members of the Advisory Board shall be entitled to attend all meetings of the HoldCo Board and to participate in any discussions thereat, but shall not have a vote as a director of HoldCo;

(B) members of the Advisory Board shall serve until the Advisory Board Termination Date or their earlier death, retirement or resignation. Only those individuals who were directors of Members Mutual as of the date hereof shall be eligible to serve on the Advisory Board. The initial members of the Advisory Board shall be designated by Members Mutual. Upon a Company Designee’s resignation or retirement from the HoldCo Board prior to the Advisory Board Termination Date, a Company Designee may, effective upon notice to HoldCo, become a member of the Advisory Board and shall serve until the Advisory Board Termination Date or such member’s earlier death, resignation, or removal for Cause;

(C) in the event that there are no Company Designees then serving on the HoldCo Board to designate replacement Company Designees pursuant to Section 1.4(c)(vi) or to nominate Company Designees pursuant to Section 1.4(c)(vii), the Advisory Board shall have the right, by majority vote, to designate or nominate such Company Designees; and

(D) members of the Advisory Board shall be entitled to the same compensation and expense reimbursement as the Company Designees receive for serving on the HoldCo Board, and separate rights to third-party indemnification and advancement of expenses for service on the Advisory Board; and

(ix) the provisions of this Section 1.4(c) are intended to be for the benefit of (A) the Group and will be enforceable by the Company Designees against the Standby Purchaser and each Group Company, and (B) the Standby Purchaser and will be enforceable by the Standby Purchaser against the Company Designees, as applicable, during the Standstill Period.

(d) On or prior to the Closing Date, the HoldCo Board shall adopt a resolution (the “**New Director Resolution**”) approving, effective only upon the Closing, the items listed on Schedule 1.4(d) in accordance with the Restated Bylaws.

(e) During the Standstill Period:

(i) the Standby Purchaser shall not Vote its Shares to (A) remove or seek to remove any Company Designee without either (x) the consent of a majority of the Company Designees or (y) for Cause or (B) approve or seek to approve a Material Amendment to the Restated Articles or the Restated Bylaws unless such Material Amendment has been approved and recommended by a majority of the Company Designees; provided, however, that nothing in this Section 1.4(e)(i) shall be deemed to prevent the Standby Purchaser from Voting its Shares in favor of the Sale of the Company to a Third Party Purchaser;

(ii) the Standby Purchaser shall Vote its Shares as directed or recommended by a majority of the Company Designees (or, if there are no Company Designees, by a majority of the members of the Advisory Board) with respect to (A) the election of Company Designees (or successors nominated by the Company Designees or Advisory Board) as directors, and (B) the removal for Cause of any Standby Purchaser Designee;

(iii) without the consent of a majority of the Company Designees, Fidelity Life agrees not to declare, set aside, or pay any cash or non-cash dividend or make any cash or non-cash dividend or distribution in respect of the outstanding shares of its capital stock; and

(iv) the Standby Purchaser and HoldCo shall consider in good faith reasonable recommendations from the Chief Executive Officer as to actions to be taken (A) in order to maintain or enhance the “A-” A.M. Best rating of Fidelity Life, and (B) as may be required by the Insurance Department.

(v) Any transaction between the Standby Purchaser or any of its Affiliates, on the one hand, and any Group Company, on the other hand, shall be subject to approval by the Company Designees and the Standby Purchaser Designees shall recuse themselves from voting on the approval of such

transactions; provided, that the Standby Purchaser Designees shall not be required to recuse themselves from any decision approving a transaction between Members Mutual or any Group Company, on the one hand, and a portfolio company of the Standby Purchaser or its Affiliates, on the other hand, effected in the ordinary course of business (which, for this purpose, includes entry into an agency agreement) of Members Mutual or any Group Company on arms' length terms.

The provisions of this Section 1.4(e) are intended to be for the benefit of the Group and will be enforceable by the Company Designees against the Standby Purchaser and each Group Company during the Standstill Period.

(f) During the Post-Closing Protection Period, Standby Purchaser and HoldCo agree that James E. Hohmann shall serve as Chief Executive Officer of HoldCo subject to his earlier death, retirement, resignation or removal for Cause, and except as may be otherwise recommended by the Chief Executive Officer, HoldCo shall:

(i) for a period of two years following the Closing, (A) not conduct a material reduction in the total number of employees of each Group Company compared to the total number employed at Closing or reduce the compensation of the employees of such Group Company (including but not limited to rates of annual base salary or wage level, bonuses and severances) in a manner that is less favorable in the aggregate to that provided to such employees by such Group Company immediately prior to the Closing (subject in each case to maintenance of satisfactory performance evaluations), and (B) cause each Group Company to honor any Benefit Plans of such Group Company in effect upon consummation of the Closing in accordance with their terms (subject to the rights therein to terminate or amend such plans, only upon the recommendation of the Chief Executive Officer); provided, that this subsection (i) is not intended (X) as a guarantee of employment or of the provision of any benefit that any employee may have or become entitled to under any Benefit Plan, or (Y) to prohibit the Chief Executive Officer from making individual or more comprehensive changes related to employees of the Group Companies as the business needs may dictate; and

(ii) cause the Group to maintain the headquarters office at 8700 W. Bryn Mawr Avenue, Suite 900S, Chicago, Illinois 60631, and cause Efinancial, LLC to maintain its principal place of business at 13810 Southeast Eastgate Way, Suite 300, Bellevue, Washington.

(g) If the Standby Purchaser acquires a majority of the outstanding Common Stock in the Standby Offering and HoldCo otherwise qualifies as a "Controlled Company" within the meaning of Nasdaq Stock Market rules, HoldCo shall rely on the "controlled company" exceptions within the meaning of the Nasdaq Stock Market rules.

(h) Effective upon the Closing, the compensation payable to the Company Designees for serving on the HoldCo Board shall be fixed at \$100,000 per year, payable in quarterly installments.

Section 1.5. Registration Statement; Prospectus; Special Meeting of Members.

(a) Registration Statement. HoldCo shall prepare and, after providing the Standby Purchaser with a reasonable opportunity to review and provide comments, promptly file with the SEC the Registration Statement on Form S-1 for the purpose of registering the Common Stock to be offered in the Subscription Offering under the Securities Act and shall use reasonable best efforts to obtain and furnish the information required to be included by the SEC in the Registration Statement, which shall include the prospectus with respect to the Subscription Offering (the “**Prospectus**”). Standby Purchaser shall furnish HoldCo with all information concerning itself as required by applicable securities laws (as determined by HoldCo or counsel to HoldCo) and shall take such other action as HoldCo may reasonably request to assist in connection with the effectiveness of such Registration Statement and the issuance of the Common Stock. HoldCo shall (i) respond as promptly as practicable to any comments made by the SEC with respect to the Registration Statement, (ii) furnish the Standby Purchaser with copies of any amendment, supplement or revision to the Registration Statement (including the Prospectus) within a reasonable amount of time prior to the filing of such documents, (iii) provide the Standby Purchaser with a reasonable opportunity to review such documents and reasonably consider any comments suggested by the Standby Purchaser or its counsel, and (iv) use its reasonable best efforts to have the Registration Statement declared effective by the SEC. HoldCo agrees that (i) the Registration Statement, on the date it becomes effective, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading and (ii) the Prospectus, at the expiration of the subscription offering period, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that HoldCo is not making any covenant with respect to any information being furnished by the Standby Purchaser with respect to the Standby Purchaser as set forth in this Section 1.5(a)).

(b) Special Meeting of Members. Members Mutual, acting through its board of directors and subject to Members Mutual’s right to terminate this Agreement as provided in Article VIII hereof, shall duly call, send notice of, convene and hold the Special Meeting as soon as practicable after the later of (i) the dates of the approval of the Plan of Conversion and the Standby Purchaser Form A by the Department, and (ii) the date upon which the Registration Statement is declared effective by the SEC (the “**Effective Date of Registration Statement**”), for the purpose of voting upon a proposal to adopt the Plan of Conversion and the Amended and Restated Articles of Incorporation of Converted Members Mutual substantially in a form previously agreed to by the parties (the “**Members Mutual Restated Articles**”). Members Mutual shall mail, or cause to be mailed, the notice of the Special Meeting, the proxy statement for the Special Meeting (the “**Proxy Statement**”) and the Prospectus, to the Eligible Members at least thirty (30) days prior to the date of the Special Meeting.

Section 1.6. No False or Misleading Statements.

(a) Each of the Standby Purchaser, Members Mutual and HoldCo, severally and not jointly, agrees that the information provided and to be provided in writing by or on behalf of the Standby Purchaser, Members Mutual or HoldCo, as the case may be, specifically for use in the Registration Statement and the Prospectus, shall not, with respect to the information supplied by such party:

(i) in the case of the Registration Statement, on the date it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and

(ii) in the case of the Prospectus, on the expiration of the subscription offering period, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) If at any time prior to the applicable dates referred to in Section 1.6(a), any event shall occur or condition shall exist relating to the Standby Purchaser, Members Mutual, HoldCo or any of their respective Affiliates, officers or directors, that should be set forth in an amendment or supplement to the Prospectus or the Registration Statement so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, is discovered by the Standby Purchaser, Members Mutual or HoldCo, the party that discovers such information shall promptly notify the other parties and, to the extent required by Applicable Law, HoldCo shall cause an appropriate amendment or supplement describing such event or condition to be promptly prepared and filed with the SEC and disseminated to the Offering Participants, as may be necessary in the judgement of HoldCo or its counsel to correct such untrue statement or omission or to comply with applicable securities laws.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF STANDBY PURCHASER

The Standby Purchaser represents and warrants to Members Mutual and HoldCo as follows:

Section 2.1. Organization. The Standby Purchaser is a Delaware limited partnership, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization with the requisite corporate power and authority and all governmental approvals necessary to own, lease and operate its properties and to carry on its business as it is now being conducted.

Section 2.2. Authority Relating to this Agreement. The Standby Purchaser has the requisite power and authority to enter into this Agreement and any Related Document to which it is a party and to carry out its obligations hereunder and thereunder. The execution, delivery and

performance by the Standby Purchaser of this Agreement and each of the Related Documents to which it is a party and the consummation by the Standby Purchaser of the transactions contemplated hereby and thereby have been duly authorized, and no other actions on the part of the Standby Purchaser are necessary to authorize this Agreement, the Related Documents or the transactions contemplated hereby and thereby. This Agreement and each of the Related Documents to which it is a party has been duly and validly executed and delivered by the Standby Purchaser and (assuming each constitutes a valid and binding obligation of the other parties thereto) constitutes a valid and binding agreement of the Standby Purchaser, enforceable against the Standby Purchaser in accordance with its terms, subject to (i) the application of bankruptcy, receivership, conservatorship, reorganization, insolvency and similar laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought.

Section 2.3. Consents and Approvals; No Violations.

(a) Except for (A) applicable requirements of state laws relating to takeovers, state securities or blue sky laws, state insurance laws and the regulations promulgated thereunder, (B) the filing and effectiveness of the Registration Statement, (C) the Illinois Approvals, and (D) the HSR Approval, if applicable (the requirements in clauses (A), (B), (C), and (D) collectively, the "**Governmental Approvals**"), no filing with, and no permit, authorization, consent or approval of, any Government Entity is necessary for the execution, delivery and performance of this Agreement by the Standby Purchaser and the consummation of the transactions contemplated hereby.

(b) No consent or approval of any other party (other than any Government Entity) is required to be obtained by the Standby Purchaser for the execution, delivery or performance of this Agreement or the performance by the Standby Purchaser of the transactions contemplated hereby.

(c) Neither the execution, delivery or performance of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with any of the provisions hereof, in each case by the Standby Purchaser, will:

- (i) conflict with or result in any breach of any provisions of the Constituent Documents of the Standby Purchaser;
- (ii) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, acceleration, vesting, payment, exercise, suspension or revocation) under, any of the terms, conditions, or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan or other instrument or obligation to which the Standby Purchaser is a party or by which it or any of its properties or assets is bound;
- (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Standby Purchaser or any of its respective properties or assets;

(iv) result in the creation or imposition of any Encumbrance on any asset of the Standby Purchaser; or

(v) cause the suspension or revocation of any permit, license, governmental authorization, consent or approval necessary for the Standby Purchaser to conduct its business as currently conducted;

except in the cases of clauses (ii) through (v) above, where the violation, breach, conflict, default, termination, cancellation, vesting, payment, exercise, acceleration, suspension, revocation, failure to give notice, or creation or imposition of Encumbrance would not, individually or in the aggregate, have a material adverse effect on the ability of the Standby Purchaser to consummate the transactions contemplated hereby.

Section 2.4. Notice to Members and Registration Statement. None of the information provided or to be provided in writing by Standby Purchaser expressly for inclusion or incorporation by reference in the Proxy Statement with respect to the Special Meeting and notice to Eligible Members contemplated by the Plan of Conversion (collectively, the “**Member Notices**”) and the Registration Statement (including the Prospectus), on the date it (or any amendment or supplement thereto) is first mailed to Offering Participants, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, it being understood and agreed that only information supplied or to be supplied in writing by or on behalf of the Standby Purchaser consists of the information provided pursuant to Section 1.5(a) or otherwise under this Agreement. For the avoidance of doubt, no representation or warranty is made by Standby Purchaser with respect to information supplied by or on behalf of Members Mutual or any other Person for inclusion or incorporation by reference in such Member Notices and Registration Statement (including the Prospectus).

Section 2.5. Brokers. No person is entitled to any brokerage, financial advisory, finder’s or similar fee or commission payable by the Standby Purchaser in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of the Standby Purchaser.

Section 2.6. Accredited Investor. The Standby Purchaser (a) is an “accredited investor” as defined in Rule 501 as promulgated by the SEC under the Securities Act, (b) has had an opportunity to ask such questions of the officers and directors of Members Mutual and HoldCo as the Standby Purchaser deems relevant and has received satisfactory answers to such questions, (c) has been provided with copies of all documents and information that the Standby Purchaser has requested, (d) is a sophisticated and experienced investor in insurance companies and insurance holding companies, and (e) is purchasing the Standby Shares that it has agreed to purchase under this Agreement for investment and not with a view to the resale or distribution of such Standby Shares.

Section 2.7. Tax Matters. Neither the Standby Purchaser nor any of its Affiliates (i) has taken or agreed to take any action, or (ii) has knowledge of any fact or circumstances that could reasonably be expected to prevent or impede, the consummation of the Conversion from qualifying as a “reorganization” within the meaning of Sections 368(a)(1)(E).

Section 2.8. Sufficiency of Funds. Standby Purchaser has, or will have on Closing, sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement and Related Documents.

Section 2.9. Due Investigation. Standby Purchaser (a) has performed its own independent investigation, analysis and assessment of Members Mutual and its Subsidiaries, including HoldCo, (b) acknowledges that HoldCo and Members Mutual have made no representation or warranty (express or implied) as to the accuracy or completeness of any information (whether written or oral) transmitted or made available to Standby Purchaser or any of its representatives, except those expressly set forth in this Agreement, (c) acknowledges that it has not relied on HoldCo or Members Mutual or their respective representatives' opinions or underwriting and actuarial criteria and analyses, and (d) has reached its own independent judgments to enter into and consummate this Agreement based upon its own independent judgments and underwriting and actuarial criteria and analyses.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF MEMBERS MUTUAL

Except as otherwise disclosed to the Standby Purchaser in the Disclosure Schedule, Members Mutual represents and warrants to the Standby Purchaser as follows:

Section 3.1. Organization. Members Mutual is a mutual holding company duly organized, validly existing and in good standing under the laws of the State of Illinois, and has all requisite corporate power and authority and all governmental approvals necessary to own, lease and operate its properties and to carry on its business as it is now being conducted. Each Group Company (other than Members Mutual) is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and each possesses all requisite corporate power and authority and all governmental approvals necessary to own, lease and operate its properties and to carry on its respective business as presently conducted. Each Group Company is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except where the failure to be so qualified would not individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect. Copies of each Group Company's Constituent Documents have been made available to the Standby Purchaser and are complete and correct and in full force and effect. The Disclosure Schedule identifies all of the Subsidiaries of Members Mutual.

Section 3.2. Capitalization. As a result of Members Mutual's conversion from mutual to stock form and pursuant to the Plan of Conversion, on the Effective Date the authorized capital stock of Members Mutual will consist of 1,000 shares of common stock, par value \$1.00 per share. On the Effective Date, all of the authorized shares of common stock of Members Mutual will be issued to and held by HoldCo and will be validly issued, fully paid and

nonassessable. There are no outstanding (a) securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase equity interests, equity-based compensation, “phantom” equity or similar interests of Members Mutual or any of its Subsidiaries; (b) options, warrants, subscriptions, calls, rights, equity-based compensation or awards, stock appreciation rights, or other agreements, to which Members Mutual or any of its Subsidiaries is a party, to purchase or subscribe for the equity interests, equity-based compensation, “phantom” equity or similar interests of Members Mutual or any of its Subsidiaries; or (c) contracts, commitments, agreements, understandings or arrangements of any kind, to which Members Mutual or any of its Subsidiaries is a party, relating to the issuance, transfer, sale, redemption, repurchase or acquisition of any equity interests, equity-based compensation, “phantom” equity or similar interests of Members Mutual or any of its Subsidiaries or any such convertible or exchangeable securities or any such options, warrants, calls or rights. The Disclosure Schedule identifies all of the outstanding and issued equity securities of the Subsidiaries of Members Mutual.

Section 3.3. Authority Relative to this Agreement. Members Mutual has the corporate power and the authority to enter into this Agreement and, subject to obtaining the Eligible Member Approval, to carry out its obligations hereunder, and Members Mutual has the authority, assuming the Governmental Approvals are duly obtained, to adopt the Plan of Conversion and to carry out its obligations thereunder. The execution, delivery and performance by Members Mutual of this Agreement and each of the other Related Documents to which it is a party, and the consummation by Members Mutual of the transactions contemplated hereby and thereby, have been duly authorized by Members Mutual’s Board of Directors, and no other corporate proceedings on the part of Members Mutual, other than obtaining the Eligible Member Approval, are necessary to authorize this Agreement and the Related Documents and the transactions contemplated hereby and thereby. Subject to the foregoing, this Agreement and each of the Related Documents to which it is a party has been duly and validly executed and delivered by Members Mutual and (assuming each constitutes a valid and binding obligation of the other parties thereto) constitutes a valid and binding agreement of Members Mutual, enforceable against Members Mutual in accordance with its terms, subject to (i) the application of bankruptcy, receivership, conservatorship, reorganization, insolvency and similar laws affecting creditors’ rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought.

Section 3.4. Consents and Approvals; No Violations.

(a) Except for the Governmental Approvals, no filing with, and no permit, authorization, consent or approval of, any Government Entity is necessary for the execution, delivery and performance of this Agreement by Members Mutual and the consummation of the transactions contemplated hereby.

(b) No consent or approval of any other party (other than any Government Entity) is required to be obtained by Members Mutual for the execution, delivery or performance of this Agreement or the performance by Members Mutual of the transactions contemplated hereby.

(c) Neither the execution, delivery or performance by Members Mutual of this Agreement or the other Related Documents to which it is a party, nor the consummation by Members Mutual or any Group Company of the transactions contemplated hereby or thereby, nor compliance by Members Mutual with any of the provisions hereof or thereof, will:

- (i) conflict with or result in any breach of any provisions of the Constituent Documents of Members Mutual;
- (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, vesting, payment, exercise, acceleration, suspension or revocation) under, any of the terms, conditions or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan or other instrument or obligation to which Members Mutual or any Group Company is a party or by which Members Mutual or any Group Company or any of their properties or assets may be bound;
- (iii) subject to obtaining the Governmental Approvals, violate any order, writ, injunction, decree, statute, rule or regulation applicable to Members Mutual or any of its properties or assets;
- (iv) result in the creation or imposition of any Encumbrance on any asset of Members Mutual; or
- (v) cause the suspension or revocation of any permit, license, governmental authorization, consent or approval necessary for Members Mutual to conduct its business as currently conducted;

except in the cases of clauses (ii) through (v) above, where the violation, breach, conflict, default, termination, cancellation, vesting, payment, exercise, acceleration, suspension, revocation, failure to give notice, or creation or imposition of Encumbrance would not, individually or in the aggregate, have a Material Adverse Effect.

(d) Except for the vote in respect of the Plan of Conversion and the Members Mutual Restated Articles to be taken at the Special Meeting, no vote of any member or holder of any other interest of Members Mutual is required by law, the Constituent Documents of Members Mutual or otherwise in order for Members Mutual to consummate the transactions contemplated by this Agreement and the Related Documents.

Section 3.5. Financial Statements.

(a) Members Mutual has made available to the Standby Purchaser complete and correct copies of the Financial Statements. The Financial Statements have been derived from the accounting books and records of Members Mutual and have been prepared on a basis consistent with U.S. GAAP, subject, in the case of interim unaudited Financial Statements, only to normal recurring year-end adjustments. The Financial Statements (including the notes thereto) present fairly in all material respects the

consolidated financial position of Members Mutual as at the respective dates thereof, and the consolidated statements of income, cash flow and equity included in the Financial Statements present fairly in all material respects the consolidated results of operations, cash flows and consolidated equity of Members Mutual for the respective periods indicated.

(b) The term “**Financial Statements**” means the unaudited consolidated financial statements of Members Mutual as at and for the six month period ended June 30, 2018 and the audited consolidated financial statements of Members Mutual as at and for the years ended December 31, 2017 and December 31, 2016, including in each case a consolidated balance sheet and consolidated statements of income, cash flow and equity.

Section 3.6. Statutory Financial Statements. The Annual Statements and Quarterly Statements of Members Mutual as filed with the Department for the years ended December 31, 2017 and December 31, 2016, respectively, together with all exhibits and schedules thereto (collectively, the “**Annual Statutory Statements**”) and for the quarters ended March 31, 2018 and June 30, 2018 (collectively, the “**Quarterly Statutory Statements**”) (all Annual Statutory Statements and all Quarterly Statutory Statements, together with all exhibits and schedules thereto, referred to in this Section 3.6 are hereinafter referred to as the “**Statutory Financial Statements**”) have been prepared in accordance with the accounting practices prescribed or permitted by the Department (“**Statutory Accounting Practices**”), and such accounting practices have been applied on a consistent basis throughout the periods involved, except as expressly set forth in the notes, exhibits or schedules thereto, and the Statutory Financial Statements present fairly in all material respects the financial position and the results of operations for Members Mutual as of the dates and for the periods therein in accordance with applicable Statutory Accounting Practices. The financial statements contained in the Annual Statutory Statements have been audited by the independent auditors of Members Mutual, and Members Mutual has made available to the Standby Purchaser true and complete copies of all audit opinions related thereto. Members Mutual has made available to the Standby Purchaser true and complete copies of all material examination reports of the Department and any insurance regulatory agencies since January 1, 2016, relating to Members Mutual. Members Mutual has made available to the Standby Purchaser true and complete copies of the Statutory Financial Statements.

Section 3.7. Absence of Certain Changes. Except as disclosed in Schedule 3.7, since June 30, 2018, there has been no event or condition that has had (or is reasonably likely to result in) a Material Adverse Effect, and Members Mutual has in all material respects conducted its business in the ordinary course consistent with past practice and has not taken any action which, if taken after the date hereof, would violate Section 5.1.

Section 3.8. Compliance with Law; Permits and Insurance Licenses.

(a) The business of Members Mutual is being, and during the last three (3) years has been, conducted in compliance in all material respects with all Applicable Laws including all insurance laws, ordinances, rules, regulations, decrees and orders of any Government Entity, except where the failure to so comply would not have or be reasonably likely to result in a Material Adverse Effect.

(b) Members Mutual and each Group Company and each of their employees who is required to do so by Applicable Law, is duly licensed and has all permits, licenses, and other authorizations from any Government Entity, the use and exercise of which are necessary for the conduct of its business as now conducted, and the business of Members Mutual and each Group Company has been and is being conducted in compliance with all such permits, licenses and authorizations, except where the failure to possess such licenses, permits or authorizations or so comply would not have or be reasonably likely to result in a Material Adverse Effect. All such permits, licenses and authorizations are in full force and effect in all material respects, and there is no proceeding or investigation pending or, to the Knowledge of Members Mutual, threatened that would reasonably be expected to lead to the revocation, amendment, failure to renew, limitation, suspension or restriction of any such permit, license or authorization.

Section 3.9. Regulatory Filings. Members Mutual has made available for inspection by the Standby Purchaser true, correct and complete copies of all material registrations, filings and submissions made (i) since January 1, 2016, (ii) to the Knowledge of Members Mutual, in connection with the Department's financial examinations of Fidelity Life and Members Mutual as of December 31, 2013, and (iii) to the Knowledge of Members Mutual, in connection with approval of the Reinsurance Agreement by Members Mutual or any Group Company with any Government Entity and any material reports of examinations issued since January 1, 2016 by any such Government Entity that relate to Members Mutual or any Group Company. Each of Members Mutual and each Group Company has filed all reports, statements, documents, registrations, filings or submissions required to be filed by it with any Government Entity, except where the failure to file would not have or be reasonably likely to result in a Material Adverse Effect. To the Knowledge of Members Mutual, all such reports, statements, documents, registrations, filings or submissions were true, complete and accurate when filed, except where the failure to be true, complete or accurate when filed would not have or be reasonably likely to result in a Material Adverse Effect.

Section 3.10. Prospectus. None of the information supplied or to be supplied by Members Mutual explicitly for inclusion or incorporation by reference in the Proxy Statement or the Prospectus, on the date it (or any amendment or supplement thereto) is first mailed to Offering Participants, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, except that no representation or warranty is made by Members Mutual with respect to written information supplied by or on behalf of the Standby Purchaser expressly for the purpose of inclusion in the Proxy Statement or the Prospectus.

Section 3.11. Brokers. Except for Raymond James & Associates, Inc. and Griffin Financial Group LLC (the "**Investment Bankers**"), no person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by Members Mutual or any Group Company (other than HoldCo) in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Members Mutual. Members Mutual has disclosed to the Standby Purchaser the fees payable to the Investment Bankers in connection with the transactions contemplated hereby and all contracts between any Group Company and the Investment Bankers.

Section 3.12. Taxes.

(a) Each Group Company has timely filed all federal and state income Tax Returns and all other material Tax Returns required to be filed by it (taking into account any extensions of time within which to file which have not expired), and all such Tax Returns were true and complete in all material respects. All income and other material Taxes due and payable by each Group Company (taking into account all extensions of due dates) have been paid or adequately accrued or reserved for on the Financial Statements. Each Group Company has made all estimated Tax payments required to be made for the current taxable year sufficient to avoid any underpayment penalties or interest.

(b) No Group Company has (A) consented to extend the time in which any material Tax may be assessed or collected by any Taxing Authority, which extension remains in effect, or (B) entered into an agreement or waiver, or been requested to enter into an agreement or waiver, of any statute of limitations in respect of Taxes, which remains open. There are no audits, claims, examinations, or other legal proceedings now in progress against or with respect to any Group Company with respect to Taxes and no Group Company has received written notice from any Taxing Authority that any such audit, claim, examination, or other legal proceeding is pending or threatened.

(c) No Tax liens are currently in effect against any of the assets of any of the Group Companies other than liens for Taxes not yet due and payable, or that are being contested in good faith by appropriate proceedings and disclosed on Schedule 3.12(c).

(d) No Group Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any Tax period (or portion thereof) ending after the Closing Date as a result of: (A) the application of Section 481 or Section 263A of the Code (or any corresponding or similar provisions of state, local or foreign Tax laws) to transactions, events or accounting methods employed prior to the Closing, (B) any "closing agreement," as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax law) executed on or prior to the Closing, (C) any "intercompany transaction" or any "excess loss account" (within the meaning of Treasury Regulations Sections 1.1502-13 and 1.1502-19, respectively) (or any corresponding or similar provisions of state, local or foreign Tax law) occurring or arising with respect to any transaction on or prior to the Closing, (D) any installment sale or open transaction disposition made on or prior to the Closing, (E) any prepaid amount received or paid on or prior to the Closing, or (F) any election made under Section 108(i) of the Code prior to the Closing.

(e) No Group Company has any liability for the Taxes of any Person (other than another Group Company) under Treasury Regulations Section 1.1502-6 (or any corresponding or similar provision of state, local or foreign Tax law), as a transferee or successor, by Contract or otherwise (excluding customary Tax indemnification provisions in commercial Contracts not primarily relating to Taxes).

(f) No Group Company has at any time within the past two (2) years constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify in whole or in part for Tax-free treatment under Section 355 of the Code (or so much of Section 356 of the Code as relates to Section 355 of the Code).

(g) With respect to any taxable year for which the statute of limitations for assessment is open, no Group Company has participated in any “listed transaction” within the meaning of Treasury Regulations Section 1.6011-4(b).

(h) No Group Company is subject to any private letter ruling of the IRS or comparable ruling of any other governmental authority, in each case, that would have binding effect on any Group Company after the Closing.

(i) Any reference in this Section 3.12 to a Group Company shall be deemed to include a reference to any entity that shall have merged with or liquidated or converted into a Group Company.

Section 3.13. Labor Matters.

(a) Members Mutual and the Group Companies are in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including, without limitation, such laws relating to labor relations, equal employment opportunities, fair employment practices, prohibited discrimination, occupational health and safety, immigration, workers’ compensation, unemployment, the payment of social security and other taxes, and other similar employment activities.

(b) There are, and for the last three (3) years there has been no, material labor or employment disputes involving Members Mutual or any Group Company currently subject to any grievance procedure, arbitration, litigation or other proceeding, and there are no pending or, to the Knowledge of Members Mutual, threatened filings of unfair labor practice charges certification petitions regarding representation of employees, or other labor or employment claims or charges at any Government Entity. Neither Members Mutual nor any Group Company is a party to or bound by any collective bargaining agreement.

(c) Each individual who is currently performing, or who has performed services as an independent contractor or consultant of Members Mutual or any Group Company is and has been properly characterized as such based on the applicable standards under Applicable Law, except to the extent such improper characterization was not or would not reasonably be expected to be material. Each employee classified as being exempt from an employer’s obligation to pay overtime is and has been properly characterized as such based on the applicable standards under applicable law. No individual who has performed services for Members Mutual or any Group Company has been improperly included or excluded from participation in any Benefit Plan based on the applicable standards under Applicable Law, except to the extent such improper inclusion or exclusion was not or would not reasonably be expected to be material. There is no officer or Key Employee who has given written notice of intention to terminate his, her or their employment with Members Mutual or any Group Company.

Section 3.14. Benefit Plans.

(a) The Disclosure Schedule identifies all Benefit Plans maintained by the Group Companies. Copies of each such Benefit Plan have been made available to the Standby Purchaser.

(b) All Benefit Plans comply in all material respects with (i) relevant provisions of the Employee Retirement Income Security Act of 1974 (“**ERISA**”) and (ii) in the case of plans intended to qualify for favorable income tax treatment, provisions of the Code relevant to such treatment.

(c) Each Benefit Plan has been maintained in material compliance with its terms and with the requirements prescribed by all Applicable Laws.

(d) There has been no amendment to, written interpretation of or announcement (whether or not written) by Members Mutual or relating to, or change in employee participation or coverage under, any Benefit Plan that would materially increase the expense of maintaining such Benefit Plan above the level of the expense incurred in respect thereof for the most recent fiscal year ended prior to the date hereof.

(e) There is no action, claim, suit, investigation, audit or proceeding pending against or involving or, to the Knowledge of Members Mutual, threatened against or involving any Benefit Plan before any arbitrator or any Government Entity and no facts or circumstances exist that would reasonably be expected to give rise to any such action, claim, suit, investigation, audit or proceeding.

(f) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby shall, either alone or in connection with any other event(s) give rise to any “excess parachute payment” as defined in Section 280G(b)(1) of the Code, any excise tax owing under Section 4999 of the Code or any other amount that would not be deductible under Section 280G of the Code.

Section 3.15. Absence of Undisclosed Liabilities. Members Mutual has no liabilities or obligations, contingent or otherwise, except (a) liabilities and obligations in the respective amounts reflected on or reserved against in Members Mutual’s consolidated balance sheet as of June 30, 2018 included in the Financial Statements, and (b) liabilities and obligations incurred in the ordinary course of business consistent with past practice since that date.

Section 3.16. Litigation. Except for denial-of-benefit claims litigation arising in the ordinary course of business for which appropriate reserves have been established or as set forth in the Disclosure Schedule, there is no suit, action, arbitration, claim, proceeding, investigation or similar legal proceeding (whether at law or equity, before or by any Government Entity or before any arbitrator) (“**Action**”) pending or, to the Knowledge of Members Mutual, threatened against or affecting Members Mutual or any Group Company, that if adversely determined would reasonably be expected to result in liabilities to Members Mutual or any Group Company in excess of \$500,000 individually or would reasonably be expected to result in injunctive relief against Members Mutual or any Group Company.

Section 3.17. Material Contracts.

(a) The Disclosure Schedules set forth a true, correct, and complete list of all of all of the following written contracts and other written agreements to which Members Mutual or any Group Company is a party (collectively, "**Material Contracts**"):

(i) any agreement (or group of related agreements) in respect to the furnishing of goods, equipment or the performance of services (including third-party insurance policy administration and other functions) of which have involved consideration in excess of \$500,000 in the twelve (12)-month period immediately preceding the date of this Agreement or which provide for aggregate payment of more than \$500,000 over the remaining term of such agreement or related agreements;

(ii) all sales, broker, distributor, dealer, franchise, agency, sales promotion, market research, marketing, consulting and advertising contracts and agreements which have involved consideration in excess of \$500,000 in the twelve-month period immediately preceding the date of this Agreement or which provide for aggregate payment of more than \$500,000 over the remaining term of such agreement or related agreements;

(iii) any employment, consulting or severance contract or arrangement with any officer, director or employee of Members Mutual or any Group Company, except for "at will" arrangements;

(iv) any plan, arrangement or contract providing for bonuses, pensions, options, deferred compensation, retirement payments, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Members Mutual or any Group Company;

(v) all contracts or agreements granting to any Person an option or a first refusal, first-offer or similar preferential right to purchase or acquire any ownership interests or material assets (including, without limitation, insurance accounts or a book of business) of Members Mutual or any Group Company;

(vi) any lease, sublease, including all amendments, extensions, and renewals with respect thereto, pursuant to which Members Mutual or any Group Company uses or occupies any land, building, structures, improvements or other real property;

(vii) any agreement or instrument evidencing or related to indebtedness for borrowed money, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Members Mutual or any Group Company is an obligor to any person in excess of \$500,000;

(viii) Any partnership and joint venture, or similar agreements

- (ix) All agreements that contain exclusive dealing or minimum purchase requirements for amounts in excess of \$500,000;
- (x) All agreements with any of the respective officers and directors of Members Mutual or any Group Company or Affiliates of such officers or directors, except with respect to remuneration for services rendered as a director, officer or employee of Members Mutual or any Group Company;
- (xi) All agreements involving (i) the resolution or settlement of any actual or threatened action entered into after January 1, 2013 or (ii) a Government Entity with obligations extending after the date hereof;
- (xii) All contracts or agreements providing for change in control, retention, or severance payments to any employees, directors, officers or individual independent contractors of Members Mutual or any Group Company;
- (xiii) Any agreement under which Members Mutual or any Group Company has advanced or loaned any amount to any of its directors, officers, or employees;
- (xiv) any contracts or agreements containing (i) any grant (or covenant not to assert) by Members Mutual or any Group Company to another Person of or regarding any right relating to or under the Owned Intellectual Property, or (ii) any grant (or covenant not to assert) by another Person to Members Mutual or any Group Company of or regarding any right relating to or under any third Person's Intellectual Property rights (collectively, "**IP Licenses**"); in each case, excluding IP Licenses to (A) "open source" software code, (B) licenses to commercially available computer software licensed under "shrink wrap," "click wrap," or other standard form licenses for an annual or aggregate fee of no more than \$150,000, and (C) nonexclusive licenses to Owned Intellectual Property granted by Members Mutual or any Group Company to customers in the ordinary course of business;
- (xv) any contract limiting the freedom of Members Mutual or any Group Company to engage in any type of business or region permissible under law, including non-compete or customer non-solicit requirements;
- (xvi) all reinsurance and retrocessional treaties and agreements to which Members Mutual or any Group Company is a party and has any existing rights or obligations and upon which Members Mutual's or any Group Company's business is substantially dependent; and
- (xvii) any other agreement that involves consideration in excess of \$500,000 in the twelve (12)-month period immediately preceding the date of this Agreement.

(b) True and correct copies of all Material Contracts (together with all amendments, waivers or other changes thereto in writing) have been made available to Standby Purchaser on or before the date hereof. Such Material Contracts are valid, binding and in full force and effect in all material respects on the date hereof. Neither Members Mutual nor any Group Company (nor, to the Knowledge of Members Mutual, any other party to any such Material Contract) has breached any material provision of, or is in default (or alleged to be in default or breach) in any material respect under, any material term of, any such Material Contract. To the Knowledge of Members Mutual, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute a material event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration of or other changes of or to any material right or obligation or the loss of any material benefit thereunder.

Section 3.18. Intellectual Property.

(a) Section 3.18(a) of the Disclosure Schedules sets forth a complete and correct list of all of the following Intellectual Property included in the Owned Intellectual Property: (A) issued Patents and pending applications for Patents, (B) domain name registrations and social media accounts, (C) registered Marks and pending applications for registration of Marks, and (D) registered Copyrights and pending applications for registration of Copyrights (collectively, the “**Scheduled Intellectual Property**”). All Scheduled Intellectual Property is subsisting, and to the Knowledge of Members Mutual, valid and enforceable.

(b) Members Mutual or a Group Company solely and exclusively owns each item of Owned Intellectual Property, in each case, free and clear of all Encumbrances, except where the failure to so own any Intellectual Property right, has not had or would not have or be reasonably likely to result in a Material Adverse Effect. To the Knowledge of Members Mutual, the Owned Intellectual Property, along with the Intellectual Property licensed to Members Mutual or a Group Company pursuant to a valid written IP License (when used within the scope of the applicable IP License), constitutes all of the Intellectual Property necessary and sufficient for the conduct and operation of the business of the Company as presently conducted, except as has not had or would not have or be reasonably likely to result in a Material Adverse Effect.

(c) To the Knowledge of Members Mutual, the business and operations of Members Mutual or the Group Companies as conducted in the past has not infringed, misappropriated or otherwise violated, and as presently conducted does not currently infringe upon, misappropriate, or otherwise violate, any Intellectual Property rights of any Person. Members Mutual and the Group Companies (i) are not the subject of any pending Action, and have not received written notice of any threatened Action, either (A) involving a claim of infringement, misappropriation, or other violation by any Person against Members Mutual or the Group Companies, or (B) challenging the ownership, use, validity or enforceability of any Owned Intellectual Property; and (ii) have not received any written notice of any claim or Action involving or alleging any of the foregoing during the three year period preceding the date of this Agreement.

(d) To the Knowledge of Members Mutual, no Person has during the three year period preceding the date of this Agreement infringed upon, misappropriated or otherwise violated, or is currently infringing upon, misappropriating or otherwise violating, any Intellectual Property rights of Members Mutual or any Group Company. Neither Members Mutual nor any Group Company has made any such claims or allegations against any Person alleging any of the foregoing during the three year period preceding the date of this Agreement, and no Action is pending against a third Person.

(e) Members Mutual and each Group Company have taken reasonable security measures to protect the secrecy, confidentiality and value of all Trade Secrets included in the Owned Intellectual Property.

(f) The computer systems, networks, hardware, Software, databases, websites, and equipment used to process, store, maintain and operate data, information and functions used in connection with the business of Members Mutual and the Group Companies (the “**Company IT Systems**”) do not, to the Knowledge of Members Mutual, contain any viruses, worms, trojan horses, contaminants or similar devices that: (A) materially disrupt or adversely affect the functionality of any Company IT Systems, except as disclosed in their documentation; or (B) enable or assist any Person to access without authorization any Company IT Systems, except where such device, has not had or would not have or be reasonably likely to result in a Material Adverse Effect.

Section 3.19. Personal Information.

(a) Members Mutual and each Group Company have established and is in compliance in all material respects with its current privacy policies posted to an external-facing website of Members Mutual or any Group Company, or otherwise made available or communicated in writing to third parties by Members Mutual or any Group Company and terms of use available on its website(s) (and has been, during the period during which they were in effect, in compliance in all material respects with all of their historical privacy policies and terms of use) pertaining to the receipt, collection, access, storage, transfer and use of Personal Information. No such publicly available privacy policies or communications of Members Mutual or any Group Company have been inaccurate, misleading or deceptive in any material respect.

(b) Members Mutual and each Group Company have at all times complied with all applicable Privacy Laws in all material respects. Neither Members Mutual nor any Group Company has received any notice of any claims of, or been charged with the violation of applicable Privacy Laws or contractual commitments entered into regarding Personal Information.

(c) Members Mutual and each Group Company has implemented and at all times maintains in place commercially reasonable administrative, physical and technical security measures and safeguards to protect Personal Information against illegal or unauthorized access or use, or access or use by its personnel or third parties in a manner that violates applicable Privacy Laws. To the Knowledge of Members Mutual, there have been no data breaches, unauthorized access to or use or disclosure of any Personal Information under the control or possession of Members Mutual or any Group Company.

(d) Members Mutual and each Group Company have in place and maintain in effect reasonable redundancy, business continuity and disaster recovery plans, procedures and facilities appropriate for the nature of the risks associated with its business to safeguard its data, systems, and Personal Information, and enable the ongoing conduct of its businesses in the event of a disaster or systems outage.

Section 3.20. Anti-Bribery, Anti-Corruption, and Anti-Money Laundering Laws. During the last five (5) years and to the Knowledge of Members Mutual, neither Members Mutual nor any Group Company, nor any of their respective officers, directors, employees, agents, representatives, consultants, or any other Person acting for or on behalf of Members Mutual nor any Group Company, has, directly or indirectly, violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq., the Money Laundering Control Act, or any other applicable antimoney laundering, anti-bribery, or anti-corruption laws, rules, or regulations.

Section 3.21. Sanctions. Within the past five (5) years and to the Knowledge of Members Mutual, neither Members Mutual nor any Group Company, nor any of their respective officers, directors, employees, agents, representatives, consultants, or any other Person acting for or on behalf of Members Mutual nor any Group Company (a) is a Person with whom transactions are prohibited or limited under any economic sanctions laws, rules, or regulations, including those administered by the U.S. government (including, without limitation, the Office of Foreign Assets Control), the United Nations Security Council, the European Union, or Her Majesty's Treasury, (b) has violated any economic sanctions laws, rules, or regulations within the last five year or has violated The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Public Law No. 107-56) signed into law October 26, 2001)), as amended. Within the past five (5) years, neither Members Mutual nor any Group Company has made any voluntary disclosures to Government Entity under economic sanctions laws, rules, or regulations; been the subject of any governmental investigation or inquiry regarding compliance with such laws, rules, or regulations; or been assessed any fine or penalty under such laws, rules, or regulations.

Section 3.22. Related Party Transactions. Except as set forth in Section 3.22 of the Disclosure Schedule, neither Members Mutual nor any Group Company is a party to any agreement or understanding with any current or, to the Knowledge of Members Mutual, former director, manager, officer or employee of Members Mutual or any Group Company except for agreements related to employment or severance agreements (which agreements were made in the ordinary course of business) and no current or former director, manager, officer or employee of Members Mutual or any Group Company owns any material asset, tangible or intangible, used in the business of Members Mutual or any Group Company.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF HOLDCO

Except as otherwise disclosed to the Standby Purchaser in the Disclosure Schedule, HoldCo represents and warrants to the Standby Purchaser as follows:

Section 4.1. **Organization**. HoldCo is a Delaware corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. HoldCo was formed in 2013 to be the holding company for Members Mutual upon its conversion to stock form. HoldCo has no Subsidiaries, no assets or liabilities, and has not engaged in any business activities. Upon the Closing, HoldCo will own all of the issued and outstanding capital stock of Converted Members Mutual, free and clear of Encumbrances except as set forth in this Agreement or the Related Documents.

Section 4.2. **Capitalization**. As of the Closing Date, the authorized capital stock of HoldCo will consist of (a) 30,000,000 shares of Common Stock. As of the date hereof, one share of HoldCo capital stock is issued and outstanding and held by Members Mutual. When issued pursuant to the Plan of Conversion and this Agreement, all of the issued and outstanding shares of Common Stock will be validly issued, fully paid and nonassessable. Except for the shares of Common Stock to be issued pursuant to the terms of the Plan of Conversion or this Agreement or as described in the Prospectus, there are no outstanding (a) securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase equity interests, equity-based compensation, "phantom" equity or similar interests of any Group Company; (b) options, warrants, subscriptions, calls, rights, equity-based compensation or awards, stock appreciation rights, or other agreements, to which any Group Company is a party, to purchase or subscribe for the equity interests, equity-based compensation, "phantom" equity or similar interests of any Group Company; or (c) contracts, commitments, agreements, understandings or arrangements of any kind, to which any Group Company is a party, relating to the issuance, transfer, sale, redemption, repurchase or acquisition of any equity interests, equity-based compensation, "phantom" equity or similar interests of any Group Company or any such convertible or exchangeable securities or any such options, warrants, calls or rights.

Section 4.3. **Authority Relative to this Agreement**. HoldCo has the requisite corporate power and authority to enter into this Agreement and each of the Related Documents to which it is a party and to carry out its obligations hereunder and thereunder. The execution, delivery and performance by HoldCo of this Agreement and each of the other Related Documents to which it is a party, and the consummation by HoldCo of the transactions contemplated hereby and thereby have been duly authorized by the HoldCo Board, and no other corporate proceedings on the part of HoldCo are necessary to authorize this Agreement and the Related Documents or the transactions contemplated hereby and thereby. This Agreement and each of the Related Documents to which it is a party has been duly and validly executed and delivered by HoldCo and (assuming each constitutes a valid and binding obligation of the other parties thereto) constitutes a valid and binding agreement of HoldCo, enforceable against HoldCo in accordance with its terms, subject to (i) the application of bankruptcy, receivership, conservatorship, reorganization, insolvency and similar laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought.

Section 4.4. **Validity of Stock and Issuance**. The Standby Shares (a) are duly authorized, (b) when issued and sold to the Standby Purchaser will be validly issued, (c) after receipt of all consideration due therefor, will be fully paid and nonassessable, and (d) will be free and clear of Encumbrances except as set forth in this Agreement or the Related Documents.

Section 4.5. Registration Statement. At the time the Registration Statement becomes effective, the Registration Statement and the Prospectus will contain all material statements that are required to be stated therein in accordance with the Securities Act and the rules and regulations of the SEC, and will in all material respects conform to the requirements of the Securities Act and the rules and regulations of the SEC; neither the Registration Statement nor the Prospectus, nor any amendment or supplement thereto, on such dates, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The representation and warranty made in this Section 4.5 does not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to HoldCo or any Group Company by or on behalf of the Standby Purchaser expressly for use in the Registration Statement or Prospectus or any amendment thereof or supplement thereto.

Section 4.6. Offering Exemption. Assuming that the representations and warranties contained in Section 2.6 are true and correct, the offer, sale and issuance of the Standby Shares in conformity with the terms of this Agreement are exempt from the registration requirements of the Securities Act and are exempt from the qualification or registration requirements of applicable state securities laws. Neither HoldCo nor any agent on its behalf has solicited or will solicit any offers to sell or has offered to sell or will offer to sell all or any part of the Standby Shares to any Person or Persons so as to bring the sale of such Standby Shares by HoldCo within the registration provisions of the Securities Act or any state securities laws.

Section 4.7. Consents and Approvals; No Violations.

(a) Except for the Governmental Approvals, no filing with, and no permit, authorization, consent or approval of, any Government Entity is necessary for the execution, delivery and performance of this Agreement by HoldCo and the consummation of the transactions contemplated hereby.

(b) No consent or approval of any other party (other than any Government Entity) is required to be obtained by HoldCo or any Group Company for the execution, delivery or performance of this Agreement or the performance by HoldCo of the transactions contemplated hereby.

(c) Neither the execution, delivery or performance by HoldCo of this Agreement or the other Related Documents to which it is a party, nor the consummation by HoldCo of the transactions contemplated hereby or thereby, nor compliance by HoldCo with any of the provisions hereof or thereof, will:

- (i) conflict with or result in any breach of any provisions of the Constituent Documents of HoldCo;
- (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, vesting, payment, exercise, acceleration, suspension or revocation) under, any of the terms, conditions or provisions of any note, bond, mortgage,

deed of trust, security interest, indenture, license, contract, agreement, plan or other instrument or obligation to which HoldCo or any Group Company is a party or by which it or any of its properties or assets may be bound;

(iii) subject to obtaining the Governmental Approvals, violate any order, writ, injunction, decree, statute, rule or regulation applicable to HoldCo or any of its properties or assets;

(iv) result in the creation or imposition of any Encumbrance on any asset of HoldCo; or

(v) cause the suspension or revocation of any permit, license, governmental authorization, consent or approval necessary for HoldCo to conduct its business as currently conducted;

except in the cases of clauses (ii) through (v) above, where the violation, breach, conflict, default, termination, cancellation, vesting, payment, exercise, acceleration, suspension, revocation, failure to give notice, or creation or imposition of Encumbrance would not, individually or in the aggregate, have a Material Adverse Effect.

(d) No vote of any stockholder of HoldCo is required by law, the Constituent Documents of HoldCo or otherwise in order for HoldCo to consummate the transactions contemplated by this Agreement and the Related Documents.

Section 4.8. Brokers. Except for the Investment Bankers, no person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by HoldCo in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of HoldCo. HoldCo has disclosed to the Standby Purchaser the fees payable to the Investment Bankers in connection with the transactions contemplated hereby.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE CLOSING

Section 5.1. **Conduct of Business by each Group Company Pending the Closing.** From the date hereof until the Closing Date, unless (i) the Standby Purchaser shall otherwise consent in writing, (ii) set forth in Schedule 5.1 as expressly permitted, or (iii) expressly permitted by or required pursuant to this Agreement, each Group Company shall conduct its businesses in the ordinary course consistent with past practice and in compliance in all material respects with all Applicable Laws, and shall, to the extent consistent therewith, use commercially reasonable efforts to (i) preserve intact its business organization and goodwill and relationships with third parties (including relationships with policyholders, insureds, agents, underwriters and brokers), (ii) keep available the services of its current Key Employees, and (iii) maintain its current rights and franchises. In addition to, and without limiting the generality of the foregoing, except as set forth in Schedule 5.1 or as contemplated by the Plan of Conversion or the Prospectus or as otherwise expressly permitted by or required pursuant to this Agreement, from the date hereof until the Closing Date, without the prior written consent of the Standby Purchaser, no Group Company shall:

- (a) adopt or propose any change in its Constituent Documents;
- (b) issue or purchase, redeem or otherwise acquire, any share of capital stock or “phantom” equity or any option, warrant, subscription right, or other right to purchase capital stock or “phantom” equity or any security convertible into or exchangeable for capital stock or “phantom” equity (other than grants under Members Mutual’s Long Term Incentive Plan in amounts consistent with past practice);
- (c) declare, set aside, or pay any cash or non-cash dividend or make any cash or non-cash dividend or distribution in respect of the outstanding equity securities of Members Mutual or any Group Company, provided, however, that this restriction shall not apply to ordinary cash dividends paid by Fidelity Life consistent with past practice in order to fund holding company operating expenses;
- (d) (i) merge or consolidate with any other Person or (ii) acquire a material amount of the assets or equity of any other Person;
- (e) sell, lease, license, subject to an Encumbrance, or otherwise surrender, relinquish or dispose of any material assets or property except, (A) pursuant to existing written contracts or commitments, or (B) in the ordinary course of business consistent with past practice;
- (f) (i) enter into or amend any employment agreement that constitutes a Material Contract, (ii) adopt, enter into, terminate or amend any Benefit Plan that would increase the cost of such Benefit Plan to Members Mutual, (iii) increase in any manner the compensation, bonus or fringe or other benefits of, or pay any bonus to, any current or former director, officer, employee or consultant, except in the ordinary course of business consistent with past practice, (iv) pay any benefit or amount not required under any Benefit Plan, (v) grant or pay any severance or termination pay or increase in any manner the severance or termination pay of any current or former director, officer, employee or consultant, except in the ordinary course of business consistent with past practice;
- (g) change any method of accounting or accounting practice, except for any such required change in U.S. GAAP or the applicable Statutory Accounting Practices;
- (h) make, change or revoke any material written Tax election, settle or compromise any material Tax claim or liability, change (or make a request to any governmental entity to change) any material aspect of its method of accounting for Tax purposes, file any amended Tax Return, prepare any income or other material Tax Return in a manner that is materially inconsistent with the past practice of any Group Company (unless required by Applicable Law), surrender any claim for a refund of a material amount of Taxes, or consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment;

- (i) other than in the ordinary course of business consistent with past practice, modify or amend in any material respect or terminate any Material Contract or enter into any new agreement which would have been considered a Material Contract if it were entered into at or prior to the date hereof;
- (j) abandon, modify, waive, terminate or otherwise change any of its insurance licenses, except as may be required in order to comply with Applicable Law;
- (k) enter into any agreement with or consent to any order to be issued by any Government Entity that obligates any Group Company to either take or forbear from taking any action that materially modifies the manner in which Members Mutual and the Group Companies have conducted the business in the ordinary course consistent with past practice or which obligates any Group Company to pay a fine or restitution in excess of \$500,000;
- (l) make any material loans, indebtedness or advances to any Person or assume or guarantee any obligations of any Person, except for existing financing arrangements or otherwise in the ordinary course of business;
- (m) incur any indebtedness for borrowed money in excess of \$500,000;
- (n) acquire any material properties or assets or sell, assign, license, transfer, convey or otherwise dispose of any of the material properties or assets of Members Mutual and the Group Companies with a value in excess of \$500,000 individual or \$1,000,000 in the aggregate;
- (o) enter into any material new lines of business or products (other than any new accidental death, term, whole, or universal life insurance products or substantially similar products for which prior written notice has been given to the Standby Purchaser before launch), except for those businesses or products in which Members Mutual or any Group Company are engaged on the date hereof;
- (p) materially alter the practices or rates of any Group Company related to earned commission from external customers;
- (q) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), in each case, other than (i) settlement of policy claims or other payments, discharges, settlements or satisfactions in the ordinary course of business consistent with past practice, whether or not reinsured, (ii) settlements of litigation (other than claims litigation) that individually do not exceed \$750,000 or, in the aggregate, \$2,000,000, or (iii) payment of indebtedness, debt securities, guarantees, loans, advances and capital contributions made in the ordinary course of business consistent with past practices and in accordance with scheduled amortization or repayment schedules;
- (r) form or cause the formation of any Subsidiary;

(s) amend the terms of the compensation payable to the Investment Bankers or any of their Affiliates in connection with the consummation of the Subscription Offering and/or the Standby Offering in a manner that is less favorable to any of the Group Companies as compared to the amounts set forth in the engagement letter with the Investment Bankers dated April 18, 2016, as amended on June 6, 2018; or

(t) agree or commit to do any of the foregoing.

Section 5.2. Notification. From the date of this Agreement until the Effective Date of the Registration Statement or the earlier termination of this Agreement pursuant to Article VIII, Members Mutual shall promptly, upon becoming aware, disclose to Standby Purchaser in writing (in the form of an updated Disclosure Schedule (each such additional written disclosure, a “**Disclosure Schedule Supplement**”)) if HoldCo or Members Mutual becomes aware of any matter, action, event, condition or circumstance which, if existing at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule or which is otherwise necessary to correct any information in such Disclosure Schedule which has been rendered inaccurate thereby. Such Disclosure Schedule Supplements shall amend and supplement the appropriate sections of the Disclosure Schedule delivered on the date hereof; provided, that a Disclosure Schedule Supplement may only amend sections of this Agreement to reflect matters, actions, events, conditions or circumstances (a) occurring or arising after the date hereof, and (b) which are not the result of the failure by any Group Company to perform or comply with any covenant set forth in this Agreement; provided, further, that such Disclosure Schedule Supplement shall not affect the Standby Purchaser’s right to terminate this Agreement in accordance with Section 8.4(a) so long as Standby Purchaser exercises its right to so terminate within 30 days of delivery of such Disclosure Schedule Supplement, otherwise Standby Purchaser shall be deemed to have waived its right to terminate this Agreement pursuant to Section 8.4(a) with respect to such Disclosure Schedule Supplement.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.1. Access and Information; Confidentiality.

(a) Members Mutual and HoldCo shall each afford to the Standby Purchaser and its financial advisors, legal counsel, accountants, consultants, financing sources and other authorized representatives reasonable access during normal business hours throughout the period prior to the Closing Date to all of its books, records, properties, plants and personnel and, during such period, each shall furnish as promptly as practicable to the Standby Purchaser (a) a copy of each report, schedule and other document filed or received by it pursuant to the requirements of federal securities laws, and (b) all other information as the Standby Purchaser may reasonably request, provided that no investigation by the Standby Purchaser or other information received by the Standby Purchaser shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made hereunder or the conditions to the obligation of the respective parties to consummate the transactions contemplated hereby.

(b) All information provided to the Standby Purchaser and its representatives pursuant to Section 6.1(a) prior to the Closing shall be held by the Standby Purchaser as Evaluation Material (as defined in the Confidentiality Agreement) and shall be subject to the Confidentiality Agreement, the terms of which are incorporated herein by reference. As used herein, “**Confidentiality Agreement**” shall mean the confidentiality agreement between the Standby Purchaser and Members Mutual, dated as of March 10, 2018.

Section 6.2. Capital Needs Assessment. Following the Closing, the Standby Purchaser agrees and acknowledges that the HoldCo Board shall direct HoldCo management to undertake and complete, within six (6) months after the Closing, an assessment of the current and projected capital reasonably required to be maintained at HoldCo to support the current and near term projected adequacy of capital levels at Fidelity Life and Efinancial and holding company expenses at HoldCo (the “**Capital Needs Assessment**”). If as a result of the Capital Needs Assessment, HoldCo management determines that the amount of capital retained by HoldCo exceeds the reasonable current and near term projected capital requirements, HoldCo management shall determine the amount of excess capital (if any) (“**Excess Capital**”) that may be available for distribution to HoldCo’s stockholders as a return of capital in the form of a special dividend and may recommend to the HoldCo Board that it consider the declaration of a special dividend in an amount not to exceed the amount of Excess Capital, it being understood that any decision regarding the declaration of any dividend, and the amount thereof, will be in the sole discretion of the HoldCo Board and will depend on many factors, including without limitation the Capital Needs Assessment, general economic and business conditions, HoldCo’s financial results and condition, legal and regulatory requirements (including compliance with Delaware law) and any other factors that the HoldCo Board may deem relevant.

Section 6.3. Filings; Other Actions.

(a) Subject to the terms and conditions herein provided, as promptly as practicable, HoldCo, Members Mutual and the Standby Purchaser shall: (i) make all filings required by the insurance regulatory authorities in Illinois, including, without limitation, the filing of the Standby Purchaser Form A by the Standby Purchaser, and any other relevant jurisdictions that may be required to be made in connection with this Agreement and Related Documents and the transactions contemplated hereby and thereby, (ii) use reasonable best efforts to cooperate with each other in timely making all such filings and timely seeking all other consents, approvals, permits, notices or authorizations (including obtaining the HSR Approval, if applicable) as may be required to be made in connection with this Agreement and Related Documents and the transactions contemplated hereby and thereby, and (iii) use reasonable best efforts to take, or cause to be taken, all other action and do, or cause to be done, all other things necessary or appropriate to consummate the transactions contemplated hereby as soon as practicable; provided, that no party hereto shall be required to agree to any Burdensome Condition in connection with seeking or obtaining such approvals from any Government Entity. In connection with the foregoing, Members Mutual will provide the Standby Purchaser, and the Standby Purchaser will provide Members Mutual, with copies of material correspondence, filings or communications between such party or any of its representatives, on the one hand, and any Government Entity or members of their respective staffs, on the other hand, with respect to this Agreement or Related Documents

and the transactions contemplated hereby and thereby, and will keep the other party apprised of the status of any material communications with and any inquiries or request for additional information from any Government Entity; provided, that each party will provide the other party with a reasonable opportunity to review such documents prior to the filing thereof and reasonably consider any comments suggested by the other party or its counsel.

(b) The Standby Purchaser will cooperate with Members Mutual with respect to all matters coming before the Department in connection with this Agreement, the Related Documents and the transactions contemplated hereby and thereby, and Members Mutual will cooperate with Standby Purchaser with respect to all matters coming before the Department in connection with the Standby Purchaser Form A.

(c) The Standby Purchaser and Member Mutual shall be responsible for their respective fees and all costs of all regulatory filings related to any approvals from any Government Entity.

Section 6.4. Public Announcements. Until the Closing Date, except for any filings with the Department or SEC or other filings or communications contemplated by this Agreement, the Related Documents or the Plan of Conversion and the transactions contemplated hereby and thereby, no party to this Agreement will issue any press release or otherwise make any public statement, make any public filing or respond to any press inquiry in each case with respect to this Agreement, any Related Document or the transactions contemplated hereby and thereby without the prior approval of each of the other parties (which approval will not to be unreasonably withheld), except as may be required by Applicable Law or by obligations pursuant to any listing agreement with any national or regional securities exchange.

Section 6.5. Tax Treatment. The parties hereto acknowledge that the Conversion is intended to constitute a reorganization pursuant to Code Section 368(a)(1)(E) for Tax purposes. None of Members Mutual, HoldCo, or the Standby Purchaser shall take any action, and no such party shall allow an Affiliate of such party to take any action, if such action or failure to act could prevent or impede the Conversion from qualifying as a “reorganization” within the meaning of Code Section 368(a)(1)(E). Unless otherwise required by a “determination” within the meaning of Section 1313 of the Code, none of the Members Mutual, HoldCo, or the Standby Purchaser or any of their Affiliates shall take any position on any Tax Return or for any Tax purposes that is inconsistent with the Conversion qualifying as a “reorganization” within the meaning of Section 368(a)(1)(E) of the Code.

Section 6.6. Further Assurances. Subject to the terms and conditions of this Agreement, the Standby Purchaser, HoldCo and Members Mutual will each use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under Applicable Laws to consummate the transactions contemplated by this Agreement and Related Documents, including (i) preparing and filing as promptly as practicable with any Government Entity or other third party all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents; (ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Government Entity or other third party that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

Section 6.7. Post-Closing Standstill Provision. During the Standstill Period, except in connection with a Sale of the Company to a Third Party Purchaser, the Standby Purchaser agrees that, without the prior written consent of a majority of the Company Designees, neither the Standby Purchaser, nor any of its Affiliates or Associates nor any Person acting at their direction or on their behalf, will, directly or indirectly:

(a) with respect to HoldCo or the Common Stock, make, engage or in any way participate in, directly or indirectly, any “solicitation” (as such term is used in the proxy rules of the SEC) of proxies or consents (whether or not relating to the election or removal of directors); seek to advise, encourage or influence any Person with respect to the voting of any Common Stock (other than Affiliates or Associates); initiate, propose or otherwise “solicit” (as such term is used in the proxy rules of the SEC) stockholders of HoldCo for the approval of stockholder proposals whether made pursuant to Rule 14a-8 or Rule 14a-4 under the Exchange Act, or otherwise, or cause or encourage or attempt to cause or encourage any other Person to initiate any such stockholder proposal; otherwise communicate with HoldCo’s stockholders or others pursuant to Rule 14a-1(l)(2)(iv) under the Exchange Act; or participate in, or take any action pursuant to, any “shareholder access” proposal which may be adopted by the SEC, whether in accordance with previously proposed Rule 14a-11 or otherwise;

(b) seek, propose, or make any statement (except for (i) the Standby Purchaser Designees acting solely in their capacity as directors of HoldCo, (ii) by offers or proposals to the Board which do not require or result in public disclosure, or (iii) communications to existing and prospective investors and limited partners in Fund IV and affiliated investment vehicles thereof which do not require or result in public disclosure or an amendment to a Schedule 13D or any other filings of the Standby Purchaser pursuant to the Exchange Act regarding the Standby Purchaser’s beneficial ownership in HoldCo, in each case in connection with the Sale of the Company to a Third Party Purchaser) with respect to any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization or similar transactions of or involving HoldCo or any of its Affiliates or Associates;

(c) acquire, offer or propose to acquire, or agree to acquire (except by way of stock dividends, stock splits or other distributions or offerings made available to holders of any shares of Common Stock generally), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other “group” (within the meaning of section 13(d)(3) of the Exchange Act) or otherwise, any shares of Common Stock, Equity Securities, or any loans, debt securities, or assets of HoldCo or any of its Subsidiaries, or rights or options to acquire interests in any of the loans, debt securities, Equity Securities or assets of HoldCo or any of its Subsidiaries;

(d) form, join or in any way participate in a “group” (within the meaning of section 13(d)(3) of the Exchange Act) with respect to any shares of Common Stock, other than a group composed solely of the Standby Purchaser;

(e) deposit any shares of Common Stock in any voting trust or subject any shares of Common Stock to any arrangement or agreement with respect to the voting of any shares of Common Stock;

(f) act alone or in concert with others to control or seek to control, or influence or seek to influence, the management of HoldCo, the HoldCo Board or policies of HoldCo (other than control or voting of Standby Purchaser or any Standby Purchaser Designees as contemplated by this Agreement) (except for the Standby Purchaser Designees acting solely in their capacity as directors of HoldCo);

(g) make any demand or request for any shareholder list, or any related material, or for the books and records of HoldCo or its Affiliates;

(h) seek, alone or in concert with others, election or appointment to or representation on, or nominate or propose the nomination of any candidate to, the board of directors of HoldCo, or seek the removal of any member of the HoldCo Board, in a manner inconsistent with this Agreement (including Section 1.4);

(i) have any discussions or communications, or enter into any arrangements, understanding or agreements (whether written or oral) with, or instigate, advise, finance, assist or encourage, any other Person in connection with any of the foregoing (including by granting any waiver to any legal, financial, public relations, proxy solicitation or other firm that represented or was engaged by the Standby Purchaser, its Affiliates, Associates or any of their legal counsel with respect to HoldCo, which waiver would permit any such firm to represent any Person in connection with matters relating to HoldCo), or make any investment in or enter into any arrangement with any other Person that engages, or offers or proposes to engage, in any of the foregoing;

(j) sell, transfer, assign, lend, convey, gift, mortgage, pledge, encumber, hypothecate or otherwise dispose of, directly or indirectly, including, through any merger, consolidation, reorganization, recapitalization, tender offer, exchange offer, or other similar transaction (a “**Transfer**”), any Standby Shares except to an Affiliate of the Standby Purchaser who agrees in writing to be bound by the terms of this Agreement; or

(k) otherwise take, or solicit, cause or encourage others to take, any action inconsistent with any of the foregoing.

The provisions of this Section 6.7 are intended to be for the benefit of the Group and will be enforceable by the Company Designees against the Standby Purchaser and each Group Company during the Standstill Period. For the avoidance of doubt, the provisions of this Section 6.7 shall not prevent the HoldCo Board nor the Standby Purchaser, nor any of its Affiliates or Associates nor any Person acting at their direction or on their behalf from hiring financial advisers, soliciting indications of interest, providing information, or engaging in or entering into discussions, communications, arrangements, understandings or agreements with, or instigating, advising, financing, assisting, or encouraging a Third Party Purchaser solely in connection with a potential Sale of the Company to such Third Party Purchaser.

Section 6.8. Director and Officer Indemnification and Insurance.

(a) All rights to indemnification, advancement of expenses and exculpation by each Group Company now or hereafter existing in favor of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Closing Date, an officer or director of such Group Company, as provided in the articles of incorporation or by-laws (or similar organization documents) of such Group Company, in each case as in effect on the date of this Agreement (or in the case of HoldCo, the Closing Date), shall survive the Closing Date and shall continue in full force and effect in accordance with their respective terms. HoldCo agrees that at or prior to the Closing it shall enter into an indemnification agreement with each of the Standby Purchaser Designees and each member of the Advisory Board in a form previously agreed to by the parties.

(b) Parties hereto agree to maintain in effect for a period of six years after the Closing Date the current policies (or substantially similar policies with the same or increased limits) of directors' and officers' liability insurance maintained by each Group Company immediately prior to the Closing Date; provided that each Group Company may substitute therefor policies of at least the same coverage and amounts and containing terms and conditions that are not less advantageous to the directors and officers of such Group Company when compared to the insurance maintained by such Group Company as of the date hereof.

(c) The obligations of the Parties under this Section 6.8 shall not be terminated or modified in such a manner as to adversely affect any director or officer to whom this Section 6.8 applies without the consent of such affected director or officer (it being expressly agreed that the directors and officers to whom this Section 6.8 applies shall be third-party beneficiaries of this Section 6.8, each of whom may enforce the provisions of this Section 6.8).

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE CLOSING

Section 7.1. Conditions to Each Party's Obligation to Effect the Closing. The respective obligations of each party hereto to effect the Closing shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) No Government Entity having competent jurisdiction shall have issued any order, decree or ruling or taken any other action (and such order, decree, ruling or other action shall have become final and nonappealable) permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement;

(b) The Illinois Approvals shall have been received and not revoked;

(c) If applicable, HSR Approval shall have been obtained and not revoked;

- (d) The Eligible Member Approval shall have been obtained at the Special Meeting;
- (e) The Registration Statement shall have become effective under the Securities Act and no stop order shall have been issued;
- (f) All of the conditions precedent to the consummation of the Offerings as set forth in the Plan of Conversion shall have been satisfied or waived (if capable of being waived); and
- (g) The closing of the Subscription Offering pursuant to the terms and conditions of the Agency Agreement shall be consummated simultaneously with the Closing hereunder.

Section 7.2. Conditions to Obligations of Members Mutual and HoldCo to Effect the Closing. The obligations of Members Mutual and HoldCo to effect the Closing shall be subject to the satisfaction or waiver by Members Mutual and HoldCo of the following additional conditions:

- (a) The representations and warranties of the Standby Purchaser contained in Article II, disregarding all qualifications and exceptions contained therein relating to materiality or Material Adverse Effect or words of similar import, shall be true and correct in all respects (other than for *de minimis* exceptions) as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects (other than for *de minimis* exceptions) as of that specified date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on the Standby Purchaser's ability to consummate the transactions contemplated hereby;
- (b) The Standby Purchaser shall have performed in all material respects its obligations under this Agreement required to be performed by it on or prior to the Closing Date; and
- (c) Members Mutual and HoldCo shall have received a certificate of the Chief Executive Officer or the Chief Financial Officer of the Standby Purchaser as to the satisfaction of the conditions set forth in Sections 7.2(a) and 7.2(b).

Section 7.3. Conditions to Obligations of the Standby Purchaser to Effect the Closing. The obligations of the Standby Purchaser to effect the Closing shall be subject to the satisfaction or waiver by the Standby Purchaser of the following additional conditions:

- (a) The representations and warranties of HoldCo and Members Mutual contained in Article III and Article IV respectively (other than the Fundamental Representations), disregarding all qualifications and exceptions contained therein relating to materiality or Material Adverse Effect or words of similar import, shall be true and correct in all respects (other than for *de minimis* exceptions) as of the Effective Date of

the Registration Statement with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects (other than for *de minimis* exceptions) as of that specified date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect; provided, however, that the condition set forth in this Section 7.3(a) shall expire, and may no longer be asserted, after the Effective Date of the Registration Statement;

(b) The Fundamental Representations of Members Mutual and HoldCo (as applicable), disregarding all qualifications and exceptions contained therein relating to materiality or Material Adverse Effect or words of similar import, shall be true and correct in all respects (other than for *de minimis* exceptions) at and as of the Closing Date as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects (other than for *de minimis* exceptions) as of that specified date);

(c) Each of Members Mutual and HoldCo shall have performed in all material respects its obligations under this Agreement required to be performed by it on or prior to the Closing Date;

(d) No Material Adverse Effect shall have occurred between the date of this Agreement and the Closing Date; provided, however, that the condition set forth in this Section 7.3(d) shall expire, and may no longer be asserted, after the Effective Date of the Registration Statement;

(e) The Standby Purchaser shall have received a certificate of the Chief Executive Officer or the Chief Financial Officer of Members Mutual and HoldCo as to the satisfaction of the conditions set forth in Sections 7.3(a), 7.3(b), 7.3(c) and 7.3(d); and

(f) The Standby Purchaser shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of HoldCo certifying that attached thereto are true and complete copies of all resolutions adopted by the HoldCo Board authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions set forth herein, including, but not limited to, the New Director Resolution, and that all such resolutions are in full force and effect; and

(g) The Department shall not have revoked its prior written approval of any Reinsurance Agreement.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

Section 8.1. Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Closing by mutual written agreement of HoldCo, Members Mutual and the Standby Purchaser.

Section 8.2. Termination by Either Standby Purchaser or Members Mutual. This Agreement may be terminated by either the Standby Purchaser or Members Mutual if:

(a) The Eligible Member Approval shall not have been obtained at the Special Meeting;

(b) The Closing shall not have been consummated before September 30, 2019 (the “**Outside Date**”); provided that the party seeking to terminate this Agreement pursuant to this Section 8.2(b) shall not have failed to perform the covenants, agreements and conditions to be performed by it which has been the cause of, or resulted in, the failure of the Closing to occur by such date; or

(c) Any Government Entity having competent jurisdiction shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; provided that the party seeking to terminate this Agreement pursuant to this Section 8.2(c) shall have used all reasonable best efforts to remove such injunction, order or decree.

Section 8.3. Termination by Members Mutual. This Agreement may be terminated by Members Mutual if:

(a) the Standby Purchaser materially breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which if not cured would cause the conditions set forth in Section 7.2(a) or Section 7.2(b) not to be satisfied, and such breach is incapable of being cured or shall not have been cured within 30 days after written notice thereof shall have been delivered to the Standby Purchaser; provided that at the time of such termination neither Members Mutual nor HoldCo shall be in material breach of any of their respective representations, warranties or covenants set forth in this Agreement; or

(b) by action of the Members Mutual Board, Members Mutual shall have Abandoned the Plan of Conversion and terminated the Subscription Offering prior to the Eligible Member Approval at the Special Meeting.

Section 8.4. Termination by Standby Purchaser. This Agreement may be terminated by the Standby Purchaser:

(a) prior to the Effective Date of the Registration Statement, if Members Mutual or HoldCo materially breaches any of their respective representations, warranties, covenants or agreements contained in this Agreement, which if not cured would cause the conditions set forth in Section 7.3(a) or 7.3(b) not to be satisfied, and such breach is incapable of being cured or shall not have been cured within 30 days after written notice thereof shall have been delivered to Members Mutual or HoldCo; provided that at the time of such termination the Standby Purchaser shall not be in material breach of any of its representations, warranties or covenants set forth in this Agreement; or

(b) within five (5) days of the receipt of the Illinois Approvals, if and only if such approvals contain or require, in the good faith determination of the Standby Purchaser, the imposition of a Burdensome Condition.

Section 8.5. Effect of Termination and Abandonment. In the event of termination of the Agreement pursuant to this Article VIII, written notice thereof shall as promptly as practicable be given to the other parties to this Agreement and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated pursuant to this Article VIII: (a) there shall be no liability or obligation on the part of the parties hereto or their respective officers, directors, employees, representatives or Affiliates, and all obligations of the parties hereto shall terminate, except for (i) the obligations of the parties pursuant to this Section 8.5, Section 8.6 and the provisions of Article IX, and (ii) any liabilities for any willful breach by the parties of the terms and conditions of this Agreement or actual fraud prior to such termination; and (b) all filings, applications and other submissions made pursuant to the transactions contemplated by this Agreement shall, to the extent practicable, be withdrawn from any Government Entity to which made.

Section 8.6. Expense Reimbursement. If this Agreement has been terminated by Members Mutual pursuant to Section 8.3(b), then Members Mutual shall promptly pay to the Standby Purchaser in cash (by wire transfer of immediately available funds to an account to be designated by the Standby Purchaser), reimbursement of reasonable Transaction Expenses incurred by the Standby Purchaser in connection with the transactions contemplated by this Agreement not to exceed \$750,000 (the “**Expense Reimbursement**”).

ARTICLE IX

GENERAL PROVISIONS

Section 9.1. Survival of Representations, Warranties. None of the representations and warranties other than the Fundamental Representations in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Date of the Registration Statement, and none of the Fundamental Representations shall survive the Closing.

Section 9.2. Notices. All notices, claims, demands and other communications hereunder shall be in writing and shall be deemed given (a) after confirmation of receipt of a facsimile transmission, (b) one Business Day after delivered to a nationally recognized commercial delivery service promising next business day delivery and requiring receipt for delivery (such as Federal Express), (c) when delivered by hand or (c) three Business Days after the day when sent by United States mail, registered or certified mail (postage prepaid, return receipt requested), addressed to the respective parties at the following addresses (or such other address for a party as shall be specified by like notice):

(a) If to HoldCo or Members Mutual, to:

8700 W. Bryn Mawr Avenue, Suite 900S
Chicago, Illinois 60631

Tel: (800) 369-3990
Fax: 312-288-0073
Attn: John Buchanan, Esq. (General Counsel)

With a copy to:

Locke Lord LLP
111 S. Wacker Drive
Chicago, Illinois 60606
Tel: (312) 443-0700
Fax: (312) 443-0336
Attn: J. Brett Pritchard, Esq.
Charles Wu, Esq.

(b) If to the Standby Purchaser, to:

J.C. Flowers & Co. LLC 767 Fifth Avenue, 23rd Floor
New York, NY 10153
Tel: (212) 404-6810
Fax: (212) 404-6898
Attn: Eric Rahe

With a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153-0119
Tel: (212) 310-8751
Fax: (212) 310-8007
Attn: Douglas P. Warner, Esq.

Section 9.3. Descriptive Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.4. Entire Agreement; Assignment. This Agreement (including the Exhibits, the Disclosure Schedule, and other documents and instruments referred to herein), when duly approved and adopted by all requisite parties, constitute the entire agreement and supersede all other prior agreements and understandings, both written and oral, among the parties hereto, with respect to the subject matter hereof, including any transaction between or among the parties hereto. This Agreement shall not be assigned by operation of law or otherwise; provided, that the Standby Purchaser may assign this Agreement to its Affiliates; provided, further, that such Affiliate must agree to be bound to the terms of this Agreement to the same extent as the Standby Purchaser and such assignment shall not release the Standby Purchaser from its obligations under this Agreement and such assignment shall not release Fund IV's obligations under the Guaranty except as provided under the terms of the Guaranty.

Section 9.5. Governing Law; Consent to Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or any other jurisdiction) that would cause the application of the Applicable Laws of any jurisdiction other than the State of Illinois.

(b) By execution and delivery of this Agreement, each of the parties hereto accepts and consents to the exclusive jurisdiction of the courts of the State of Illinois sitting in the County of Cook and the federal courts sitting in the Northern District of Illinois, for itself and in respect of its property, and waives in respect of both itself and its property any defense it may have as to or based on sovereign immunity, jurisdiction, improper venue or inconvenient forum. Each of the parties hereto irrevocably consents to the service of any process or other papers by the use of any of the methods and to the addresses set for the giving of notices pursuant to this Agreement. Nothing herein shall affect the right of any party hereto to serve such process or papers in any other manner permitted by law.

Section 9.6. Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto, provided that during the Standstill Period, this Agreement may not be amended by Members Mutual, Holdco or Fidelity Life without the consent of a majority of the Company Designees.

Section 9.7. Waiver. At any time prior to the Closing Date, the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

Section 9.8. Counterparts; Effectiveness. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement. This Agreement shall become effective when each party hereto shall have received counterparts thereof signed and delivered (by telecopy, electronic transmission or otherwise) by all of the other parties hereto.

Section 9.9. Severability; Validity; Parties in Interest. If any provision of this Agreement, or the application thereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable. Nothing in this Agreement, express or implied, is intended to confer upon any person not a party to this Agreement any rights or remedies of any nature whatsoever under or by reason of this Agreement except as otherwise expressly set forth herein.

Section 9.10. Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. Any party seeking any such equitable remedy shall not be required to post a bond or other security in connection with any action brought with respect to this Agreement. This Agreement may only be enforced against the named parties hereto and their successors and assigns and all claims or causes of action that may arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may be made only against such parties and their successors and assigns, and no past, present or future director, officer, employee, incorporator, member, manager, partner, shareholder, Affiliate, agent, attorney or representative of any party hereto shall have any liability or obligation with respect to this Agreement or with respect to any claim or cause of action, whether in tort, contract or otherwise (except for fraud), that may arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement and the transactions contemplated hereby; provided, however, that nothing in the forgoing shall affect or limit any obligation of Fund IV to HoldCo and/or Members Mutual under the Guaranty.

Section 9.11. Expenses. Except as otherwise provided in Section 8.6 hereof, each party hereto shall bear the respective legal, accounting and other costs and expenses of any nature (“**Expenses**”), relating to or in connection with the consummation of the transactions contemplated by this Agreement, incurred by any of them, whether or not this Agreement is consummated or terminated. For the avoidance of doubt, in the event that any of Sections 1.4(c), 1.4(e), or 6.7 is sought to be enforced by the Company Designees or Section 1.4(c) is sought to be enforced by the Standby Purchaser, the Expenses of such party shall be paid by HoldCo.

Section 9.12. Definitions.

(a) Terms Generally. The words “**hereby**”, “**herein**”, “**hereof**”, “**hereunder**” and words of similar import refer to this Agreement as a whole (including any Exhibits hereto and Disclosure Schedules delivered herewith) and not merely to the specific section, paragraph or clause in which such word appears. All references herein to Sections, Exhibits and Disclosure Schedules shall be deemed references to Sections of, Exhibits to, and Disclosure Schedules with this Agreement unless the context shall otherwise require. The words “**include**”, “**includes**” and “**including**” shall be deemed to be followed by the phrase “without limitation.” The definitions given for terms in this Section 9.12 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Except as otherwise expressly provided herein, all references to “**dollars**” or “**\$**” shall be deemed references to the lawful money of the United States of America.

(b) Certain Terms. Whenever used in this Agreement (including in the Schedules), the following terms shall have the respective meanings given to them below or in the Sections indicated below:

Abandon: means that by resolution passed by the affirmative vote of two-thirds of its board of directors, Members Mutual has determined to withdraw the Plan of Conversion and terminate the Subscription Offering after determining in good faith that continued prosecution of the Plan of Conversion and Subscription Offering would or would reasonably be expected to (i) have a Material Adverse Effect, (ii) materially affect the aggregate economic benefits reasonably anticipated by HoldCo from the transactions contemplated hereby, or (iii) result in any condition, limitation, restriction or requirement that would materially limit or impose a material financial burden on the ability of HoldCo to operate any Group Company in a manner consistent with past practice.

Action: has the meaning set forth in [Section 3.16](#).

Advisory Board: has the meaning set forth in [Section 1.4\(c\)\(viii\)](#).

Advisory Board Termination Date: has the meaning set forth in [Section 1.4\(c\)\(viii\)\(A\)](#).

Affiliate: has the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Affiliates of any Person subsequent to the date hereof.

Agency Agreement: means the agency agreement to be entered into by and among Members Mutual, Holdco, and the Investment Bankers.

Agreement: this Standby Stock Purchase Agreement as it may be amended from time to time.

Annual Statutory Statements: has the meaning set forth in [Section 3.6](#).

Applicable Law: any applicable order, law, regulation, rule, ordinance, writ, injunction, directive, judgment, decree, principle of common law, constitution or treaty enacted, promulgated, issued, enforced or entered by any Government Entity applicable to the parties hereto, or any of their respective Subsidiaries, properties or assets as the case may be.

Associate: shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Associates of any Person subsequent to the date hereof.

Benefit Plans: means any employee benefit plan within the meaning of Section 3(3) of ERISA and each other employee benefit plan providing for health savings accounts, and each bonus, employment, incentive or deferred compensation, severance, termination, retention, change in/of control, tuition reimbursement, adoption reimbursement, stock option, stock appreciation, stock purchase, phantom stock or other equity-based, performance or other employee or retiree benefit or compensation plan, program, arrangement, agreement, policy or understanding, whether written or unwritten, or required to be established for employees under Applicable Laws, that provides or may provide benefits or compensation in respect of any current or former employee, director or other service provider of any Group Company or under which any current or former employee, director or other service provider is or may become eligible to participate or derive a benefit.

Burdensome Condition: means any condition, requirement or arrangement applicable to the Standby Purchaser or any Group Company that would (i) be reasonably likely to materially change the manner in which any Group Company has conducted its business in the normal course, (ii) require any material capital contribution, (iii) require any maintenance agreement or keep well obligation that imposes any condition, restriction or obligation that is not required by Applicable Law, (iv) impose any dividend limitation other than those provided under Applicable Law; (v) require the material amendment of or modification of the terms of any material agreement between or among any of the Group Companies, or (vi) require any changes to the size, composition or voting rights of the board of directors of any Group Company, including but not limited to the respective consent and voting rights of the Standby Purchaser Designees or the Company Designees, or of the voting and consent rights of the Standby Purchaser.

Business Day: any day other than a Saturday, Sunday or a day on which banking institutions in Illinois are permitted or obligated by law to be closed for regular banking business.

Capital Needs Assessment: has the meaning set forth in Section 6.2.

Cause: means, with respect to a Company Designee or a member of the Advisory Board, as determined in good faith by a majority of the Standby Purchaser Designees, with respect to a Standby Purchaser Designee, as determined in good faith by a majority of the Company Designees, and with respect to the Chief Executive Officer, as determined in good faith by a majority of the HoldCo Board: (i) indictment by federal or state authorities in respect of any crime that involves theft, dishonesty or breach of trust; (ii) conviction of any felony; (iii) commission of any act or omission that results in, or may reasonably be expected to result in, a conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony; (iv) with respect to the Chief Executive Officer, deliberate and repeated refusal to perform the customary employment duties reasonably related to employee's position (other than as a result of vacation, sickness, illness or injury); (v) fraud or embezzlement of the property or assets of any Group Company; (vi) misconduct or malfeasance (intentional or reckless wrongdoing with or without malicious or tortious intent) that may have a material adverse effect on HoldCo; (vii) with respect to a director, the willful, intentional and material breach or the habitual and continued neglected by the director of his or her duties, or (viii) with respect to the Chief Executive Officer, a material breach or violation of any provision of his employment agreement.

Closing: has the meaning set forth in in Section 1.3(a).

Closing Date: shall mean the date on which the Closing actually takes place.

Code: The Internal Revenue Code of 1986, as amended, together with all regulations promulgated thereunder.

Common Stock: the common stock of HoldCo, par value \$0.001 per share.

Company Designees: has the meaning set forth in Section 1.4(c)(iii).

Confidentiality Agreement: has the meaning set forth in in Section 6.1(b).

Constituent Documents: with respect to any entity, the Certificate or Articles of Incorporation and Bylaws of such entity, or any similar charter or other organizational documents of such entity.

Conversion: has the meaning set forth in in the Recitals.

Converted Members Mutual: means Members Mutual following its conversion to stock form under the Plan of Conversion.

Department: the Illinois Department of Insurance.

Disclosure Schedule: means the disclosure schedule delivered to the Standby Purchaser by Members Mutual and HoldCo prior to the execution of this Agreement.

Disclosure Schedule Supplement: has the meaning set forth in Section 5.2.

Draft Registration Statement: means the draft of the Registration Statement dated October 5, 2018 that has been furnished to the SEC by Members Mutual on the date of this Agreement and identified as the Draft Registration Statement for purposes of this Agreement.

Effective Date: the date on which the Conversion becomes effective as provided in the Plan of Conversion.

Effective Date of Registration Statement: has the meaning set forth in Section 1.5(b).

Eligible Member: a Person who qualifies as an Eligible Member under the Plan of Conversion.

Eligible Member Approval: has the meaning set forth in the Recitals.

Encumbrance: any mortgage, pledge, deed of trust, hypothecation, lien, charge, security interest, right of first refusal or option to purchase.

Equity Securities: shall include (i) any Common Stock, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, shares of the Common Stock (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any shares of the Common Stock, and (iv) any such warrant or right.

ERISA: has the meaning set forth in Section 3.14(b).

Escrow Agent: has the meaning set forth in Section 1.3(b).

Escrow Fund: has the meaning set forth in Section 1.3(b).

Excess Capital: has the meaning set forth in Section 6.2.

Exchange Act: the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder.

Expenses: has the meaning set forth in Section 9.11.

Expense Reimbursement: has the meaning set forth in Section 8.6.

Fidelity Life: has the meaning set forth in the Preamble.

Final Standby Ownership Percentage: has the meaning set forth in Section 1.1(b).

Financial Statements: has the meaning set forth in Section 3.5(b).

Fund IV: has the meaning set forth in the Recitals.

Fundamental Representations: means the representations and warranties made by Members Mutual in Section 3.2 (Capitalization), Section 3.3 (Authority Relative to this Agreement), and Section 3.11 (Brokers) and the representations and warranties made by HoldCo in Section 4.2 (Capitalization), Section 4.3 (Authority Relative to this Agreement) and Section 4.8 (Brokers).

Government Entity: any court or tribunal or administrative, governmental or regulatory body, agency, commission, board, legislature, instrumentality, division, department, public body, court or other authority, including without limitation the rules of the Nasdaq Stock Market.

Governmental Approvals: has the meaning set forth in Section 2.3(a).

Group Company: shall mean each of HoldCo, Members Mutual, Vericity Holding, Inc., Fidelity Life and Efinancial, LLC (“**Efinancial**”), and the term “**Group**” shall mean such entities collectively.

Guaranty: has the meaning set forth in the Recitals.

HSR Approval: shall mean the expiration or termination of the waiting period applicable to the consummation of the transactions contemplated hereunder pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

HoldCo: has the meaning set forth in the Preamble.

HoldCo Board: has the meaning set forth in Section 1.4(b).

Illinois Approvals: means the approval by the Director of the Department of the Plan of Conversion, the Members Mutual Restated Articles and the Standby Purchaser Form A.

Illinois Insurance Code: shall mean Section 59.1 of the Illinois Insurance Code.

Initial Standby Ownership Percentage: has the meaning set forth in Section 1.1(b).

Intellectual Property: means all worldwide rights, title and interests associated with or arising out of any intellectual property, including: (i) all domestic and foreign patents and patent applications, together with all reissuances, divisionals, continuations, continuations-in-part, revisions, renewals, extensions, and re-examinations thereof (collectively “**Patents**”); (ii) all

trademarks, service marks, logos, trade names, brand names, trade dress, trade styles, and other identifiers indicating the business or source of goods or services, and other indicia of commercial source or origin (whether registered, arising under common law or statutory law, or otherwise) and general intangibles of a like nature, and all registrations and applications to register, and renewals of, the foregoing anywhere in the world, and all goodwill associated with any of the foregoing (collectively, “**Marks**”); (iii) all trade secret rights and corresponding rights in Confidential Information and other non-public proprietary information (whether or not patentable), including ideas, formulas, compositions, inventor’s notes, discoveries and improvements, know-how, manufacturing and production processes and techniques, testing information, research and development information, inventions, invention disclosures, unpatented blueprints, drawings, specifications, designs, plans, proposals and technical data, business and marketing plans, market surveys, market know-how and customer lists and information (collectively, “**Trade Secrets**”); (iv) all copyrights and copyrightable works, and all database and design rights, whether or not registered or published, including all data collections, “moral” rights, mask works, copyright registrations and applications therefor and corresponding rights in works of authorship (collectively, “**Copyrights**”); (v) all Internet domain names, electronic addresses, uniform resource locators and alphanumeric designations associated therewith and all registrations for any of the foregoing, and all social media accounts (collectively, “**Domain Names**”); and (vi) all intellectual property rights arising from software and technology.

Investment Bankers: has the meaning set forth in [Section 3.11](#).

Key Employees: means James E. Hohmann, James Harkensee, Chris Kim, John Buchanan, Chris Campbell, and Laura Zimmerman.

Knowledge of Members Mutual: the actual knowledge of the executive officers of Members Mutual as to any fact or matter.

Mandatory Standby Shares: has the meaning set forth in [Section 1.1\(a\)](#).

Material Adverse Effect: any fact, circumstance, occurrence, effect, change or event (any such item, an “**Effect**”) that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the financial condition, or on the earnings, operations, assets or business of HoldCo, Members Mutual and their respective Subsidiaries taken as a whole; provided, however, that solely for the purposes determining whether a Material Adverse Effect has occurred, there shall be excluded any Effect to the extent resulting from or relating to (i) actions or omissions of HoldCo or Members Mutual expressly required or contemplated by the terms of this Agreement, (ii) changes after the date hereof in general economic conditions in the United States, including financial market volatility or downturn, (iii) changes after the date hereof affecting generally the industries or markets in which Members Mutual or any of its Subsidiaries operates, (iv) acts of war, sabotage or terrorism, military actions or the escalation thereof, or outbreak of hostilities, (v) any changes after the date hereof in applicable laws or accounting rules or principles, including changes in U.S. GAAP or Statutory Accounting Practices, (vi) any failure by Members Mutual or any of its Subsidiaries to meet any internal projections or forecasts (but not the underlying causes of such failure), (vii) any matter disclosed in the Draft Registration Statement (excluding any disclosures set forth in any risk

factor section or in any section relating to forward-looking, safe harbor or general statements to the extent they are general, nonspecific, cautionary or forward-looking in nature), or (viii) the announcement or pendency of the transactions contemplated by this Agreement; provided further, however, that any circumstance, event, change, development or effect referred to in clauses (ii), (iii), (iv) and (v) shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such circumstance, event, change, development or effect has a disproportionate effect on Members Mutual or any of its Subsidiaries compared to other participants in the industries or markets in which Members Mutual or any of its Subsidiaries operates.

Material Amendment: means an amendment that amends or seeks to amend the Restated Articles or Restated Bylaws in any manner that would (i) except with respect to the creation and/or issuance of one or more series of preferred stock of HoldCo, adversely affect the voting or other rights, interests or economic value of the Common Stock held by any HoldCo stockholder, (ii) affect the voting or other rights, interests or economic value of the Common Stock held by any HoldCo stockholder disproportionately as compared to the Standby Purchaser, (iii) seek to effect a reverse stock split, recapitalization, reclassification of the Common Stock of HoldCo, (iv) amend Article IV of the Restated Articles (except with respect to the creation and/or issuance of one or more series of preferred stock of HoldCo), Article V or Article X of the Restated Articles, (v) amend Article VIII of the Restated Articles in any manner that would adversely affect the rights of the Company Designees thereunder; or (vi) amend Article III, Article IV, Section 5.2, or Section 7.12 of the Restated Bylaws.

Material Contract: has the meaning set forth in Section 3.17.

Member Notices: has the meaning set forth in Section 2.4.

Members Mutual: has the meaning set forth in the Preamble.

Members Mutual Board: has the meaning set forth in the Recitals.

Members Mutual Restated Articles: has the meaning set forth in Section 1.5(b).

New Director Resolution: has the meaning set forth in Section 1.4(d).

Offering Maximum: has the meaning set forth in the Recitals.

Offering Minimum: has the meaning set forth in the Recitals.

Offering Participant: any Person who is eligible to purchase shares of Common Stock in the Subscription Offering pursuant to the Plan of Conversion.

Offerings: has the meaning set forth in the Recitals.

Optional Standby Shares: has the meaning set forth in Section 1.1(b).

Outside Date: has the meaning set forth in Section 8.2(b).

Owned Intellectual Property: means all Intellectual Property that is owned or purported to be owned by Members Mutual or any Group Company.

Person: any natural person, firm, partnership, association, corporation, company, trust, business trust, Government Entity, limited liability company or other entity.

Personal Information: means, in addition to any definition for any similar term (e.g., “personally identifiable information” or “PII”) provided by applicable Law, or by Members Mutual or any Group Company in any of their privacy policies or notices, contracts or other public-facing statements, all information, in any form, regarding or capable of being associated with or identifying an individual person or device. Personal Information may relate to any individual, including a current, prospective, or former customer or employee of any Person, and includes information in any form or media, whether paper, electronic, or otherwise.

Plan of Conversion: has the meaning set forth in the Recitals.

Post-Closing Protection Period: means the period starting on the Closing Date and ending on the earlier to occur of (a) the third anniversary of the Closing Date, and (b) the expiration date of the Standstill Period.

Privacy Laws: means any and all applicable Laws, legal requirements, and self-regulatory guidelines (including of any applicable foreign jurisdiction) relating to data privacy, data security, and Personal Information, and similar applicable consumer protection laws, with respect to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure or transfer (including cross-border) of Personal Information, including the General Data Protection Regulation, the California Online Privacy Protection Act, the Communications Decency Act, the Payment Card Industry Data Security Standard, the CAN-SPAM Act, and any and all applicable Laws governing breach notification in connection with Personal Information.

Prospectus: has the meaning set forth in Section 1.5(a).

Proxy Statement: has the meaning set forth in Section 1.5(b).

Purchase Price: has the meaning set forth in Section 1.3(c).

Quarterly Statutory Statements: has the meaning set forth in Section 3.6.

Reinsurance Agreement: means that certain Reinsurance Agreement, effective July 1, 2013, between Fidelity Life Association and Hannover Life Reassurance Company of America, and that certain Amended and Restated Reinsurance Agreement effective July 1, 2016 between Fidelity Life Association and Hannover Life Reassurance Company of America.

Registration Statement: has the meaning set forth in Recitals.

Related Documents: shall mean the Guaranty.

Restated Articles: has the meaning set forth in Section 1.4(a).

Restated Bylaws: has the meaning set forth in Section 1.4(b).

Sale of the Company: means any merger, consolidation, business combination, tender offer or exchange offer, pursuant to which all the issued and outstanding capital stock of HoldCo is sold in a single transaction in which all stockholders of HoldCo are offered the same consideration (other than any equity rollover required to be made by the Standby Purchaser or any of its Affiliates or Associates not to exceed 10% of the total outstanding capital stock of HoldCo owned by the Standby Purchaser or any of its Affiliates or Associates).

Securities Act: the Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

Special Meeting: has the meaning set forth in the Recitals.

Standby Offering: has the meaning set forth in the Recitals.

Standby Purchaser: has the meaning set forth in the Preamble.

Standby Purchaser Designee: has the meaning set forth in Section 1.4(c)(ii).

Standby Purchaser Form A: means the statement regarding the acquisition of control of a domestic insurer that Standby Purchaser shall file with the Director of the Department in connection with the potential acquisition of control of Fidelity Life upon consummation of the Standby Offering.

Standby Shares: has the meaning set forth in Section 1.1(b).

Standstill Period: shall mean the period starting on the Closing Date and ending on the closing date of a Sale of the Company to a Third Party Purchaser.

Statutory Accounting Practices: has the meaning set forth in Section 3.6.

Statutory Financial Statements: has the meaning set forth in Section 3.6.

Subsidiary: with respect to any Person, any entity, whether a corporation, limited liability company, partnership or otherwise, of which such Person controls at least a majority of the voting power.

Subscription Price: has the meaning set forth in the Recitals.

Subscription Offering: the offering of shares of Common Stock to Eligible Members and other Offering Participants as described in the Plan of Conversion.

Tax or Taxes: means all United States national, federal, state and local, and all foreign, income, profits, franchise, gross receipts, payroll, transfer, sales, employment, use, property, excise, value added, ad valorem, license, severance, occupation, premium, windfall profits, capital stock, social security, unemployment, disability, registration, estimated, stamp, alternative

or add-on minimum, recapture, environmental, withholding and any other taxes imposed by any Taxing Authority, together with all interest, penalties and additions (whether disputed or not) imposed on or with respect to such amounts.

Tax Return: means a declaration, statement, report, return, request for refund or other document or information required to be filed or supplied to a Taxing Authority with respect to Taxes including, where permitted or required, combined or consolidated returns for any group of entities, and including any amendment thereof.

Taxing Authority: means any Government Entity having jurisdiction over the assessment, determination, collection, or imposition of any Tax.

Third Party Purchaser: means any Person who is not the Standby Purchaser, nor an Affiliate or Associate of the Standby Purchaser nor any Person acting at their direction or on their behalf.

Transaction Expenses: all out-of-pocket expenses (including, all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto) incurred by such party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby.

Transfer: has the meaning set forth in Section 6.7(j).

U.S. GAAP: the United States generally accepted accounting principles.

Vote its Shares: means, with respect to the Standby Purchaser, to vote or cause to be voted any shares of Common Stock beneficially owned by the Standby Purchaser or its Affiliates or Associates at any annual or special meeting of HoldCo stockholders.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

APEX HOLDCO L.P.

By: Apex Holdco GP LLC, its general partner

By: /s/ Eric Rahe

Name: Eric Rahe

Title: Vice President

VERICITY, INC.

By: /s/ James Hohmann

Name: James Hohmann

Title: CEO

MEMBERS MUTUAL HOLDING COMPANY

By: /s/ James Hohmann

Name: James Hohmann

Title: CEO

Solely for the purposes of Section 1.4(e)(iii):

FIDELITY LIFE ASSOCIATION:

By: /s/ James Hohmann

Name: James Hohmann

Title: CEO

Signature Page

Items of New Director Resolution

1. Initial HoldCo Board Size
2. Initial HoldCo Board Composition:
 - a. Initial Standby Purchaser Designees
 - b. Initial Company Designees
3. Initial Chairman of HoldCo Board (to be one of the Standby Purchaser Designees)
4. Initial Committee Compositions
5. Initial Subsidiary Board Compositions
6. Advisory Board Members

Schedule 1.4(d)

Exhibit A

Plan of Conversion

See Exhibit 2.1 to the Registration Statement of which this exhibit is a part.

Exhibit A - 1

Exhibit B

Amended and Restated Articles of Incorporation of HoldCo

See Exhibit 3.2 to the Registration Statement of which this exhibit is a part.

Exhibit B - 1

Exhibit C

Amended and Restated Bylaws of HoldCo

See Exhibit 3.4 to the Registration Statement of which this exhibit is a part.

Exhibit C - 1

Exhibit D

Guaranty.

See Exhibit 10.14 to the Registration Statement of which this exhibit is a part.

GUARANTY

This Guaranty, dated as of October 5, 2018 (this “**Guaranty**”), is made by J.C. Flowers IV L.P., a Cayman Islands exempted limited partnership (the “**Guarantor**”) in favor of Members Mutual Holding Company, an Illinois mutual insurance holding company (“**Members Mutual**”) and Vericity, Inc., a Delaware corporation (“**HoldCo**”). Reference is hereby made to the Standby Stock Purchase Agreement, dated as of the date hereof (the “**Agreement**”), by and among Apex Holdco L.P., a Delaware limited partnership (the “**Standby Purchaser**”), HoldCo and Members Mutual. Capitalized terms used but not defined herein have the meanings ascribed to them in the Agreement, *provided*, that for purposes of this Guaranty the words “the parties hereto” in the definition of Applicable Law mean the parties to this Guaranty.

1. Limited Guaranty. To induce Members Mutual and HoldCo (each, a “**Guaranteed Party**, and together the “**Guaranteed Parties**”) to enter into the Agreement, upon the terms and subject to the conditions set forth therein, the Guarantor hereby absolutely, unconditionally and irrevocably guarantees as a primary obligor and not merely as a surety to the Guaranteed Parties, on the terms and conditions set forth herein, the due and punctual payment, observance, performance and discharge of, if and when due, all of the payment obligations (including any payment due for damages) of the Standby Purchaser under the Agreement in accordance with the terms thereof (as such payment obligations may be modified, amended, waived or terminated in accordance with the terms of the Agreement, collectively, the “**Guaranteed Obligations**”). Notwithstanding anything to the contrary herein and for the avoidance of doubt, in no event shall the Guarantor’s maximum aggregate liability under this Guaranty exceed (i) upon execution of the Agreement, \$148,750,000 and (ii) once the number of Mandatory Standby Shares has been determined in accordance with Section 1.1 of the Agreement, the Purchase Price (such amount, the “**Cap**”), it being understood that this Guaranty may not be enforced without giving effect to the Cap. Any payments due hereunder shall be made in lawful money of the United States, in immediately available funds. The Guaranteed Parties hereby agree that in no event shall the Guarantor be required to pay any amount to the Guaranteed Parties or any other Person under, in respect of, or in connection with this Guaranty other than as expressly set forth in this Guaranty.

2. Nature of Guaranty. Members Mutual and HoldCo shall not be obligated to file any claim relating to the Guaranteed Obligations in the event that the Standby Purchaser becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of Members Mutual or HoldCo to so file shall not affect the Guarantor’s obligations hereunder. In the event that any payment to Members Mutual or HoldCo in respect of the Guaranteed Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder with respect to the Guaranteed Obligations as if such payment had not been made, subject to the terms hereof, until the Guaranteed Obligations are terminated or satisfied in full in accordance with the terms of this Guaranty. This Guaranty is an unconditional guarantee of payment when due and not of collection.

3. Changes in Obligations.

(a) The Guarantor agrees that Members Mutual and HoldCo may at any time and from time to time, without notice to or further consent of the Guarantor, extend the time of payment of the Guaranteed Obligations, and may also make any agreement with the Standby Purchaser for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, without in any way impairing or affecting the Guarantor's obligations under this Guaranty.

(b) The Guarantor agrees that the Guaranteed Obligations hereunder (which shall be subject to the Cap) shall not be released or discharged, in whole or in part, or otherwise affected by: (i) the failure or delay of Members Mutual, HoldCo or Fidelity Life, subject to Section 8, to assert any claim or demand or to enforce any right or remedy against the Standby Purchaser; (ii) any change in the time, place or manner of payment of the Guaranteed Obligations, so long as such changes do not have the effect of increasing the Cap; (iii) the addition, substitution or release of any Person now or hereafter liable with respect to the Guaranteed Obligations, to or from this Guaranty, the Agreement, or any agreement referred to therein; (iv) any change in the corporate existence, structure or ownership of the Standby Purchaser or any other Person now or hereafter liable with respect to the Guaranteed Obligations or any Person interested in the transactions contemplated by the Agreement; (v) any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Standby Purchaser or any other Person now or hereafter liable with respect to the Guaranteed Obligations or any Person interested in the transactions contemplated by the Agreement; (vi) the existence of any claim, set-off or other right which the Guarantor may have at any time against the Standby Purchaser or Members Mutual or HoldCo, whether in connection with the Guaranteed Obligations or otherwise; or (vii) the adequacy of any other means Members Mutual or HoldCo may have of obtaining payment of the Guaranteed Obligations.

4. Certain Waivers.

(a) To the fullest extent permitted by Applicable Law, the Guarantor hereby expressly waives any and all rights or defenses arising by reason of any Applicable Law that would otherwise require any election of remedies by Members Mutual or HoldCo. The Guarantor waives promptness, diligence, notice of the acceptance of this Guaranty and of the Guaranteed Obligations, presentment, demand for payment, notice of non-performance, default, dishonor and protest, notice of the incurrence of any of the Guaranteed Obligations, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshalling of assets of the Standby Purchaser or any other Person interested in the transactions contemplated by the Agreement, and all suretyship defenses generally (other than defenses to the payment of the Guaranteed Obligations that are available to the Standby Purchaser under the Agreement or a material breach by a Guaranteed Party or its Affiliates of the last sentence of Section 8 of this Guaranty). For the avoidance of doubt, the parties agree that nothing contained in this Guaranty is intended to modify or supersede the notice provisions of the Agreement.

(b) To the fullest extent permitted by Applicable Law, the Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Standby Purchaser or any other Person interested in the transactions contemplated by the Agreement that arise from the existence, payment, performance, or enforcement of the Guarantor's obligations under or in respect of this Guaranty or any other agreement in connection herewith, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Members Mutual or HoldCo against the Standby Purchaser or such other Person, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Standby Purchaser or such other Person, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until the Guaranteed Obligations shall have been satisfied in full. If any amount is paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the payment in full in immediately available funds of the Guaranteed Obligations under this Guaranty, such amount shall be received and held in trust for the benefit of Members Mutual and HoldCo, shall be segregated from other property and funds of the Guarantor and shall forthwith be paid or delivered to Members Mutual or HoldCo in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations, in accordance with the terms of the Agreement. Notwithstanding anything to the contrary contained in this Guaranty, Members Mutual and HoldCo hereby agree that (i) the Guarantor may assert, as a defense to, or release or discharge of, any payment by the Guarantor under this Guaranty, any claim, set-off, deduction, defense or release that the Standby Purchaser could assert against any Guaranteed Party under the terms of the Agreement (including, without limitation, any such claim or defense if available that any of the Guaranteed Obligations (up to the Cap) is not then required to be due and payable by the Standby Purchaser pursuant to the terms and conditions of the Agreement and (ii) to the extent the Standby Purchaser is relieved of any of its obligations under the Agreement, the Guarantor shall similarly automatically and without further action on the part of any Person be relieved of its corresponding Guaranteed Obligations under this Guaranty in respect of such relieved obligations.

(c) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by the Agreement and that the waivers set forth in this Guaranty are knowingly made in contemplation of such benefits.

5. No Waiver; Cumulative Rights. No failure on the part of Members Mutual or HoldCo to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Members Mutual or HoldCo of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power hereunder. Each and every right, remedy and power hereby granted to

Members Mutual or HoldCo or allowed it by Applicable Law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Members Mutual or HoldCo at any time or from time to time. Neither Members Mutual nor HoldCo shall have any obligation to proceed at any time or in any manner against, or exhaust any or all of its rights against, the Standby Purchaser prior to proceeding against the Guarantor hereunder. The failure by Members Mutual or HoldCo to pursue rights or remedies against the Standby Purchaser or any other Person shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of Applicable Law, of Members Mutual or HoldCo.

6. Representations and Warranties. The Guarantor hereby represents and warrants that:

(a) the Guarantor is a duly organized and validly existing limited partnership in good standing under the laws of the jurisdiction of its organization and has the partnership, corporate or other organizational power and authority to execute, deliver and perform the terms and conditions of this Guaranty;

(b) the execution, delivery and performance of this Guaranty have been duly authorized by all necessary exempted limited partnership action and do not (i) contravene any provision of the Guarantor's charter, partnership agreement, operating agreement or similar organizational documents or, in any material respect, any Applicable Law binding on the Guarantor or any of its property or assets or (ii) in any material respect conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, credit agreement, or any other material agreement, contract or instrument to which the Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject;

(c) all consents, approvals, authorizations, permits of, filings with and notifications to, any Governmental Entity necessary for the due execution, delivery and performance of this Guaranty by the Guarantor have been obtained or made and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any Governmental Entity is required in connection with the execution, delivery or performance of this Guaranty;

(d) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar Applicable Law relating to or affecting creditors' rights or general equity principles (regardless of whether considered at law or in equity); and

(e) the Guarantor has the financial capacity to pay and perform its Guaranteed Obligations under this Guaranty, and all funds necessary for the Guarantor to fulfill such obligations (up to the Cap) under this Guaranty shall be available to the Guarantor (or its permitted assignee pursuant to Section 7 hereof) for so long as this Guaranty shall remain in effect in accordance with Section 8 hereof.

7. Successors and Assigns. Neither this Guaranty nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto, in whole or in part (except by operation of law), without the prior written consent of the other parties; provided, that the Guarantor may assign its obligations, in whole or in part (including the Guaranteed Obligations), under this Guaranty to one or more of its Affiliates without the prior written consent of the Guaranteed Parties; provided, further, that such Affiliate(s) must agree to be bound to the terms of this Guaranty to the same extent as the Guarantor with respect to such assignment obligations; provided, further, that such assignment shall not release the Guarantor from its obligations under the Guaranty without the prior written consent of the Guaranteed Parties, which consent shall not be unreasonably withheld if Members Mutual reasonably determines in good faith that (i) the proposed assignee is an Affiliate fund or investment vehicle managed by J.C. Flowers & Co. LLC or an Affiliate thereof that has the financial capacity to pay and perform such assigned Guaranteed Obligations under this Guaranty, and all funds necessary for such proposed assignee to fulfill such obligations (up to the Cap) under this Guaranty shall be available to such proposed assignee for so long as this Guaranty shall remain in effect in accordance with Section 8 hereof, (ii) such assignment will not adversely affect the timing or receipt of any regulatory approvals required in order to consummate the transactions contemplated by the Agreement, and (iii) such assignment will not otherwise adversely affect the timing or ability of the parties to consummate the transactions contemplated by the Agreement. Any purported assignment in violation of this Section 7 shall be null and void. Subject to the foregoing and unless terminated pursuant to Section 8, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

8. Continuing Guaranty; Termination. Unless terminated pursuant to this Section 8, this Guaranty may not be revoked or terminated and shall remain in full force and effect and binding on the Guarantor, its successors and permitted assigns until the complete, irrevocable and indefeasible payment and satisfaction in full of the Guaranteed Obligations (up to the Cap), at which time this Guaranty shall immediately and automatically terminate and the Guarantor shall have no further obligations hereunder. Notwithstanding the foregoing, this Guaranty shall terminate automatically and the Guarantor shall have no further obligations under this Guaranty immediately upon the earliest to occur of (i) the consummation of the transactions contemplated by the Agreement in accordance with its terms at the Closing, or (ii) the date that is sixty (60) days after the termination of the Agreement ("Termination Date") in accordance with its terms in any circumstances pursuant to which the Standby Purchaser would be obligated to make a payment in respect of the Guaranteed Obligations, if neither Members Mutual nor HoldCo has presented a claim for payment of any Guaranteed Obligations to the Standby Purchaser or the Guarantor prior to the Termination Date (any such claim presented prior to the Termination Date, a "Qualifying Claim"); provided, that if Members Mutual or HoldCo has made a Qualifying Claim, then this Guaranty shall remain in full force and effect and shall be binding on the Guarantor, its successors and assigns until the earliest to occur of (upon the occurrence of which the Guarantor shall have no further liability or obligation under this Guaranty): (w) the consummation of the transactions contemplated by the Agreement in accordance with its terms at

the Closing, (x) the final, non-appealable resolution of all Qualifying Claims determining that either the Standby Purchaser does not owe any amount of the Guaranteed Obligations or that the Guarantor does not owe any amount of the Guaranteed Obligations pursuant to the terms hereof, (y) a written agreement between the Guarantor and the Guaranteed Parties terminating the Guaranteed Obligations, and (z) satisfaction in full of the Guaranteed Obligations by the Guarantor or the Standby Purchaser. Notwithstanding the foregoing, in the event that the Guaranteed Parties or any of its Affiliates assert in, file or otherwise commence, directly or indirectly, any litigation or proceeding asserting (A) that the provisions of Section 1 limiting the Guarantor's aggregate liability to the Guaranteed Obligations (which shall be subject to the Cap) or the provisions of this Section 8 or Section 9 are illegal, invalid or unenforceable in whole or in part or (B) a claim or theory of liability under, or action against, any Related Party (as defined below) in connection with this Guaranty or the Agreement or any transaction contemplated hereby or thereby or otherwise relating hereto or thereto, in each case, other than any Retained Claim (as defined below), then (1) the obligations of the Guarantor under this Guaranty shall terminate ab initio and be null and void, (2) if the Guarantor has previously made any payments under this Guaranty, it shall be entitled to recover such payments, and (3) neither the Guarantor nor any Related Party shall have any liability to the Guaranteed Parties or any of their Affiliates under this Guaranty.

9. No Recourse.

(a) Members Mutual and HoldCo acknowledge the separate corporate existence of the Standby Purchaser and that, as of the date hereof, the sole assets (if any) of the Standby Purchaser are cash in a de minimis amount and its rights under the Agreement, and that no additional funds are expected to be contributed to the Standby Purchaser unless and until the Standby Purchaser is required to pay any amount under the Agreement.

(b) Notwithstanding anything that may be expressed or implied in this Guaranty or any document or instrument delivered contemporaneously herewith, and notwithstanding the fact that the Guarantor may be a partnership or limited liability company, by its acceptance of the benefits of this Guaranty, each of Members Mutual and HoldCo acknowledges and agrees, on behalf of itself, its Affiliates and any Person claiming by, through or on behalf of any of them, that (i) no Person other than the Guarantor has any obligations hereunder and (ii) no remedy, recourse or right of recovery shall be had against, and no personal liability shall attach to, be imposed on or otherwise be incurred by, any former, current or future director, officer, employee, agent, attorney, direct or indirect equityholder, controlling person, general or limited partner, manager, member, stockholder, Affiliate, successor or assign of any of the Guarantor, or any former, current or future director, officer, employee, agent, attorney, direct or indirect equityholder, controlling person, general or limited partner, manager, member, stockholder, Affiliate, successor or assign of any of the foregoing (other than the Guarantor, each, a **"Related Party"** and collectively, the **"Related Parties"**) of the Guarantor, through the Standby Purchaser or otherwise, whether by or through attempted piercing of the corporate (or limited liability company or limited partnership) veil, by the

enforcement of any assessment or by any legal or equitable proceeding, by virtue of any Applicable Law or otherwise, by or on behalf of the Standby Purchaser against any Related Party, except for (w) claims by Members Mutual or HoldCo against the Guarantor (but not any Related Party) under and to the extent provided in this Guaranty (subject to the limitations herein) (“**Retained Guaranty Claims**”), (x) claims by Members Mutual or HoldCo against the Standby Purchaser under and in accordance with the Agreement, including, without limitation, claims for specific performance pursuant to Section 9.10 thereunder (“**Retained Agreement Claims**”), and (y) claims by the Guaranteed Parties in respect of the Confidentiality Agreement solely with respect to the parties thereto (“**Retained Confidentiality Claims**”, and together with Retained Guaranty Claims and Retained Agreement Claims, the “**Retained Claims**”).

(c) Notwithstanding the foregoing, in the event the Guarantor consolidates with or merges with any other Person and is not the continuing or surviving entity of such consolidation or merger, then Members Mutual or HoldCo may seek recourse, whether by the enforcement of any judgment or assessment or by any legal or equitable proceeding or by virtue of any Applicable Law, against such continuing or surviving entity or such Person (in either case, a “**Successor Entity**”). As used herein, unless otherwise specified, the term “Guarantor” includes the Guarantor’s Successor Entity.

(d) Recourse (i) against the Guarantor with respect to the Retained Guaranty Claims, (ii) against the Standby Purchaser with respect to Retained Agreement Claims, and (iii) the parties to the Confidentiality Agreement with respect to the Retained Confidentiality Claims shall be the sole and exclusive remedy of Members Mutual and HoldCo and all of their subsidiaries and Affiliates against the Guarantor, in respect of any liabilities or obligations arising under, or in connection with, the Agreement, this Guaranty or the transactions contemplated thereby or hereby.

10. **Notices.** All notices, claims, demands and other communications hereunder shall be in writing and shall be deemed given (a) after confirmation of receipt of a facsimile transmission to the number set out below, (b) one Business Day after delivered to a nationally recognized commercial delivery service promising next business day delivery and requiring receipt for delivery (such as Federal Express), (c) when delivered by hand or (d) three Business Days after the day when sent by United States mail, registered or certified mail (postage prepaid, return receipt requested), addressed to the respective parties at the following addresses (or such other address for a party as shall be specified by like notice):

- (a) If to HoldCo or Members Mutual, to:
8700 W. Bryn Mawr Avenue, Suite 900S
Chicago, Illinois 60631
Tel: (800) 369-3990
Fax: 312-288-0073
Attn: John Buchanan, Esq. (General Counsel)

With a copy to:

Locke Lord LLP
111 S. Wacker Drive
Chicago, Illinois 60606
Tel: (312) 443-0700
Fax: (312) 443-0336
Attn: J. Brett Pritchard, Esq.
Charles Wu, Esq.

(b) If to the Guarantor, to:

J.C. Flowers IV L.P. 767 Fifth Avenue, 23rd Floor
New York, NY 10153
Tel: (212) 404-6810
Fax: (212) 404-6898
Attn: Eric Rahe

With a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153-0119
Tel: (212) 310-8751
Fax: (212) 310-8007
Attn: Douglas P. Warner, Esq.

11. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Applicable Laws of any jurisdiction other than the State of Delaware.

12. Submission to Jurisdiction; Venue. By execution and delivery of this Guaranty, each of the parties hereto accepts and consents to the exclusive jurisdiction of the courts of the State of Delaware sitting in New Castle County in the State of Delaware and the federal courts within the State of Delaware, for itself and in respect of its property, and waives in respect of both itself and its property any defense it may have as to or based on sovereign immunity, jurisdiction, improper venue or inconvenient forum. Each of the parties hereto irrevocably consents to the service of any process or other papers by the use of any of the methods and to the addresses set for the giving of notices pursuant to this Guaranty. Nothing herein shall affect the right of any party hereto to serve such process or papers in any other manner permitted by law.

13. Waiver of Jury Trial. Each of the parties hereto acknowledges and agrees that any controversy that may arise under this Guaranty is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Guaranty or the transactions contemplated hereby.

14. Confidentiality. This Guaranty shall be treated as confidential and is being provided to the Guaranteed Parties solely in connection with the transactions contemplated by the Agreement. This Guaranty may not be used, circulated, quoted or otherwise referred to in any document, except with the written consent of the Guarantor and Members Mutual. The foregoing notwithstanding, this Guaranty shall be provided to Members Mutual and HoldCo and Members Mutual, HoldCo or the Guarantor may disclose the existence of this Guaranty to (a) its Related Parties (provided that each such Person shall be directed to treat this Guaranty as confidential and comply with the confidentiality obligations in this Section 14) and (b) to the extent required by Applicable Law, the applicable rules of any national securities exchange or in connection with any regulatory agency filings relating to the transactions contemplated by the Agreement.

15. Entire Agreement. This Guaranty constitutes the sole and entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous negotiations, proposals, undertakings, understandings, agreements, representations and warranties, both written and oral, among the Guarantor or any of its Affiliates (other than Members Mutual and HoldCo), on the one hand, and Members Mutual, HoldCo or any of their Affiliates (other than the Guarantor), on the other hand, with respect to such subject matter.

16. Amendments and Waivers. No amendment or waiver of any provision of this Guaranty will be valid and binding unless it is in writing and signed, in the case of an amendment, by the Guarantor, Members Mutual and HoldCo, or in the case of a waiver, by the party against which the waiver is to be effective. No waiver by any party hereto shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver.

17. No Third-party Beneficiaries. Except for the provisions of this Guaranty that reference Related Parties (each of which shall be for the benefit of and enforceable by each Related Party), the parties hereto hereby agree that this Guaranty and any representations, warranties and covenants as set forth herein are binding upon and solely for the benefit of the parties hereto, in accordance with and subject to the terms of this Guaranty, and this Guaranty is not intended to, and does not, confer upon any Person other than the parties hereto and any Related Party any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein.

18. No Presumption Against Drafting Party. The parties hereto acknowledge that each party and its counsel have reviewed this Guaranty and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Guaranty.

19. Severability. Any term or provision of this Guaranty found to be invalid, illegal or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective solely to the extent of such prohibition or unenforceability and shall not affect any other term or provision of this Guaranty or invalidate or render unenforceable such term or provision in any other jurisdiction; provided, however, that this Guaranty may not be enforced without giving effect to the Cap.

20. Headings. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the interpretation of this Guaranty.

21. Counterparts. This Guaranty may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Guaranty delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Guaranty.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the date first written above.

J.C. FLOWERS IV L.P.

By: JCF Associates IV L.P., its general partner

By: JCF Associates IV Ltd., its general partner

By /s/ Eric Rahe

Name: Eric Rahe

Title: Authorized Signatory

Agreed to and Accepted by:

VERICITY, INC.

By /s/ James Hohmann
Name: James Hohmann
Title: CEO

MEMBERS MUTUAL HOLDING COMPANY

By /s/ James Hohmann
Name: James Hohmann
Title: CEO

Subsidiaries

Name of Subsidiary (1)	State or Other Jurisdiction of Incorporation or Organization
America Direct Insurance Agency, Inc.	Illinois
eCoverage.com, LLC	Washington
Efinancial, LLC	Washington
Fidelity Life Association	Illinois
iFramework, Inc.	Washington
LifeStory.com, LLC	Washington
Vericity Holdings, Inc.	Delaware
Members Holding Company	Illinois

(1) Reflects entities that will be subsidiaries of the registrant following the Conversion.



PRO FORMA VALUATION APPRAISAL REPORT
OF
MEMBERS MUTUAL HOLDING COMPANY

AS OF APRIL 11, 2018

4 Tower Bridge • 200 Barr Harbor Drive • Suite 300 • West Conshahacken • PA 19428-2979
phone (610) 832-1212 • toll free (800) 883-1212 • fax (610) 832-5301
www.boenninginc.com • Member FINRA/SIPC

April 11, 2018

Board of Directors
Members Mutual Holding Company
8700 W. Bryn Mawr Ave.
Chicago, IL 60631

Members of the Board:

At your request, Boenning & Scattergood Inc. (“**Boenning**”) completed and hereby provides an independent evaluation (the “**Appraisal**”) as of April 11, 2018 (the “**Valuation Date**”), of the estimated pro forma market value of the converted Members Mutual Holding Company, a mutual insurance holding company (“**Members Mutual**” or the “**Company**”), and its direct and indirect wholly-owned subsidiaries. Vericity Holdings, Inc. (“**VHI**”) is an intermediate holding company of Members Mutual and holds all of the shares of the Company’s operating subsidiaries Fidelity Life Association (“**Fidelity Life**” including its subsidiary America Direct “**AD**”, which is in run-off) and EFinancial, LLC (“**Efinancial**” including its subsidiaries iFramework (“**iFramework**”) and eCoverage.com, LLC (“**eCoverage**”). This Appraisal is furnished pursuant to the Company’s Plan of Conversion, as of November 30, 2016 (the “**Plan**”) which was subsequently withdrawn and is expected to be updated and adopted in connection with the conversion described in this Appraisal. Under the Plan, Members Mutual proposes to convert from a mutual holding company to stock form (the “**Conversion**”) in a subscription rights conversion under Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1 (the “**Code**”). In conjunction with the Conversion, Members Mutual has organized a new holding company, Vericity, Inc. (“**Vericity**”) for the purpose of holding all the stock of Members Mutual after its conversion to stock form (“**Converted Members Mutual**”), and offer and sell shares of common stock, par value \$0.001 per share (“**Common Stock**”) of Vericity through offerings (“**Offering**”) set at an amount equal to the estimated pro forma market value of the Company, more fully described herein.

Pursuant to Section 5/59.1(6)(f) of the Code the estimated pro forma market value of the converted stock company (the “**Pro Form a Market Value**”) shall be based upon an independent evaluation by a qualified person. Furthermore, Section 59.1(6)(f) permits such Pro Forma Market Value to be the value that is estimated to be necessary to attract full subscription for the shares as indicated by the independent evaluation. The Plan addresses this requirement by requesting the independent appraiser to determine a Valuation Range and a Final Appraised Value both of which are to be based on the Pro Forma Market Value. For the purpose of this Appraisal the use of “midpoint” shall have the same meaning as Pro Forma Market Value as it relates to the requirement under Section 59.1(6)(f) of the Code.

THE PLAN OF CONVERSION

Under the Plan, Members Mutual proposes to convert from a mutual holding company to stock form in a subscription rights conversion and issue its common stock to Vericity, which will in turn offer its Common Stock for sale in the Offering which will encompass a subscription offering and a standby offering. The Common Stock in the Offering will be offered based on the following priorities:

- i) First Priority Eligible Members – Person who is the owner of an in-force policy of insurance issued by Fidelity Life (“**Member**”) and who is a Member on the date of the adoption of the Plan (“**Eligibility Record Date**”) (“**Eligible Member**”).
- ii) ESOP – If an employee stock ownership plan (“**ESOP**”) is established by Vericity, the ESOP will be permitted to purchase Common Stock equal up to 10% of the total Common Stock sold in the Offering. Any oversubscription among the Eligible Members, directors and executive officers shall not cause a reduction in the number of shares to be purchased by the ESOP. In fact, the Plan indicates that the ESOP is permitted to acquire up to 10% of the total Common Stock sold in the Offering even in the event that the Maximum of the Valuation Range is reached excluding the ESOP.

- iii) Second Priority Directors and Executive Officers – Persons who are directors of the Company or any subsidiary or who are deemed an executive officer of the Company.
- iv) Third Priority Standby Purchaser – the Company may sell shares of Common Stock to the Standby purchaser as may be necessary to reach the minimum of the Valuation Range or in the case where the minimum is met through the subscription offering, a number of shares that does not exceed the maximum of the Valuation Range when combined with the subscription offering.

It is our understanding that, from time to time and as recently as its February 26, 2018 board of directors' meeting, the Company has examined and considered many strategic alternatives including maintenance of the status quo, mergers with other mutual companies, expansion or acquisition of other lines of business or companies and the various forms of demutualization, of Members Mutual permitted by Illinois law. According to the Plan, after careful study and consideration. Members Mutual concluded that subscription rights method of demutualization, backstopped by a Standby Purchaser that will commit to purchase at least enough unsubscribed shares in the subscription rights conversion to ensure the successful completion of the offering, best suits Members Mutual's circumstances.

BOENNING & SCATTERGOOD, INC.

Boenning, as part of its investment banking business, regularly is engaged in valuing assets, securities and companies in connection with various types of asset and security transactions, including mergers, acquisitions, private placements, public offerings and valuations for various other purposes, and in the determination of adequate consideration in such transactions. The background of Boenning is presented in Exhibit III. We believe that, except for the fee we will receive for our appraisal, we are independent of the Company and the other parties engaged by the Company to assist in the Conversion. Further, we believe we fully meet the requirement of a "qualified person" as required under Section 5/59.1(6)(f) of the Code.

VALUATION METHODOLOGY

In preparing the Appraisal, we conducted an analysis of the Company that included discussions with the Company's management and an onsite visit with Company management in Chicago, Illinois. In connection with a prior engagement, Boenning has also visited the Company's Bellevue, Washington location. We reviewed Members Mutual's GAAP and statutory financial statements as of and for the years ended December 31, 2015 through December 31, 2017. In addition, where appropriate, we considered information based on other available published sources that we believe are reliable, however, we cannot guarantee the accuracy and completeness of such information.

In preparing the Appraisal, we also reviewed and analyzed: (i) financial and operating information with respect to the business, operations, and prospects of the Company furnished to us by the Company; (ii) publicly available information concerning the Company that we believe to be relevant to our analysis; (iii) a comparison of the historical financial results and present financial condition of the Company with those of selected, publicly-traded insurance companies that we deemed relevant; and (iv) financial performance and market valuation data of certain publicly-traded insurance industry aggregates as provided by industry sources.

The Appraisal is based on the Company's representation that the information contained in the Plan and additional information furnished to us by the Company including, but not limited to, the 2016 and 2017 GAAP financials, are truthful, accurate, and complete. We did not independently verify any of the financial statements and other information provided by the Company and its independent auditor, nor did we independently value the assets or liabilities of the Company. The Appraisal considers the Company only as a going concern on a stand-alone basis and should not be considered as an indication of the liquidation value of the Company.

We have investigated the competitive environment within which the Company operates and have assessed the Company's strengths and weaknesses relative to comparable insurance

companies. We have monitored material regulatory and legislative actions affecting financial institutions generally and, to the extent that we were aware of such matters, analyzed the potential impact of such developments on the Company and the industry as a whole. We have analyzed the potential effects of the Offering on the Company's operating characteristics and financial performance as they relate to the Pro Forma Market Value of the Company. We have reviewed the economy and demographic characteristics of the primary market area in which the Company currently operates. We have compared the Company's financial performance and condition with publicly-traded insurance institutions evaluated and selected in accordance with the valuation guidelines. We have reviewed conditions in the securities markets in general and the markets for insurance companies, and insurance holding companies.

Our appraised value is predicated on a continuation of the current operating environment for Members Mutual, and for all insurance companies and their holding companies. Changes in the local and national economy, the federal and state legislative and regulatory environments for insurance companies, the stock market, interest rates, and other external forces (such as natural disasters or significant world events) may occur from time to time, often with great unpredictability, and may materially impact the value of insurance stocks as a whole or the Company's value alone. To the extent that such factors can be foreseen, they have been factored into our analysis.

VALUATION CONCLUSION

It is our opinion that, as of the Valuation Date the Pro Forma Market Value of the Company is \$175.0 million with a range of \$148.8 million to \$201.3 million (the "**Valuation Range**"). The Valuation Range was based upon a fifteen percent decrease from the Pro Forma Market Value for the minimum and a fifteen percent increase from the Pro Forma Market Value to establish the maximum. Exhibits XIX and XX show the assumptions and calculations utilized in determining this Valuation Range. In determining the Pro Forma Market Value of the Company, we have taken into consideration and we have adhered to the requirements specifically set forth in Section 5/59.1(6)(f). Boenning's use of a range, while not prescribed or prohibited by the Code, is

requested under the Plan, normal and customary in independent appraisals, and consistent with our experience in other similar and precedent transactions. Boenning utilized the valuation standard of minority interest, freely traded within the context of Section 59.1.

LIMITING FACTORS AND CONSIDERATIONS

Our Appraisal is not intended, and must not be construed to be, a recommendation of any kind as to the advisability of participating in the Offering. Moreover, because the Appraisal is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons who purchase shares of stock in the conversion will thereafter be able to sell such shares at prices related to the foregoing Pro Forma Market Value. The Appraisal reflects only the Valuation Range as of the Valuation Date for the Pro Forma Market Value of the Company immediately upon issuance of the stock and does not take into account any trading activity with respect to the purchase and sale of common stock in the secondary market on the date of issuance of such securities or at any time thereafter following the completion of the Offering. Any report prepared by Boenning shall not be used as an offer or solicitation with respect to the purchase or sale of any securities.

Boenning has made no recommendation regarding the merits of the decision to proceed or not to proceed with the Offering or Conversion. The results of our Appraisal are but one of the many factors the Company's board of directors should consider in making its decision. The Company has assured Boenning that it has relied on its own counsel, accountants and other experts for legal, accounting, tax and similar professional advice.

The Valuation Range reported herein may be updated periodically at the request of the Company or discretion of Boenning as appropriate. These updates will consider, among other factors, any developments or changes in the Company's operating performance, financial condition, or management policies, and current conditions in the securities markets for insurance company common stocks. Should any such new developments or changes be material, in our opinion, to the Pro Forma Market Value, then appropriate adjustments will be made to the Valuation Range. The reasons for any such adjustments will be explained in detail at that time.

Respectfully submitted.

/s/ BOENNING & SCATTERGOOD, INC

BOENNING & SCATTERGOOD, INC

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1. Introduction

At the request of the members of the board of the Company, Boenning & Scattergood Inc. (“**Boenning**”) completed and hereby provides an independent appraisal (the “**Appraisal**”) as of April 11, 2018 (the “**Valuation Date**”), of the estimated pro forma market value of the converted Members Mutual Holding Company, a mutual insurance holding company (“**Members Mutual**” or the “**Company**”), and its direct and indirect wholly-owned subsidiaries. Vericity Holdings, Inc. (“**VHI**”) is an intermediate holding company of Members Mutual and holds all of the shares of the Company’s operating subsidiaries Fidelity Life Association (“**Fidelity Life**” including its subsidiary America Direct “**AD**”, which is in run-off) and Efinancial, LLC (“**Efinancial**” including its subsidiaries iFramework (“**iFramework**”) and eCoverage.com, LLC (“**eCoverage**”). This Appraisal is furnished pursuant to the Company’s Plan of Conversion, as of November 30, 2016 (the “**Plan**”) which was subsequently withdrawn and is expected to be updated and adopted in connection with the conversion described in this Appraisal. Under the Plan, Members Mutual proposes to convert from a mutual holding company to stock form (the “**Conversion**”) in a subscription rights conversion under Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1 (the “**Code**”). In conjunction with the Conversion, Members Mutual has organized a new holding company, Vericity, Inc. (“**Vericity**”) for the purpose of holding all the stock of Members Mutual after its conversion to stock form (“**Converted Members Mutual**”), and offer and sell shares of common stock, par value \$0.001 per share (“**Common Stock**”) of Vericity through offerings (“**Offering**”) set at an amount equal to the estimated pro forma market value of the Company, more fully described herein.

Pursuant to Section 5/59.1(6)(f) of the Code the estimated pro forma market value of the converted stock company (the “**Pro Forma Market Value**”) shall be based upon an independent evaluation by a qualified person. Furthermore, Section 59.1(6)(f) permits such Pro Forma Market Value to be the value that is estimated to be necessary to attract full subscription for the shares as indicated by the independent evaluation. The Plan addresses this requirement by requesting the independent appraiser to determine a Valuation Range and a Final Appraised Value both of which are to be based on the Pro Forma Market Value. For the purpose of this Appraisal the use of

“midpoint” shall have the same meaning as Pro Forma Market Value as it relates to the requirement under Section 59.1(6)(f) of the Code.

Because the Plan involves the conversion of Members Mutual from mutual-to-stock form, the Plan must be approved by the Illinois Director of Insurance (“**Illinois Director**”) pursuant to the applicable provisions of the Code and the order of the Illinois Director dated January 30, 2007 (the “**2007 Order**”) approving the Fidelity Life Conversion Plan under which the Company’s current mutual holding company structure was created. The Company’s Plan is also subject to approval of the Eligible Members, defined herein, pursuant to Section 5/59.1(4)(c)(i) of the Code.

THE PLAN OF CONVERSION

Under the Plan, Members Mutual proposes to convert from a mutual holding company to stock form in a subscription rights conversion and issue its common stock to Vericity, which will in turn offer its Common Stock for sale in the Offering which will encompass a subscription offering and a standby offering. The Common Stock in the Offering will be offered based on the following priorities:

- i) First Priority Eligible Members – Person who is the owner of an in-force policy of insurance issued by Fidelity Life (“**Member**”) and who is a Member on the date of the adoption of the Plan (“**Eligibility Record Date**”) (“**Eligible Member**”).
- ii) ESOP – If an employee stock ownership plan (“**ESOP**”) is established by Vericity, the ESOP will be permitted to purchase Common Stock equal up to 10% of the total Common Stock sold in the Offering. Any oversubscription among the Eligible Members, directors and executive officers shall not cause a reduction in the number of shares to be purchased by the ESOP. In fact, the Plan indicates that the ESOP is permitted to acquire up to 10% of the total Common Stock sold in the Offering even in the event that the Maximum of the Valuation Range is reached excluding the ESOP.

- iii) Second Priority Directors and Executive Officers - Persons who are directors of the Company or any subsidiary or who are deemed an executive officer of the Company.
- iv) Third Priority Standby Purchaser – the Company may sell shares of Common Stock to the Standby purchaser as may be necessary to reach the Minimum of the Valuation Range or in the case where the minimum is met through the subscription offering, a number of shares that does not exceed the Maximum of the Valuation Range when combined with the Subscription Offering.

It is our understanding that, from time to time and as recently as its February 26, 2018 board of directors' meeting, the Company has explored many strategic alternatives including maintenance of the status quo, mergers with other mutual companies, expansion or acquisition of other lines of business or companies and the various forms of demutualization of Members Mutual permitted by Illinois law. According to the Plan, after careful study and consideration, Members Mutual concluded that subscription rights method of demutualization, backstopped by a Standby Purchaser that will commit to purchase at least enough unsubscribed shares in the subscription rights conversion to ensure the successful completion of the offering, best suits Members Mutual's circumstances.

BOENNING & SCATTERGOOD, INC.

Boenning, as part of its investment banking business, regularly is engaged in valuing assets, securities and companies in connection with various types of asset and security transactions, including mergers, acquisitions, private placements, public offerings and valuations for various other purposes, and in the determination of adequate consideration in such transactions. The background of Boenning is presented in Exhibit III. We believe that, except for the fee we will receive for our appraisal, we are independent of the Company and the other parties engaged by the Company to assist in the Conversion. Further we believe we fully meet the requirement of a "qualified person" as required under Section 5/59.1(6)(f) of the Code.

VALUATION METHODOLOGY

In preparing the Appraisal, we conducted an analysis of the Company that included discussions with the Company's management and an onsite visit to the Company's offices in Chicago, Illinois. In connection with a prior engagement, Boenning has also visited the Company's Bellevue, Washington location. We reviewed Members Mutual's GAAP and statutory financial statements as of and for the years ended December 31, 2015 through December 31, 2017. In addition, where appropriate, we considered information based on other available published sources that we believe are reliable, however, we cannot guarantee the accuracy and completeness of such information.

In preparing the Appraisal, we also reviewed and analyzed; (i) financial and operating information with respect to the business, operations, and prospects of the Company furnished to us by the Company; (ii) publicly available information concerning the Company that we believe to be relevant to our analysis; (iii) a comparison of the historical financial results and present financial condition of the Company with those of selected, publicly-traded insurance companies that we deemed relevant; and (iv) financial performance and market valuation data of certain publicly-traded insurance industry aggregates as provided by industry sources.

The Appraisal is based on the Company's representation that the information contained in the Plan and additional information furnished to us by the Company, including, but not limited to, the 2016 and 2017 GAAP financials, are truthful, accurate, and complete. We did not independently verify any of the financial statements and other information provided by the Company and its independent auditor, nor did we independently value the assets or liabilities of the Company. The Appraisal considers the Company only as a going concern on a stand-alone basis and should not be considered as an indication of the liquidation value of the Company.

We have investigated the competitive environment within which the Company operates and have assessed the Company's strengths and weaknesses relative to comparable insurance companies. We have monitored material regulatory and legislative actions affecting financial institutions generally and, to the extent that we were aware of such matters, analyzed the potential impact of such developments on the Company and the industry as a whole. We have analyzed the potential effects of the Offering on the Company's operating characteristics and financial performance as they relate to the Pro Forma Market Value of the Company. We have reviewed the economy and demographic characteristics of the primary market area in which the Company currently operates. We have compared the Company's financial performance and condition with publicly-traded insurance institutions evaluated and selected in accordance with the valuation guidelines. We have reviewed conditions in the securities markets in general and the markets for insurance companies, and insurance holding companies.

Our appraised value is predicated on a continuation of the current operating environment for Members Mutual, and for all insurance companies and their holding companies. Changes in the local and national economy, the federal and state legislative and regulatory environments for insurance companies, the stock market, interest rates, and other external forces (such as natural disasters or significant world events) may occur from time to time, often with great unpredictability, and may materially impact the value of insurance stocks as a whole or the Company's value alone. To the extent that such factors can be foreseen, they have been factored into our analysis.

VALUATION CONCLUSION

It is our opinion that, as of the Valuation Date the Pro Forma Market Value of the Company is \$175.0 million with a range of \$148.8 million to \$201.3 million (the "**Valuation Range**"). The Valuation Range was based upon a fifteen percent decrease from the Pro Forma Market Value for the minimum and a fifteen percent increase from the Pro Forma Market Value to establish the maximum. Exhibits XIX and XX show the assumptions and calculations utilized in determining this Valuation Range. In determining the Pro Forma Market Value of the Company, we have taken in consideration and we have adhered to the requirements specifically set forth in Section

5/59.1(6)(f). Boenning's use of a range, while not prescribed or prohibited by the Code, is requested by the Plan, is normal and customary in independent evaluations, consistent with our experience in other similar transactions. Boenning utilized the valuation standard of minority interest, freely traded within the context of Section 59.1.

LIMITING FACTORS AND CONSIDERATIONS

Our Appraisal is not intended, and must not be construed to be, a recommendation of any kind as to the advisability of participating in the Offering. Moreover, because the Appraisal is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons who purchase shares of stock in the conversion will thereafter be able to sell such shares at prices related to the foregoing Pro Forma Market Value. The Appraisal reflects only the Valuation Range as of the Valuation Date for the Pro Forma Market Value of the Company immediately upon issuance of the stock and does not take into account any trading activity with respect to the purchase and sale of common stock in the secondary market on the date of issuance of such securities or at any time thereafter following the completion of the Offering. Any report prepared by Boenning shall not be used as an offer or solicitation with respect to the purchase or sale of any securities.

Boenning has made no recommendation regarding the merits of the decision to proceed or not to proceed with the Offering or Conversion. The results of our Appraisal are but one of the many factors the Company's board of directors should consider in making its decision. The Company has assured Boenning that it has relied on its own counsel, accountants and other experts for legal, accounting, tax and similar professional advice.

The Valuation Range reported herein may be updated periodically at the request of the Company or discretion of Boenning as appropriate. These updates will consider, among other factors, any developments or changes in the Company's operating performance, financial condition, or management policies, and current conditions in the securities markets for insurance company common stocks. Should any such new developments or changes be material, in our opinion, to the Pro Forma Market Value, then appropriate adjustments will be made to the Valuation Range. The reasons for any such adjustments will be explained in detail at that time.

II. Business Overview of Members Mutual & Subsidiaries

General Overview

Members Mutual operates as a holding company and operates primarily through its Fidelity Life and Efinancial units. Together, Fidelity Life and Efinancial attempt to address the substantial unmet need for life insurance protection products, particularly among domestic households with annual incomes of between \$50,000 and \$125,000, a market the Company refers to as its target Middle Market. Members Mutual's goal is to deliver to this market affordable, easy to understand term life insurance and other insurance products through a consumer-friendly and efficient sales process. Through innovation in product design and distribution, including electronic processing, quick issuance of life insurance policies, and an emphasis on non-medically underwritten products, Members Mutual believes it is well positioned to serve its target market.

Fidelity Life is an Illinois-domiciled life insurance company that was chartered in 1896. Fidelity Life distributes life insurance products through Efinancial and other unaffiliated agents and is licensed in the District of Columbia and every state except New York and Wyoming. Texas and California are its largest states by direct premiums written and the top five states accounted for approximately 40% of total direct premiums written.

	<u>Fidelity Life Top 5 States by Direct Premiums Written</u>		
	<u>Ordinary Life</u>	<u>Group Life</u>	<u>Total Life</u>
Texas	10.8%	20.1%	12.3%
California	10.1%	3.2%	9.0%
Florida	6.4%	15.0%	7.7%
North Carolina	3.3%	24.8%	6.7%
Illinois	4.8%	1.3%	4.2%

Source: SNL Financial: represents 2017 year end data.

A.M. Best has assigned an "A-" (Excellent) rating to Fidelity Life, which is the fourth highest out of fifteen ratings. As of March 31, 2018, Fidelity Life had 120 employees and is headquartered in Chicago, Illinois and maintains certain IT staffing in Portland, Oregon.

Efinancial is a call center-based insurance agency that sells Fidelity Life products through its own retail distribution platform and through independent agents and other marketing organizations, which is referred to as their eIndependent channel, Efinancial, in addition to offering Fidelity Life products, sells insurance products of unaffiliated carriers, Efinancial conducts its operations primarily from two call centers located in Bellevue, Washington and Chicago, Illinois. As of March 31, 2018, Efinancial had 264 employees, Its principal office is located in Bellevue, Washington.

Members Mutual had total assets of \$666.4 million and total equity of \$196.2 million as of December 31, 2017, For the year ended December 31, 2017, Members Mutual had \$82.9 million in net premium written and a net loss of \$8.2 million.

Corporate History

The founding of Members Mutual is associated with Fidelity Life and dates back to 1896, where Fidelity Life focused on providing financial security for the growing middle class of the Midwest and Northern states as a fraternal benefit society under the name Mystic Workers of the World. By 1908, membership had passed the 50,000 mark, and in 1915, the organization had \$100 million of life insurance in force, Despite one of the worst decades in U.S. financial history after the crash of 1929, management successfully increased assets by nearly 100%. In 1953, Fidelity Life converted to a mutual legal reserve life company. Shortly thereafter, Fidelity Life became affiliated with Kemper Companies (“**Kemper**”) through a fee-for-management service agreement. In 2004, Fidelity Life’s board of directors determined that the interest of the Company and its policyholders would be best served by ending the management agreement with Kemper and its successor entities, under which it had operated for nearly 50 years. In 2006, Fidelity Life re-launched as an independent company with a renewed commitment to providing insurance products to the underserved market of middle class Americans.

In May 2007, policyholders approved the reorganization of Fidelity Life from a mutual to a stock insurance company, with VHI established as the parent of Fidelity Life and Members

Mutual established as the ultimate parent. In July 2009, VHI acquired Efinancial, founded in 2001, to provide additional distribution capabilities and growth opportunities.

In 2012, Efinancial established eCoverage to help source and manage life insurance leads. eCoverage is primarily an online platform used to capture lead information and better monetize both traffic and leads. It contains a variety of landing pages for affiliates and affiliate networks to send traffic, thereby capturing consumer information on people who've expressed interest in receiving a life insurance quote. Using flexible business logic, eCoverage leads can be intelligently routed to the Efinancial call center or to third-party lead buyers. To help offset lead acquisition costs, eCoverage also generates revenue when consumers click on paid ads.

In 2014, Members Mutual redeemed all the Class B Common Stock that was issued in the acquisition of Efinancial. Also, in 2014, various management changes were made including James Hohmann joining the Company as CEO. Upon Mr. Hohmann's arrival, the Company developed the new business strategy on which it is currently focused. In 2015, the Company adopted predictive analytics to further its unique approach to serving the Middle American life insurance market. In recent years, the Company further augmented its management team, adding seasoned leaders, including new management at Efinancial, with the skills and experience needed to capitalize on the middle market opportunity.

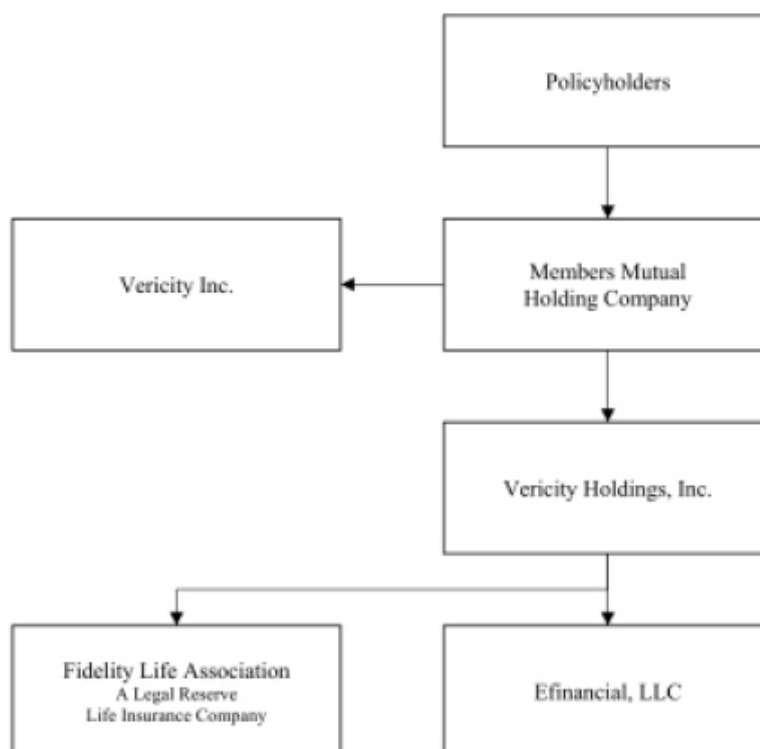
Organizational Structure and Operating Segments

Domiciled in Illinois, Members Mutual is a mutual insurance holding company. VHI, a wholly owned subsidiary of Members Mutual, is a Delaware general business corporation.

Members Mutual owns 100% of the outstanding common stock of VHI, VHI in turn owns 100% of the outstanding common stock of Fidelity Life and is the sole owner of Efinancial. With the acquisition of Efinancial, the business and operations, including employees, of America Direct (an inactive company) were transferred to Fidelity Life effective January 1, 2010, eCoverage and iFramework operate as subsidiaries of Efinancial.

While Fidelity Life and Efinancial are separate companies operating under the Members Mutual umbrella, they are operated on an integrated and collaborative basis for the long-term benefit of the Company overall – consistent with the tenets of its business strategy which seeks to lever the firm’s position as a product manufacturer with controlled distribution.

The organizational chart of the Company and subsidiaries discussed above is presented in the chart below:



From an operations perspective, the Company manages its business through three segments:

- **Agency.** The agency segment operates through Efinancial. Efinancial sells insurance products through its call center distribution platform and through its independent agents and other marketing organizations.
- **Insurance.** The insurance segment operates through Fidelity Life, Fidelity Life engages in the principal business lines of core life, non-core life, closed block, annuities and assumed life. Fidelity Life offers primarily term life insurance products, and to a lesser extent accidental death and final expense products, It does not currently offer annuity contracts, separate account variable products, or universal life products.

- **Corporate.** The corporate segment consists primarily of a small amount of capital required to be maintained for regulatory purposes, and also includes certain expenses considered to be corporate and not allocated to our agency or insurance segments.

Members Mutual conveyed during our discussions that they believe that their approach to the life insurance market is better suited to successfully place life insurance where other historical models have not been as effective. Fidelity Life's combination of innovative technology with industry experience creates value for its policyholders, distributors and the Company. As an insurance carrier with a controlled distribution model, the Company believes that it is strategically positioned to take advantage of the following competitive strengths:

- **Middle Market access.** The sales contacts made through Efinancial's call centers are focused on the Middle Market. This stands in contrast to the life insurance industry at large, which tends to market to a more affluent clientele.
- **Multi-channel distribution.** The Company reaches Middle Market consumers through multiple distribution channels. Through its retail channel, it engages consumers through Efinancial's call centers using sales leads that it acquires or generates itself, and leverages product and sales processes with affinity partners to extend its reach to Middle Market consumers seeking affordable, accessible life insurance. Through its wholesale channel, the Company offers other carriers products through unaffiliated distributors. In addition, Fidelity Life also offers its products through select unaffiliated distributors.
- **patented products and sales processes.** The Company's *RAPIDdecision* Life product features a method patented process that affords higher and faster placement rates than traditional fully underwritten term life insurance. Through its process, policy placement usually occurs during the initial interaction, which leads to customer satisfaction and improved economics in its call centers. The Company's efficient process contrasts with much of the industry, where the underwriting process extends well beyond the initial interaction. In addition, the Company's flagship *RAPIDdecision* Life product uses predictive analytics at certain ages and face amounts to place all cause coverage products during the initial interaction. The product is priced to be profitable even at lower policy amounts, which allows the Company to align its offerings with Middle Market consumers' ability to afford life insurance.
- **End-to-end lead and policy data.** As a life insurance company and a direct distributor, the Company is positioned to gather end-to-end lead and policy data to develop predictive analytical models that can be applied to identify the characteristics of prospects who are more likely to exhibit favorable placement, persistency and mortality experience. The Company plans to apply this insight to optimize its marketing, sales and underwriting processes and product development.

The Company identified through discussions with management the following growth strategies where they plan to leverage the competitive strengths reviewed above:

- **Capitalize on the unmet need for life insurance in the Company's target market.** The Company believes it is well positioned to meet demand where there is currently a substantial unmet need for life insurance in the Middle Market. Using its quick-issue products together with its distribution platform, it plans to increase sales to Middle Market consumers by providing a convenient experience to purchase life insurance at an affordable price.

- **Use predictive analytics to generate more productive sales leads.** By converting data the Company generates through its distribution platform into actionable insight using statistical analysis, it will seek to be more efficient in its acquisition and use of leads, improving its call center placement ratios and overall profitability.
- **Enhance and extend affinity partnerships.** The Company plans to continue and selectively deepen its existing affinity partnerships and develop new and complementary affinity relationships and partnerships. The Company expects this will expand and diversify its sources of quality leads.
- **Expand call center operations and improve efficiency.** To drive sustainable premium and Efinancial commission growth, the Company plans to expand its Efinancial call center operations by hiring additional agents. In addition, the Company evaluates its product offerings and product providers in order to examine whether the Company is addressing the needs and preferences of the Middle Market.
- **Explore alternative means of distribution.** The Company is currently exploring distribution alternatives beyond its call center and independent distributors, including on-line and mobile application sales.

Management did identify key risks associated with managing the unique nature of its business, including the following:

- **It has incurred net losses over the last eight years.** A significant percentage of Fidelity Life's in-force policies have been written since 2007, and as a result it does not have an established legacy book of business and associated revenue streams like many larger life insurance companies. The lack of cash flows typically associated with a legacy business puts Fidelity Life at a disadvantage in comparison with other life insurance carriers that have a more established book of business and associated revenue streams. In addition, it has incurred a net loss in each of the eight prior fiscal years, resulting in an aggregate of approximately \$98 million in net losses over that period, including a loss of \$8.2 million and \$15.3 million for the years ended December 31, 2017 and December 31, 2016, respectively. Its losses are due principally to operating expenses and corporate overhead exceeding revenues of its agency and insurance segments, and its inability to defer a majority of its commission expense on policies produced by its affiliated agency, Efinancial.
- **It expects to continue to incur net losses as it develops its distribution platform.** The Company plans to continue to increase sales through its affiliated distributor, Efinancial, in order to increase scale to cover operating expenses and corporate overhead. However, generally accepted accounting principles in the United States (GAAP) require that Fidelity Life immediately expense a majority of its policy acquisition costs that are incurred on sales through Efinancial, which causes it to incur a net loss in the first year on each policy sold through Efinancial. If it is successful in increasing its premium writings through its distribution platform over each of the next several years, the company expects that the impact of the immediate expense recognition will continue to contribute to its incurring consolidated net losses and reduction of its consolidated equity in each such year.
- **Its call center-based distribution model may not be sustainable.** The products and processes that the company uses to reach the Middle Market rely heavily on retail call center-based sales. There are relatively few such call centers being operated by independent distributors. The call centers that it is familiar with tend to have low placement ratios on medically underwritten products because of the time delay involved in issuing policies and the lack of face to face sales support typically provided by traditional agents. The company has developed innovative products and processes designed to streamline the sale of life insurance and improve call center placement ratios, and has made significant investments in cultivating leads and improving its sales process. If it is not successful in utilizing its products and processes to penetrate its target Middle Market, the company may not generate sufficient revenues to offset its expenses, which will result in a material and adverse effect on its business, financial condition and results of operations.
- **Its target market continues to face a difficult economic environment.** Difficult economic conditions in the United States and abroad have adversely affected the life insurance industry generally as well as the company's business by reducing its investment income and causing volatility in the fair value of its investments. While economic conditions have stabilized and improved in a number of areas, economic

challenges still remain. Many middle American families, including those that comprise the company's target Middle Market, have experienced financial hardships and stagnating income levels. Domestic and economic challenges may continue to adversely affect the company's business in the future.

Generation of leads is a critical component to the long-term success of the Company. Management indicated that their lead generation is concentrated among a smaller number of suppliers and represents a risk to the Company's business and growth strategy.

Management, Directors and Employees

As of March 31, 2018, the Company has approximately 384 employees with a breakdown as follows:

<u>Entity</u>	<u>Employee Count by Entity</u>	<u>Employees</u>
Fidelity Life		120
Efinancial		264
Total		384

Source: Company Management

Efinancial comprised approximately 69% of the total Members Mutual employees when accounting for their retail call center employees. The largest departments of Fidelity Life based on employee size are IT (57), Finance (25) and Corporate (19). Since September of 2016, Members Mutual has grown the employee base by 26 employees or approximately 7%.

Members Mutual is managed by an experienced group of executives and Directors led by Mr. James Hohmann, the Company's Chief Executive Officer. Senior executives and directors of Members Mutual include:

James Edward Hohmann, CEO**Age: 62**

Mr. Hohmann is CEO and President of Members Mutual Holding Company, the parent of Fidelity Life Association. He is also a member of the Fidelity Life Board of Directors and is accountable for the overall performance of all affiliated companies.

He began his career as a life insurance actuary at a stock life insurance company. From there he went into consulting, first with Peat Marwick (now KPMG) and then Tillinghast, Towers Perrin (now Towers Watson), where he was Managing Principal of the Chicago life office.

After consulting, Mr. Hohmann returned to the company side of the life insurance industry and over the past 15 years has primarily served in the role of company president or CEO, including President of Conseco (now CNO Financial) and President and CEO of Allstate Financial.

Most recently, Mr. Hohmann was President and CEO of FBL Financial. In that role he delivered industry leading stock performance and the company was recognized by Fortune magazine in its list of the “100 Fastest Growing Companies” based on growth in revenue, earnings per share and total return to shareholders.

Mr. Hohmann is a graduate of Northwestern University and holds an MBA from the University of Chicago.

Jim Harkensee, President & COO, Fidelity Life**Age: 60**

Mr. Harkensee has P&L responsibility and overall accountability for the performance and position of Fidelity Life. He oversees the company’s strategy and operations and engages with shared services areas to insure production efficiency, quality, service and cost-effective management of resources.

Mr. Harkensee has over 30 years of experience in the insurance industry in both actuarial science and direct marketing. He was formerly president of Zurich Direct. For nine years under his

leadership, Zurich Direct grew to become one of the leading direct marketers of term life insurance in the United States, increasing first-year premiums from \$11.3 million to over \$36 million. Mr. Harkensee began his career at Bankers Life & Casualty, later joining Zurich Life, where he was promoted to chief actuary.

Mr. Harkensee is a graduate of the University of Illinois and a Fellow of the Society of Actuaries.

Chris Campbell, President & COO, Efinancial

Age: 48

Mr. Campbell has P&L responsibility and overall accountability for the performance and position of Efinancial. He oversees the company's strategy and operations and engages with shared services areas to insure production efficiency, quality, service and cost-effective management of resources.

Mr. Campbell has over 25 years of experience in the insurance industry. Prior to joining Efinancial, he was SVP of marketing and communications at CNO Financial, where he led initiatives that improved productivity and increased ROI, including the company's transformation from print to digital marketing. He also previously served as Director of Strategy and Business Development at Allstate Financial. He began his career in management consulting, where he developed competitive and growth strategies for Fortune 1000 firms.

Mr. Campbell is a graduate of Dartmouth College and holds his MBA from Northwestern University.

Chris Kim, Senior Vice President, CFO

Age: 47

Mr. Kim is responsible for Fidelity Life's accounting and financial reporting activities directing the fiscal functions of the corporation in accordance with NAIC statutory accounting and U.S. generally accepted accounting principles.

He has over 20 years of experience in public accounting and controllership with a focus on life and property/casualty insurance companies. He has extensive experience in advising private and

public companies on accounting and financial reporting matters related to capital raising activities and advising clients on complex accounting matters.

Prior to joining Fidelity Life, Mr. Kim was employed by PricewaterhouseCoopers LLP within its audit and transaction services practice in Chicago and New York. He also held the position of assistant controller with GE Insurance Solutions (now Swiss Re) driving global finance transformation projects.

Mr. Kim is a graduate of the University of Missouri and is a Certified Public Accountant (inactive).

John Buchanan, Executive Vice President, General Counsel & Corporate Secretary

Age: 47

Mr. Buchanan is responsible for legal matters at Fidelity Life.

He has served 20 years at Allstate in various legal roles, including leading their marketing legal team. Mr. Buchanan has also served as secretary on NJ Life and Health Guaranty Fund boards and has been involved with the ACLI, LICONY, MCCA and ACC.

Mr. Buchanan is a graduate from Northern Illinois University and holds a J.D. from John Marshall Law School.

Laura Zimmerman, Executive Vice President, Chief Marketing Officer

Age: 60

Ms. Zimmerman oversees Fidelity Life's strategy and marketing activities with accountability for branding, communications, lead acquisition, marketing alliances, data management and predictive analytics.

Ms. Zimmerman has over 25 years of experience in executive roles at Allstate Insurance, Legg Mason Global Asset Management and The Guardian Life Insurance Co.

Ms. Zimmerman is a graduate of Dartmouth College and holds an MBA from Northwestern University.

Richard Hemmings, Chairman-Director

Age: 72

Richard Hemmings holds the position of Executive Chairman of Fidelity Life Association. Prior to his appointment to that office in 2014, he was Chairman and CEO of the company from 2005 to 2014.

Prior to joining Fidelity Life, he was a partner in the Chicago law firm of Lord, Bissell and Brook for 25 years. He also served as counsel to the NAIC and was the Michigan Insurance Commissioner before entering private law practice in 1980. In addition to his duties as Executive Chairman of the Board of Fidelity Life Association, Mr. Hemmings is a member of the Board of Directors for First MetLife Investors Insurance Co., a New York affiliate of MetLife that does not compete with Fidelity Life Association.

Mr. Hemmings is a graduate of the University of Wisconsin – Madison and holds a J.D. from the University of Pittsburgh.

Linda Walker Binue, Director

Age: 66

Linda Walker Bynoe is President and CEO of Telemat Ltd., Chicago, Illinois, a project management and consulting firm, since 1995, and previously as Chief Operating Officer since 1989.

Ms. Bynoe began her career in public accounting, obtaining her Certified Public Accountant (CPA) designation. After obtaining her Masters in Business Administration (MBA), she joined the investment banking firm Morgan Stanley, serving in various executive capacities within the Capital Markets Division and as a Vice President from 1985 until 1989.

She is also a Director of Anixter (NYSE:AXE), Equity Residential (NYSE:EQR), Northern Trust Corporation (NASDAQ:NTRS) and Prudential Retail Mutual Funds. Ms. Bynoe has served on the Fidelity Life Association Board of Directors since 2002.

Ms. Bynoe is a graduate of Northeastern University and holds an MBA from Harvard University.

John Fibiger, Director

Age: 87

Mr. Fibiger was elected to the Fidelity Life Board in 2004. He previously was an executive of Transamerica Life Companies servicing as Executive Vice President and Chief Financial Officer from 1991-1993, President from 1994-1995 and Board Chairman from 1995-1997. From 1981 to 1989, Mr. Fibiger was President of the New England Mutual Life Insurance Company. Previously he also held various offices with New England Life and Bankers Life Insurance Company of Nebraska. Mr. Fibiger is a Fellow of the Society of Actuaries and member of the American Academy of Actuaries for which he was President from 1987 to 1988.

He served as a trustee of the Menninger Foundation, Houston, TX (formerly located in Topeka, KS) and was Chairman of the Menninger Fund. He is currently a trustee of the Austin Symphony Orchestra and a life trustee of the Museum of Science in Boston.

Steven Groot, Director

Age: 69

Mr. Groot was first elected to the Board of Fidelity Life Association in 2006. He is an actuary and attorney who served in various actuarial and management capacities with Allstate Insurance Company from 1970 through 2002.

During his career, he led activities in nonstandard auto insurance, Internet and call center distribution and servicing, and international operations. He served on Allstate Insurance Company's Board of Directors from 1994 through 2002, where he was a member of the executive committee and investment committee.

Mr. Groot is a Fellow of the Casualty Actuarial Society, a Member of the American Academy of Actuaries, and a member of the state bar of California. He currently serves as a member of the Board of Directors of CEM Insurance Company, a privately held property and casualty insurer, and is a life trustee of Lawrence Hall Youth Services in Chicago, Illinois.

James Schacht, Director

Age: 77

As President of the Schacht Group, Mr. Schacht advises national and international clients on regulation, restructuring and insolvency, litigation and public policy issues. Prior to forming his own firm, he led Navigant Consulting's Restructuring, Run-off and Insolvency Practice. He also led the insurance regulatory practices at both Coopers and Lybrand and PricewaterhouseCoopers and was Director of the Illinois Department of Insurance on three occasions at the request of two governors.

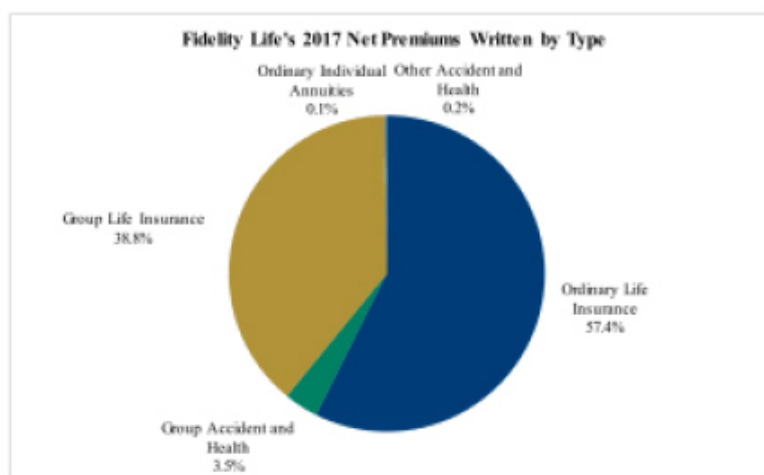
For more than 25 years, Mr. Schacht has been an active leader within the National Association of Insurance Commissioners serving on numerous task forces and committees. Several of his reform initiatives garnered national attention, particularly the development of the NAIC's Insurance Regulatory Information System, the development of the first NAIC Handbooks on Statutory Accounting Practices and Procedures, Risk Based Capital, the Financial Regulation Standards and Accreditation Program and numerous model laws and regulations. He organized and conducted the first meetings of international insurance regulators that led to the formation of the IAIS.

Mr. Schacht frequently writes on emerging issues and is an oft-requested speaker. He and his colleagues have prepared numerous groundbreaking public policy studies on insurance regulation for the National Conference of Insurance Legislators and other industry trade associations.

Insurance Operation Product Offerings

Fidelity Life's individual life product portfolio was initially designed to capture sales through direct distributors operating large call centers, independent marketing organizations, brokers and worksite distribution. However, increasingly, Fidelity Life's focus has evolved to

reaching Middle American households with quick issue products distributed through Efinancial and select independent (unaffiliated) distributors. Fidelity Life's business lines consist of its Core Life, Non-Core Life, Closed Block and Annuities and Assumed Life lines. The Company's breakdown of net premiums written is as follows:



Source: SNL Financial.

The Company's individual life product portfolio includes a wide range of products that meet the demand of Middle American market consumers by shortening the sales process by leveraging innovation in product design and new ways of non-medical underwriting. The Company has built electronic application systems, known as the Rapid Application system, and its successor system, FLASH, that permit it to issue policies during the course of a single sales call or shortly thereafter without the need to contact the customer after the initial call. This streamlined process allows the Company to mitigate the loss of business as a result of a customer not following through on the underwriting process. For the year ended December 31, 2017, nearly all of the company's new insurance policies were processed through its Rapid Application or FLASH systems.

Individual Life Products

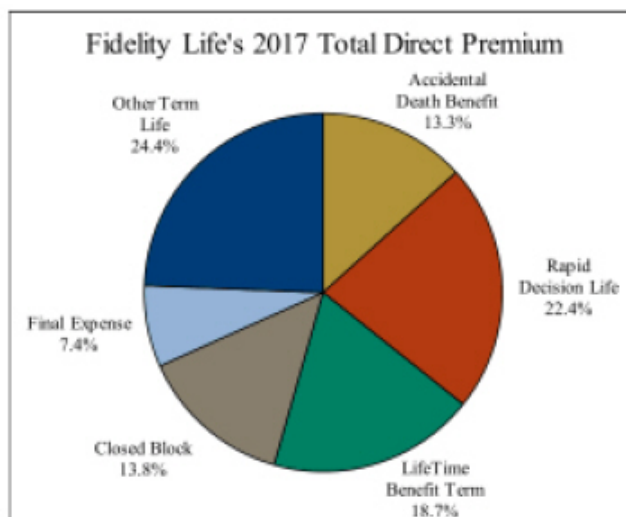
- **Rapid Decision.** The principal life insurance products offered by Fidelity Life fall within the “Rapid Decision” product line. The Rapid Decision product line includes primarily term and final expense insurance products.
- **Rapid Decision Life.** Rapid Decision Life is a product introduced in 2008 and is primarily marketed by Efinancial and select unaffiliated distributors. The Rapid Decision Life product was specifically designed to address the problem of low product placement in direct distribution for medically underwritten business, stemming in part from the typical length of the life insurance underwriting process. The Rapid Decision Life product incorporates the following features:
 - A patented Rapid Decision underwriting process, which allows for quick issue of a policy providing a blend of “all cause” term life insurance coverage and accidental death benefit coverage.
 - An option permitting policyholders to begin a traditional medical underwriting process within the first six months after policy issuance.
 - Depending on the underwriting results, policyholders completing medical underwriting may have the option to reduce or eliminate the accidental death coverage and increase the proportion of the “all cause” term life insurance coverage under the policy with no increase in premium.
 - Policyholders not completing medical underwriting (or failing to meet medical underwriting standards) may retain the original coverage blend of term life and accidental death benefit coverage at the existing premium rates.
 - In 2015, the Company introduced predictive analytics as part of its underwriting process, which allows qualified customers to receive 100% “all cause” coverage without a medical exam.
- **Rapid Decision Express.** Rapid Decision Express is a quick issue, non-medically underwritten level term insurance product. It includes typical term lengths of 10, 15 and 20 years, and a maximum face amount of \$250,000 that varies by age and is lower at older ages. Rapid Decision Express includes one risk class each for males, females,

smokers and non-smokers, and underwriting approvals are made based upon a simplified application process where the consumer's answers are verified by database information that is gathered for the approval process.

- **Rapid Decision Senior Life.** Life Term and Whole Life. Fidelity Life's Senior Life Term and Whole life products are designed for impaired risk individuals in particular age range (50 to 70 for term and 50 to 85 for whole life). Senior Life Term and Whole Life products are underwritten utilizing the Rapid Decision underwriting process and offer graded death benefits over an initial three-year period (coverage increases in years two and three, with full coverage starting in year four).
- **Rapid Decision Final Expense.** Rapid Decision Final Expense provides protection for individuals between the ages of 50 and 85 that can help lessen the burden of covering one's final expenses such as medical costs, funeral costs and credit card debt. This permanent whole life coverage is available for amounts from \$5,000 to \$35,000.
- **Rapid Decision Guaranteed Issue.** Rapid Decision Guaranteed Issue is permanent whole life coverage available up to \$20,000 for individuals age 50 to 85. Policy issuance does not require a medical examination nor answers to any health questions. As a result, the policy requires no underwriting and all applicants within the age requirement can be approved.
- **Accidental Death Benefit.** Fidelity Life offers accidental death benefit insurance as both a policy rider and as stand-alone policy coverage. The accidental death benefit product covers death due to accidental causes as defined in the policy. Accidental death benefit is a quick issue product with limited underwriting.
- **Lifetime Benefit Term.** LifeTime Benefit Term is a patented worksite product offering. Worksite policies like LifeTime Benefit Term are provided to employer and other groups for sales to their employees, participants and members. LifeTime Benefit Term insurance offers higher face amounts per premium dollar than universal life and

is sold on a group policy basis by offering future paid up coverage additions after the policy has been in force for five years. LifeTime Benefit Term policies can be kept by the individual after they leave employment with the group. The Company has been issued a patent for one variation of the LifeTime Benefit Term product. Fidelity Life largely ceased writing this business directly in 2014 and entered into a licensing agreement and reinsurance agreement under which the product is licensed to Combined Insurance Company of America and 50% of the business written is reinsured by Fidelity Life. The licensing agreement provides Combined with an exclusive, non-transferable license to market the LifeTime Benefit Term product. In the event Combined fails to meet certain sales volumes for the product, the license becomes non-exclusive or, in certain circumstances, terminable at the option of Fidelity Life. The license agreement would terminate if Combined were to stop selling the product, exit the worksite market, or if Fidelity Life ceased assuming reinsurance on the product from Combined. Additionally, Combined may terminate the license with 60 days' notice. Fidelity Life continues to manage the in-force block of LifeTime Benefit Term policies, which is in run-off.

The annualized placed premium by product totals are as follows:



Source: Company Management

The Company breaks its products into core and non-core products. The core products constitute **RAPID**Decision® Life, LifeTime Benefit Term, and final Expense. RAPIDDecision Life mortality experience has been consistent with pricing assumptions, and the Company is continuing to expand this product. LifeTime Benefit Term is a Fidelity Life patented worksite product and is licensed to and written by Combined Insurance. Combined Insurance is growing this product offering.

The Non-core products are Other Life Term, Accidental Death Benefit and Closed Block / Reinsurance Assumed. Other term Life products are offered to help maintain select distribution relationships. The Accidental Death Benefit product was deemphasized based on a strategic decision in 2015. However, it remains profitable, and lapse rates have declined. The Closed Block/Reinsurance Assumed products consist of all business prior to September 30, 2006 and is performing in line with expectations.

Agency Segment

This segment primarily consists of the operations of Efinancial. Efinancial is a call center-based insurance agency that markets life insurance for Fidelity Life and unaffiliated insurance companies. Efinancial's primary operations are conducted through employee agents from two call center locations (eSales channel). In addition to the eSales channel, Efinancial operates an eIndependent channel, assisting independent agents that desire to offer products manufactured by the carriers that Efinancial represents, and sells insurance sales leads to independent agents and other marketing organizations. For the twelve months ended December 31, 2017, Efinancial's agency segment revenue earned 76% through the retail channel, 10% through the eIndependent channel, and 14% through the sale of insurance leads.

The agency segment's main source of revenue is commissions earned on the sale of insurance policies sold through the retail channel. Efinancial's employee agents utilize insurance sales leads to contact or be contacted by potential customers to assess potential customers' insurance needs, level of interest in buying insurance and preliminary health information. When the customer is interested in acquiring insurance, the Efinancial employee agent works with the customer to select a carrier and compile the necessary underwriting information. After the

underwriting information is submitted to the carrier, Efinancial operating personnel work with the customer and the insurance carrier to complete the underwriting process, which can occur during the initial contact or within 24-48 hours for non-medically underwritten policies and 20-90 days or longer for medically underwritten policies.

Agency segment expenses consist of marketing costs to acquire potential customers, salary and bonuses paid to employee agents, salary and other costs of employees involved in managing the underwriting process for Efinancial's insurance applications, sales management, agent licensing, training and compliance costs. Other agency segment expenses include costs associated with financial and administrative employees, facilities rent, and information technology. After payroll, the most significant agency segment expense is the cost of acquiring leads. Efinancial partially offsets its sales leads expense through revenues derived from the resale of leads that are not well suited for its call centers, and from advertising revenues from individuals who click on specific advertisements while viewing one of Efinancial's web pages.

In the Company's eIndependent channel, it subcontracts with its independent agents who sell through Efinancial's contracts with its unaffiliated insurance carriers. In consideration for using its carrier contracts and services, the Company receive a portion of the commission earned by the independent agent from the carrier. The Company also recognizes revenue from the sale of insurance sales leads. Lead revenue totaled approximately 14% of segment revenues in 2017. Its agency operations segment recognizes income (loss) to the extent that commissions and other revenue exceed (are less than) its marketing, agency and overhead costs for the period.

Importantly, Efinancial provides the Company with insight into and data on consumer behavior when investigating and buying life insurance that other, traditional sale channel focused companies might not be able to obtain from their outside independent agent partners. For the year ended December 31, 2017, approximately 80% of Efinancial's retail commission revenue is Fidelity Life product. Efinancial's market insight and significant placement of Fidelity Life policies helps create an important feedback loop to continually improve their products. The Company is trying to transform the traditional method of purchasing life insurance by understanding the consumer's needs better and designing products, delivery channels and purchasing processes to better fit its target policyholder goals.

Marketing and Distribution

Efinancial's business relies heavily on the use of insurance sales leads. Sales leads are records of personal and contact information of potential purchasers of life insurance. The Company analyzes these sales leads to enable its agents to make contact with consumers that are believed to be more likely than the general population to purchase life insurance products. Efinancial uses a combination of marketing methods to obtain insurance sales leads to support its operations. Efinancial acquires a significant portion of its sales leads from third party vendors specializing in insurance sales leads. Additionally, Efinancial develops leads through its proprietary websites (including efinancial.com, termfinder.com, and ecoverage.com) and through the websites provided to affinity partners for their customers to learn about life insurance.

The Company evaluates the profitability of sales leads by analyzing their cost and productivity based on the sales resulting from these sales leads. This information is tracked using ALISS. Using this information, the sales lead acquisition process is managed through negotiation of costs based on lead quality, and productivity is optimized by routing sales leads to call center agents that data indicates will have the best chance of obtaining a sale. As a result of this business model, Efinancial's marketing expenses are a significant part of the total cost of doing business. Management stated that historically, this business model had been impacted due to the overall quality of leads that were not meeting objectives. To help counter this and in an effort to reduce its overall expense related to the production of leads, the Company resells leads which are not optimal candidates for use in its call centers. If leads are unable to be resold, then the overall marketing expense would be higher, due to the lack of offset in the marketing expenses with revenue from the sale of leads.

The Company focuses on supporting a limited number of independent distributors that strive to maintain consistency with their overall strategy. During 2017, the Efinancial's eSales division processed 98,249 applications for insurance and issued 56,526 policies for an application to issue ratio of 58%. Efinancial accounts for a significant majority of the total premiums placed by Fidelity Life. For distribution other than by Efinancial, the Company's strategy is to establish

long term relationships with a limited number of independent distribution organizations that extend its reach into its target market and are complementary to Efinancial.

Administrative, Claims and Underwriting

Fidelity Life contracts with third party service providers to provide a number of key functions that are traditionally performed in-house in the life insurance industry. These functions include claims management, records management, transition services from previous TPA, Payment Processing / collections, policyholder contact, underwriting, investment portfolio management, internal audit, filing of insurance policy forms with state regulatory agencies and income tax return preparation. In addition, Fidelity Life uses outside third parties to provide in-force policy administration, reinsurance and contract administration.

Administrative, Claims & Underwriting

Function	Performed By	Comments
New Business Application Entry	Xchanging Technology	Low cost, accurate, round-the-clock data entry staff
Policy Issue	FLA Staff Xchanging Technology	Combination of in-house staff for more difficult cases and external resources for standard processing
Worksite	Vision Financial	Full service voluntary worksite administrator
Data Center	SunGard	SunGard provides a hardened data center for all FLA production applications

Source: Company Management

The Company utilizes Concentrix Insurance Solutions as its primary third-party administrator. Through the use of the various outside vendors, Fidelity Life is able to outsource some business functions in an effort to obtain turnkey, high quality, yet affordable, solutions. This model was adopted to reduce the fixed cost investment in the Company's insurance operations, provide operating flexibility and allow access to specialized skills as needed. In doing so, Fidelity

Life believes it can contract with partners that possess a wide range of experience and with established capabilities that would be costly and time consuming to develop internally. The challenges posed by outsourcing include dependence on third party providers and skills required to manage TPA's to, among other things, assure stability and reduce risks in key operations.

To support the nine internal underwriters of Fidelity Life, the Company utilizes the underwriting services of IBU, Inc. and CRL Plus. Fidelity Life applications are assigned via the Rapid App system to either a Fidelity Life underwriter or one of its outside underwriters noted above. Given the quick issue nature of many of its products, it is important to be able to access underwriting services on an as-needed basis. Using outsourced contract underwriters provides the needed flexibility.

In their typical underwriting process, Fidelity Life's contract underwriters access the information on a potential customer through a web-based interface and approve or decline the individual case based on Fidelity Life's underwriting rules. If necessary, a member of the contract underwriting team can be joined to an initial phone call with a potential customer. While Fidelity Life's in-house underwriting team does engage in certain case underwriting activities, the team's primary function is to manage and supervise the contract underwriters. The in-house underwriting team oversees the contract underwriters to review their compliance with the Company's underwriting standards.

Reserving Methodology

Policy Reserves:

Individual Life, Accidental Death, and Supplementary Riders: Establishing an adequate liability for future obligations to policyholders requires the use of assumptions. Estimating liabilities for future policy benefits on life and health insurance products requires the use of assumptions relative to future investment yields, mortality, morbidity, persistency, and other assumptions based on historical experience, modified as necessary to reflect anticipated trends and to include provisions for possible adverse deviation. The vast majority of the Company's life insurance reserves are

established in accordance with FAS 60 and the assumptions are “locked in”. The Company does continually reassess the assumptions as applied to future policies.

Contract Holder Deposits: The cash value annuities assumed block business, known as the KILICO block, has its policy reserves equal to the account value of the annuities at the valuation date.

Deposit Funds: The dividends and other funds left on deposit has its policy reserves set equal to the account value of the funds at the valuation date.

Payout Annuities: The payout annuities block of business, known as the Direct Annuities, has its policy reserves equal to the discounted present value of the expected payments, taking expected mortality into account.

Claim Reserves:

As is the case with most life insurers, claim reserves are a relatively small part of the Company’s reserves; these reserves are established for claims where the Company has already been notified of a potential claim (pending claims) and for unknown claims (Incurred but Not Reported (“**IBNR**”)). Pending claims are reserved for using the face amount of the underlying claim. IBNR is set up using factors that are based on prior experience. The adequacy of the claim reserves is reviewed regularly and factors are updated as necessary.

Loss Recognition Testing (LRT):

To determine the adequacy of net liabilities, the Company performs Loss Recognition Testing (“**LRT**”). Under LRT, future cash flows are projected using best estimate assumptions at the valuation date. For each block of business, the discounted value of these cash flows is compared to the net liability balance (benefit reserves minus DAC). If the discounted value of the cash flows exceeds the net liability balance, the reported net liability would be increased—first by reducing DAC and, if required, increasing the recorded liability.

Reinsurance

Fidelity Life uses reinsurance arrangements with multiple reinsurance carriers to limit their claims risk under insurance contracts and to mitigate the impact of the insurance policies issued on statutory policyholder surplus. Additionally, the reinsurance arrangements provide Fidelity Life with access to underwriting technology and risk management expertise from its reinsurance partners. In accordance with insurance industry practice, Fidelity Life reinsures a portion of its loss exposure and pays reinsurers a portion of the gross premiums received on all policies reinsured. The Company evaluates their reinsurance needs, including the appropriate amount and structure of particular reinsurance arrangements, based on a number of factors, including the expertise of particular reinsurance carriers (and their technology platforms) required to support various life insurance products, the estimated variability of claims experience, the estimated future impact of new business written on statutory reserves and the costs of reinsurance, Fidelity Life is party to many reinsurance contracts on a coinsurance basis for a pro rata share of their retained risk. Fidelity Life reinsures 100% of any risk on a policy in excess of \$300,000 (maximum retention of \$300,000).

Fidelity Life had reinsurance recoverables of \$143.9 million as of December 31, 2017. The five largest reinsurers accounted for 68% of Fidelity Life's reinsurance recoverables with the single largest accounting for 28%.

Current reinsurance arrangements open for new business are with Hannover Life Reassurance Company and Swiss Re Life & Health America, Inc. The following is a brief summary of the reinsurance agreements relating to these arrangements:

- **Hannover Life Reassurance Company.** Under the Company's agreements with Hannover Life, the Company cedes claims liability under certain term life policies in the Open Block – Active business to Hannover Life on a coinsurance basis. Depending upon the face amount of the product reinsured and subject to a company retention limit of \$300,000, the Company cedes 50% or more of the claims liability to Hannover Life.

Reinsurance premiums are determined according to the amount reinsured with Hannover Life per policy. These agreements do not have a fixed term.

- **Swiss Re. Swiss Re Life & Health America, Inc.** Under the Company's agreement with Swiss Re, the Company cede to Swiss Re 50% of claims liability, subject to certain per life limits, under the accidental death benefit policies and its associated riders, on a coinsurance basis. Either party may terminate the agreements with respect to future business with 90 days written notice to the other party.
- The Company reinsures 90% of any accidental death benefit riders on life insurance policies with Swiss Re on a yearly renewable term basis. Reinsurance premiums are determined according to the amount reinsured with Swiss Re per rider. Swiss Re has the right to modify the reinsurance premium rates upon 90 days written notice. If the Company does not accept such modified reinsurance premium rates and is unable to agree upon a revised rate structure within 60 days of Swiss Re's original notice, then the reinsurance premium rates then in effect continue unchanged. However, Swiss Re may, upon 30 days written notice, terminate the reinsurance on any policy or rider for which the Company have not accepted Swiss Re's modified reinsurance premium rate. This agreement does not have a fixed term. Either party may terminate the agreement with respect to future business with 90 days written notice to the other party.

The Company reinsures its Rapid Decision Final Expense and Rapid Decision Guaranteed Issue products with Swiss Re, on an 80% coinsurance basis. Either party may terminate the agreements with respect to future business with 90 days written notice to the other party.

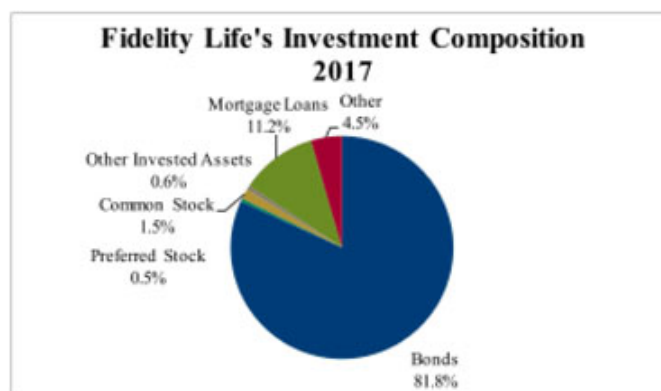
Ceding contracts on the historical in force life insurance block is provided by a diverse group comprised of seventeen reinsurers. Included in this group is Scottish Re U.S., Inc. ("**Scottish Re**"). Scottish Re's ratings were withdrawn in 2009 as a result of a deteriorating financial position and Scottish Re's entering into a voluntary supervision agreement with the Delaware Department of Insurance. On May 1, 2013, substantially all of the reinsurance agreements with Scottish Re US, Inc. were novated, whereby Hannover Life Reassurance

Company was substituted for Scottish Re under such agreements. The novation resulted in no gain or loss and had no impact on financial statements.

Through Hannover since 2013, Fidelity Life also maintains a reserve financing agreement designed to enhance its ability to continue to grow its core life insurance business. In 2016, Fidelity Life added another tranche to the reserve financing agreement with Hannover to include business similar to business reinsured in the 2013 tranche, but issued between October 1, 2012 and June 30, 2016. The second tranche was included in a restated treaty with identical terms with the only change being to extend the recapture date to December 31, 2027.

Investment Overview

The Company's investment strategy is to maintain a high quality, balanced, well-diversified investment portfolio supporting the insurance contracts written and capital requirements. The Company's investments are managed according to written guidelines approved by the board of directors. Portfolio performance is measured against established benchmarks while incorporating a risk adjusted yield focus for ("**Liability Portfolios**") and a total return basis ("**Capital & Surplus Portfolio**"). The investment strategy is regularly reviewed in light of market trends, developments and changes in the business. At December 31, 2017, Fidelity Life's distribution of total invested assets was as follows:

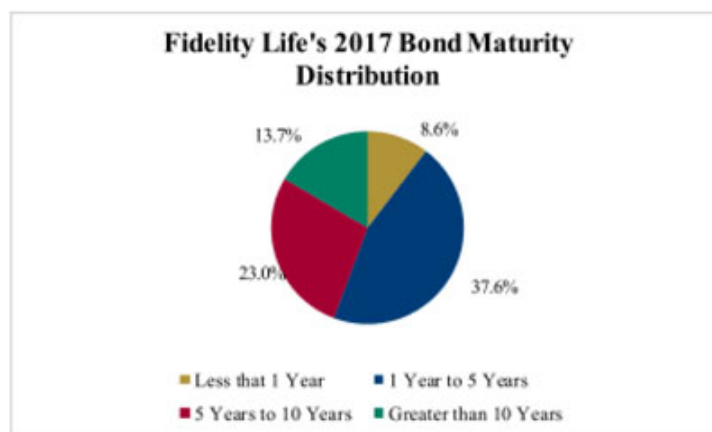


Source: SNL Financial.

The Company utilizes independent outside investment managers for all of its portfolios. Wellspring Capital Advisors is the primary manager and provides overall investment and surplus portfolio management and consulting services. General Re- New England Asset Management, Inc., Advantus Capital Management, Inc., Tortoise Capital Advisors, Guggenheim Partners Investment Management, LLC, and Innovative Capital Advisors, LLC, all provide specialized investment services to the Company.

Fidelity Life has a diversified bond portfolio with a blend of maturities skewed to the medium-term as mentioned above. The weighted average credit quality of the portfolio is A. The S&P ratings for the bonds held by Fidelity Life range from AAA to CCC, which shows the Company's willingness to buy less than investment grade bonds in order to drive yield on the portfolio higher. Moreover, the Company holds a large percentage of corporate bonds which traditionally carry more risk than government securities.

The bond maturities range from less than 1 year to greater than 10 years with the majority being less than 10 years. Long-term bonds with a maturity greater than 10 years made up 13.7% of the bond portfolio. The duration of the bond portfolio is 6.1 years as of December 31, 2017. The balance of the investment portfolio consists of common stock, mortgage loans and other invested assets.



Note: Represents breakdown of investments with known maturity.

Source: SNL Financial.

Management believes that it maintains a very conservative investment portfolio allocation together with higher yielding bonds (high yield and private placements) that are limited to specific total dollar allocations and done through managers that specialize in the asset class. Fidelity Life's guidelines include asset concentration guidelines that limit the amount that it can hold in any one issuer of securities, asset quality guidelines applied on a portfolio basis and for individual issues that establish a minimum asset quality standard for portfolios and establish minimum asset quality standards for investment purchases and investment holding, liquidity guidelines that limit the amount of illiquid assets that can be held at any time, and diversification guidelines that limit the exposure at any time to the total portfolio by investment sectors.

Fidelity Life has incurred a reduction in investment yield for each year from 2013 through 2017, which is consistent with the overall life industry. The life industry saw a decrease in yield from 2013 to 2017. From 2013 to 2017 the gross yield on bonds in Fidelity Life's portfolio has trailed the life industry average by a margin ranging from 2 to 65 basis points. For 2017, Fidelity Life yielded 4.48% on its bond portfolio, while the life industry average was 4.50%. For 2017, Fidelity Life yielded 3.99% on its entire investment portfolio while the life industry yielded 4.58% over the same period. Fidelity Life does not invest significantly in equities or utilize any "exotic" investment products to enhance yields.

Competitors

The life insurance industry is a mature industry that has been in a consolidation and transition phase. As a product manufacturer with controlled distribution, the Company's competitors include both other life insurance carriers, as well as distribution organizations that market life insurance direct to consumer. The relative similarity of available insurance products and marketing methods means that most firms compete on premium pricing, underwriting, and purchase experience.

In general, many of the Company's principal competitors are larger and more established, with higher capital and surplus and higher financial strength ratings than Fidelity Life. The company views the following firms as its principal competitors; AccuQuote, American General Life and Accident Insurance Company, Massachusetts Mutual Life Insurance Company, Protective Life Insurance Company, and SelectQuote Insurance Services, Inc. Brief descriptions of these companies are included below.

- **AccuQuote** – Byron Udell & Associates, operating as AccuQuote provides term life quotes to people in the United States. It sells life insurance and selected annuities, as well as offers child life, long term care, health, and auto insurance. The company also offers life insurance needs calculator service. Byron Udell & Associates, Inc. was founded in 1986 and is based in Wheeling, Illinois with a satellite branch office in Golden, Colorado.
- **American International Group** – provides insurance products and services for commercial, institutional, and individual customers in the United States and internationally. The company operates in two segments: AIG Property Casualty, and AIG Life and Retirement. The AIG Life and Retirement segment offers a suite of products and services to individuals and groups, including term life insurance, universal life insurance, accident and health insurance, fixed and variable deferred annuities, fixed payout annuities, mutual funds, and financial planning. This segment distributes its products through banks, broker-dealers, financial advisors, independent marketing organizations, insurance agents,

structured settlement brokers, benefit consultants, and direct-to-consumer platforms. The company also provides private residential mortgage guaranty insurance, and direct investment book services, as well as engages in derivatives intermediary activities. American International Group, Inc. was founded in 1919 and is based in New York, New York. In addition, AIG Direct Insurance Services, Inc. – a subsidiary of AIG American General – operates as a life insurance agency primarily via internet and telephone channels, representing American General, Gerber Life, Fidelity Life, Globe Life, and ING. It offers term life insurance products, estate planning, return of premium term life, smokers' term life, universal life, and whole life insurance products, accidental death, disability, key person, auto, pet, health, and travel insurance products.

- **Health I.Q.** – a direct-to-consumer insurance agency focused on sales through its call-center business model, Health I.Q. offers term life insurance from a variety of carriers, including Ameritas, SBLI, and Assurity. The company offers lower-cost, “special rate” life insurance for health-conscious individuals. Founded in 2013, Health I.Q. launched in 2016, and is headquartered in Mountain View, California.
- **Massachusetts Mutual Life Insurance Company** – a leading mutual life insurance company, MassMutual offers a wide range of financial products and services, including life insurance, disability income insurance, long-term care insurance, annuities, retirement plans, and other employee benefits. In addition, MassMutual is the parent company of Haven Life, a direct-to-consumer agency that offers term life insurance online.
- **Protective Life Insurance Company** – a wholly owned subsidiary of Dai-ichi Life, Protective is a multi-line manufacturer that serves the U.S. middle market and mass affluent consumer. Through its multi-channel distribution strategy, the company offers life insurance through agents, financial institutions, affinity partners, and direct to consumer digital distribution. It has launched several strategic partnerships, including those with Costco, GEICO, Social Finance (SoFi), and BB&T Crump. Through its Life product line, the company offers term, whole life, and universal life products.

- **SelectQuote Insurance Services, Inc.** – term life insurance sales agency in the United States. It offers auto and home insurance, and Medicare supplement insurance solutions. The company was founded in 1984 to be a direct marketer of term life insurance and is based in San Francisco, California.

A.M. Best Rating

A.M. Best is a widely recognized rating agency dedicated to the insurance industry. A.M. Best provides ratings known as the Financial Strength Rating (“FSR”) and Issuer Credit Rating (“ICR”) which rate the financial health of insurance companies. The FSR is defined as an independent opinion of an issuer’s financial strength and ability to meet its ongoing insurance policy and contract obligations. This rating is assigned to insurance companies. The ICR is defined as an independent opinion of an issuer/entity’s ability to meet its ongoing senior financial obligations. This rating is assigned to insurance companies and related holding companies and other legal entities authorized to issue financial obligations. The objective of A.M. Best’s rating system is to provide an independent opinion of an insurer’s financial strength and its ability to meet ongoing obligations to policyholders. The assigned rating is derived from an in-depth evaluation and analysis of a company’s balance sheet strength, operating performance, and business profile. The FSR scale is comprised of 13 individual ratings grouped into seven categories (excluding rating which are under regulatory supervision, in liquidation, or suspended). The ICR scale for an insurance company is broken into two groups which are Investment Grade and Non-Investment Grade. Each of these groups consists of four category rankings of credit quality (excluding the category for insurance companies under regulatory supervision/liquidation).

A.M. Best currently assigns a Best’s Rating of an “A-” (Excellent) to Fidelity Life, effective July 13, 2017, which is the fourth highest of 16 ratings and the category “Excellent” represents the second of ten categories. Insurance companies rated “A-” are considered by A.M. Best to have “an excellent ability to meet their ongoing obligations” to policyholders. In addition, A.M. Best has rated the Company’s outlook, generally defined as 12 to 36 months, as “Stable” which indicates a low likelihood of a rating change due to stable financial/market trends. Best’s Rating

for Fidelity Life is based on strong risk-adjusted capitalization, its well-performing fixed income investment portfolio, ongoing expansion and distribution initiatives and the continued benefits derived from its acquisition of Efinancial.

Partially offsetting these strengths are the challenges to improve consistency of net operating performance, grow total adjusted capital while it continues its rapid top-line growth strategies and to effectively administer its closed block of fixed-annuity business.

Despite the challenges and risks, A.M. Best comments on the enhancement to the Company's risk-adjusted capitalization through various de-risking strategies stemming from its investment portfolio. A.M. Best believes that the Company's current capital is sufficient to absorb its near-term new business growth expectations despite declines in total adjusted capital over the past years until an uptick in 2014.

A.M. Best Rating History

<u>Date</u>	<u>FSR</u>	<u>ICR</u>
6/24/2017	A-	a-
6/24/2016	A-	a-
6/11/2015	A-	a-
6/19/2014	A-	a-
6/25/2013	A-	a-

Source: A.M. Best

Note: FSR—Financial Strength Rating; ICR—Issuer Credit Rating

In discussing the A.M. Best rating with management, management expressed a strong desire to maintain its current rating or improve it. Management also indicated that they were uncertain if a reduction in their A.M. Best rating would meaningfully affect their product's attractiveness and ability of the Company to execute on their growth plans.

Reasons for Offering

According to the Plan and discussions with management, after careful study and consideration, Members Mutual concluded that a mutual-to-stock form conversion best suits

Members Mutual's strategic goals. To best meet the growth opportunities identified earlier, Members Mutual examined ways to increase its access to capital in order to pursue increased marketing, customer acquisitions through increased marketing spend and organic growth of distribution and sales of life insurance. Members Mutual examined various alternatives ranging from maintenance of the status quo, mergers with other mutuals, expansion or acquisition of other lines of businesses or companies and various forms of demutualization of Members Mutual permitted by Illinois law. After careful study and consideration, Members Mutual concluded at a February 26, 2018 board meeting that the subscription rights method of demutualization, backstopped by a Standby Purchaser that will commit to purchase at least enough unsubscribed shares in the subscription rights conversion to ensure the successful completion of the offering, best suits Members Mutual's circumstances.

Members Mutual considered, among other things, that a subscription rights demutualization would:

- permit Members Mutual to achieve needed scale through access to capital;
- provide for a more traditional corporate governance structure;
- enhance corporate financial flexibility for future strategic options;
- permit Members Mutual to adopt stock incentive plans to enhance its ability to attract and retain highly qualified employees, executives and directors;
- improve the visibility of the Fidelity Life and Efinancial brands; and
- enable Members Mutual to have public stock for use as acquisition currency.

Further, based on discussion with management, the Company is keenly aware that even with significant capital access from the Offering, the path ahead to long-term sustainable profitability will be a long one. In the short and near term, management is aware that any actions taken in terms of the deployment of capital will not create an attractive ROAE opportunity.

Management cites following possible uses of proceeds:

- achieving scale and capital to support future growth;
- providing additional standby capital for Fidelity Life and Efinancial to support the growth of their operations;

- development or acquisition of new lead generation capabilities;
- growing the direct call center operations of Efinancial;
- enabling opportunities with additional distribution organizations; and
- marketing and advertising campaigns.

Importantly, even after consideration of the uses of capital above, they will not be sufficient to utilize all capital raised in the Offering. This may lead to potential investors' perception of "excess" or unproductive capital and cause investors to be somewhat more negative as it relates to the Offering opportunity.

Consolidated Financial Condition

Table 1 presents selected data concerning Members Mutual's financial position and Exhibit IV presents the Company's balance sheet as of December 31, 2015 through December 31, 2017.

Table 1
MMHC Consolidated
Selected Financial Condition Data
(\$000)

Balance Sheet Data as of:	12/31/2015	12/31/2016	12/31/2017
Total assets	666,887	654,394	666,414
Investments and cash	421,379	404,412	404,826
Reinsurance recoverables	144,218	146,004	143,915
Total liabilities	450,405	451,411	470,211
Policy reserves	412,248	424,914	437,692
Total equity	216,482	202,983	196,203
Total tangible equity	214,275	200,940	194,323
Investments and cash/ assets	63.2%	61.8%	60.7%
Policy reserves/ equity	190.4%	209.3%	223.1%
Total equity/ assets	32.5%	31.0%	29.4%
Tangible equity/ assets	32.1%	30.7%	29.2%

Source: MMHC consolidated GAAP financial statements.

The Company's total assets decreased 1.9% from \$666.9 million at December 31, 2015 to \$654.4 million at December 31, 2016 and increased 1.8% to \$666.4 million at December 31, 2017. Total assets were primarily comprised of investments and cash and reinsurance recoverable. At December 31, 2017 these two accounts comprised 82.3% of total assets. Investments and cash ranged from 60.8% to 63.2% of total assets over the period analyzed. At December 31, 2016, investments and cash reduced 4.0% to \$404.4 million (\$421.4 million at December 31, 2015). The Company's total cash and invested assets grew to \$404.8 million as of December 31, 2017 from \$404.4 million as of December 31, 2016. All investments are recorded at fair value. Reinsurance recoverables increased from \$144.2 million at December 31, 2015 to \$146.0 million at December 31, 2016.

The Company's total liabilities increased 0.2% from \$450.4 million at December 31, 2015 to \$451.4 million at December 31, 2016 and increased to \$470.2 million at December 31, 2017. Total liabilities were primarily comprised of liabilities to policyholders (including benefits & claims, policyholder account balances, and other policyholder liabilities), which accounted for 93.1% of total liabilities at December 31, 2017. Policy reserves grew 3.1% from \$412.2 million at December 31, 2015 to \$424.9 million at December 31, 2016 and increased a further 3.0% over the twelve-month period to \$437.7 million at December 31, 2017.

The Company's total equity decreased by 6.2% from \$216.5 million at December 31, 2015 to \$203.0 million at December 31, 2016 and decreased by 3.3% at December 31, 2017 to \$196.2 million. The continued decline in GAAP equity is a result of persistent losses on a consolidated basis even though Fidelity Life has operated profitably in 2015, 2016, and 2017 on a statutory basis. At December 31, 2017 intangible assets were approximately \$1.9 million, resulting in a tangible book value of \$194.3 million.

As shown in the following table, the Company's return on average assets ("ROAA") and return on average equity ("ROAE") have improved since 2016 but continue to reflect a lack of profitability. The Company has not produced meaningful GAAP net income in its current form, nor does management forecast it to do so for the next few years. The Offering will add additional equity to the Company further depressing a nominal or negative ROAE.

Table 2
MMHC Consolidated
ROAE and ROAA

	12/31/2015	12/31/2016	12/31/2017
ROAA	(1.21%)	(2.32%)	(1.25%)
ROAE	(3.66%)	(7.31%)	(4.13%)

Source: MMHC consolidated GAAP financial statements.

Consolidated Income and Expense Trends

Table 3 displays the Company's earnings results and selected operating ratios for fiscal years 2015 to 2017. Exhibit V includes the Company's annual income statements for fiscal years 2015 to 2017. Members Mutual's operating results are influenced by factors affecting the L&H insurance industry in general as well as specific issues related to the Company's growth strategy. The performance of the L&H insurance industry is subject to significant variations due to fluctuations in the financial markets, fluctuations in interest rates, general economic conditions, and other factors.

Table 3
MMHC Consolidated
Selected Operating Performance Data
(\$000)

	12/13/2015		12/31/2016		12/31/2017	
Revenues:						
Life insurance premiums-net	\$ 72,443	66.9%	\$ 78,138	69.1%	\$ 82,873	71.5%
Net investment income	15,797	14.6%	15,957	14.1%	15,119	13.0%
Net realized investment (losses) gain	(394)	(0.4%)	530	0.5%	571	0.5%
Earned commission and other	20,409	18.9%	18,374	16.3%	17,307	14.9%
Total revenue	108,255	100.0%	112,999	100.0%	115,870	100.0%
Benefits and Expenses:						
Insurance policy benefits-net	46,633	43.1%	59,536	52.7%	56,035	48.4%
Interest credited to policy account balances	4,235	3.9%	3,914	3.5%	3,776	3.3%
General operating expenses	56,129	51.8%	58,538	51.8%	55,912	48.3%
Amortization of deferred policy acquisition costs (“DAC”)	12,422	11.5%	13,018	11.5%	10,926	9.4%
Amortization of intangible assets	210	0.2%	164	0.1%	163	0.1%
Total benefits and expenses	119,629	110.5%	135,170	119.6%	126,812	109.4%
(Loss) income before taxes	(11,374)	(10.5%)	(22,171)	(19.6%)	(10,942)	(9.4%)
Income tax (benefit) expense	(3,184)	(2.9%)	(6,833)	(6.0%)	(2,701)	(2.3%)
Net income (loss)	(8,190)	(7.6%)	(15,338)	(13.6%)	(8,241)	(7.1%)
Less: Net income attributable to noncontrolling interests	—	0.0%	—	0.0%	—	0.0%
Net income (loss) attributable to MMHC	<u>\$ (8,190)</u>	(7.6%)	<u>\$ (15,338)</u>	(13.6%)	<u>\$ (8,241)</u>	(7.1%)
Other Metrics:						
Operating income ¹	(10,770)	(9.9%)	(22,537)	(19.9%)	(11,350)	(9.8%)
General operating expenses and DAC/net life insurance premiums	94.6%		91.6%		80.7%	
Net life and annuity benefits net life insurance premiums	64.4%		76.2%		67.6%	

Source: MMHC consolidated GAAP financial statements.

(1) Operating income defined as pretax income excluding realized investment gains (losses) and amortization of intangibles.

Members Mutual's total revenue increased from \$108.3 million in fiscal year 2015 to \$115.9 million in 2017. Insurance premiums increased by \$4.7 million from 2016 to 2017. Net premiums earned increased from \$72.4 million in fiscal year 2015 to \$82.9 million in 2017.

Net realized investment losses and gains ranged from a loss of \$0.4 million to a gain of \$0.6 million over the periods analyzed. Earned commission and other revenue decreased from \$20.5 million in fiscal year 2015 to \$18.4 million for 2016, and decreased further to \$17.3 million in 2017. Decrease in commission was largely due to an increase in the sale of FLA products whose commissions are eliminated in intercompany GAAP accounting. Net investment income in 2017 decreased.

Members Mutual's net loss in fiscal year 2017 of \$8.2 million was an improvement from its loss in 2016 of \$15.3 million. Total benefits and expenses increased \$15.5 million or 13.0% from \$119.6 million in fiscal year 2015 to \$135.2 million in 2016 due to what management indicated was an abnormally bad year, with benefits in excess of what their underwriting models predicted. In fiscal year 2017, total benefits and expenses decreased \$8.4 million or 6.2% to \$126.8 million from \$135.2 million in 2016 as benefits returned to more expected levels. In 2017, general operating expenses declined \$2.6 million from \$58.5 million to \$55.9 million as management restructured costs at eFinancial and other areas.

Key measurements of the core profitability of a life insurance company are its expense ratio and its benefits ratio. These ratios are generally calculated based on a company's statutory financials; however, for purposes of this analysis, we have calculated the following ratios based on GAAP financials using the formulas below:

- General operating expenses plus amortized deferred acquisition costs as a percentage of net insurance life premiums ("**Expense Ratio**"); and
- Net life and annuity benefits as a percentage of net life insurance premiums ("**Benefits Ratio**").

The Company's Expense Ratio decreased from 94.6% in fiscal year 2015 to 80.7% for 2017, as a result of lower DAC amortization due to lower policy lapses and increased premiums. On the other hand, the Benefits Ratio increased from 64.4% in fiscal year 2015 to 67.6% for 2017. This increase is primarily due to an increase in net life insurance benefits resulting from higher net benefits paid and increased reserves.

Statutory Financial Data Overview

State insurance laws and regulations require Fidelity Life to file financial statements with state insurance departments everywhere it does business, and the operations of Fidelity are subject to examination by those departments. Fidelity Life prepares statutory financial statements in accordance with accounting practices and procedures prescribed or permitted by these departments. Certain accounting standards differ under statutory accounting practices (“**SAP**”) as compared to GAAP. For example, premium income is recognized on a pro rata basis over the term covered by the insurance policy, while the related acquisition costs are expensed when incurred under SAP. Under GAAP, both premium income and the related policy acquisition costs are recognized on a pro rata basis over the term of the insurance policy. Therefore, the GAAP operating results and financial data for Fidelity Life do not match to the SAP presentation. Exhibit XI presents summary statutory financial data for Fidelity Life over the three-year period for the years ended December 31, 2015 to 2017. On a statutory basis, Fidelity Life registered positive earnings in 2015, 2016, and 2017.

Closed Block

Fidelity Life, as part of the reorganization to a mutual holding company structure, established what is known as a closed block (“**Closed Block**”). Fidelity Life Closed Block contains two types of participating policies:

- Type A Policies: policies in classes to which policy dividends have been declared in the past.
- Type B Policies: policies in classes as to which no dividends have been paid or were expected, referred to as “Non-Dividend Paying Policies.”

As to the Type A policies, the objective of the Closed Block is to provide reasonable assurance to the participating policyholders that assets will be available to provide for the continuation of experience-based dividends for those participating policies that have historically

had such dividends declared. The Type A block contains participating policies which historically have been credited with experience-based dividends.

As to the Type B policies, the objective of the Closed Block is to provide for the funding of the benefits guaranteed in the policies and, to the extent that future experience with respect to such policies is more favorable than current experience, to provide for the potential of future dividends to the owners of the policies. However, the establishment of the Type B block was not intended to provide dividends on policies for which no dividends are expected.

According to management there were approximately 7,100 policies in the Type A block and 17,800 policies in the Type B block as of December 31, 2017. All dividends are subject to declaration by the Company's board of directors.

The Closed Block was funded at inception (October 1, 2006) with assets in an amount which are expected to be sufficient to support the Closed Block activity, including payment of claims, expenses, and taxes and to provide for continuation of dividends, to the extent applicable, for the life of the policies. Management has indicated the Closed Block operates for the benefit of participating policyholders to provide "reasonable assurance" as to dividend expectations. The Closed Block is designed such that if the assets of the Closed Block are not sufficient to pay the benefits guaranteed under the policies, then Fidelity Life will be required to make such payments from general funds. A certain portion of the initial funding, plus accumulated interest, is eligible to be reverted to Fidelity Life if not required to fund benefits. Any such transfer back to Fidelity Life must be approved in advance by the Illinois Department of Insurance ("IDOI").

The assets and liabilities within the Closed Block are included in Members Mutual's consolidated financial statements on the same basis as other accounts of the Company. The Closed Block's contribution to Members Mutual financial statements are shown in the following table.

Table 4
MMHC Consolidated
Closed Block GAAP Balance Sheet and Income Statement
(\$000)

BALANCE SHEET AS OF DECEMBER 31, 2017

Assets:	
Investment	
Fixed maturity securities - available for sale	\$ 39,763
Contract loans	1,490
Total cash and invested assets	41,253
Cash and cash equivalents	3,330
Premiums due and uncollected	4,655
Accrued investment income	475
Deferred income tax assets	5,783
Reinsurance recoverables	54,933
Total assets	110,429
Liabilities:	
Future policy benefits	74,540
Policyholder account balances	8,655
Other policyholder liabilities	5,837
Policyholder dividend obligation	11,097
Other liabilities	5,014
Total liabilities	105,143
Excess of Closed Block liabilities over designated assets	\$ (5,286)

INCOME STATEMENT 2017

Revenues:	
Life insurance premiums	4,889
Net investment income	1,734
Realized investment gains	161
Total Revenues	6,784
Benefits and expenses:	
Life and annuity benefits	3,692
Interest credited to policyholder account balances	223
General operating expenses	(2,125)
Total expenses	1,790
Income before income taxes	4,994
Income tax expense	5,143
Closed Block contribution to not income	(149)

Source: Registration Statement.

As of December 31, 2017, the Closed Block assets exceeded liabilities by \$5.3 million and decreased Members Mutual's net income by approximately \$0.1 million. In 2017, the impact of tax reform on the DTA in the Closed Block resulted in a one-time write down and decrease in net income attributable to the Closed Block. Without regard for the DTA impact, the Closed Block would have shown profits similar to prior years, and similarly offset a portion of the MMHC net loss.

Historical Closed Block Contribution

	2015	2016	2017
Closed Block Net Income	\$ 2,314	\$ 1,927	\$ (149)
MMHC Net Income	(15,338)	(15,338)	(8,241)
% of MMHC	13.11%	11.16%	(1.84%)
Closed Block "Equity" ⁽¹⁾	4,056	5,474	5,286
MMHC Equity	202,983	202,983	196,203
% of MMHC	2.00%	2.70%	2.69%
Closed Block Assets	142,202	126,935	110,779
MMHC Assets	\$654,394	\$654,394	\$666,414
% of MMHC	21.73%	19.40%	16.62%

Source: Registration Statement.

(1) Represents excess of closed block liabilities over designated assets

III. Industry Overview

Current State of Industry

The climate surrounding life insurance companies has been largely dictated by the prolonged low interest rate environment. Because life insurers have such long-lived obligations, they rely on achieving substantial long-term returns in their investment portfolios to fund those obligations.



Source: SNL Financial

The Federal Reserve suspended its third round of quantitative easing in October 2014, ending its more than half decade-long program of purchasing financial assets and increasing money supply in order to spur economic growth. A stronger economy with a lower unemployment rate prompted the Fed to vote in favor of ending the program, but the positive outlook did not sway the Fed to increase interest rates. It took another year before the Federal Reserve decided to raise its key interest rate by 0.25% from being near zero since 2008. This was the first interest rate hike in nearly a decade and was primarily driven by the country's continued economic recovery and strengthening since the Great Recession. Factors that led to the interest rate increase include: indications of a stronger labor market with a lower unemployment rate and steady economic expansion. In February 2018, Jerome Powell was sworn-in as Chairman of the Federal Reserve.

Powell succeeds Janet Yellen who served as Chair since February 2014. During her tenure, the Fed's key interest rate increased to a level of 1.50%, which has not been seen since 2008. In March 2018, Chairman Powell continued this course and a 0.25% hike was approved to put the federal funds rate at 1.75%. This was the sixth-rate hike since the FOMC began raising rates in December 2015. The Fed stated that its path of rate hikes could be more aggressive as the economic outlook has strengthened in recent months. The increase in interest rates benefits investment returns as insurance providers can invest premiums and matured investments into higher yielding bonds. Over the last five years, the life insurance industry's net yield on invested assets has declined from 4.9% to 4.6%. Despite the interest rate increase by the Fed and a robust economic labor market, 10-year Treasury yields continue to trade near its record low level. Concerns over the deceleration of international economies and monetary policy have caused investors to seek the safety of U.S. Treasuries.

Life insurers remain uncertain of how government policies and the political landscape may affect the industry. The Dodd-Frank Wall Street Reform and Consumer Protection Act established the U.S. Department of the Treasury's Federal Insurance Office, the Financial Stability Oversight Council (FSOC), and the Office of Financial Research. The Treasury's Federal Insurance Office has the authority to monitor all aspects of the insurance sector. The Federal Reserve will soon be an important regulator of some of the largest life insurers—a major change in the standard order that could have real effects on what products are offered and the price charged for them. The Financial Stability Oversight Council's three primary purposes include: (1) to identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace; (2) to promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the U.S. government will shield them from losses in the event of failure; and (3) to respond to emerging threats to the stability of the U.S. financial system. Designation as a SIFI (Systemically Important Financial Institution) by the Financial Stability Oversight Council could carry a regulatory burden and insurers, such as MetLife, have strenuously resisted the designation. The Fed may require SIFIs to abide by capital requirements similar to those required of banks. However, regulatory requirements that may hold true for bank holding companies may

not be appropriate for nonbank financial institutions. In 2014 MetLife was labeled a systemically important financial institution by the Financial Stability Oversight Council, which would subject the company to special regulation by the Federal Reserve. But in 2016 the Federal District Court ruled that the company did not pose a threat to the financial stability of the United States and the FSOC subsequently appealed the ruling.

In 2018, placing life insurance policies could be a harder sell in the United States given the potential impact of new fiduciary standards set by the US Department of Labor on the sale of retirement-related products. Final form of the fiduciary rule is still being debated but many insurers have already made meaningful changes to accommodate the regulation. Most uncertainty revolves around compliance demands for the sale of retirement related products. In a survey conducted by Deloitte, nearly all 21 members of the Securities Industry and Financial Markets Association (SIFMA) report making changes to retirement products in response to the fiduciary rule, including limiting or eliminating asset classes and certain product structures. The study also showed a shift of retirement assets into fee-based or advisory programs rather than commission-based sales.¹

Insurance customers demand easier accessibility to products, flexible solutions that fit their changing needs, and information transparency. Technology has enabled new startups to enter the market and capitalize on the changing life insurance landscape and incumbents to optimize operations and develop growth strategies for the future. Companies are able to harness technology innovations to adapt to the various ways customers are purchasing and receiving insurance. Existing insurers are investing into new technologies in order to provide better product offerings, product accessibility, and user experience for customers. John Hancock launched Protection UL with Vitality, which rewards policyholders with premium savings for health-related activities that is tracked through personalized devices. Sureify offers a platform that enables insurers to underwrite life insurance based on data received from wearable technology. According to the 2017 Insurance Barometer Study by LIMRA, 32% of people purchased or attempted to purchase life insurance online, a 4% increase from 2016.²

¹ 2018 Insurance Outlook; Deloitte

² 2017 Insurance Barometer Study Shows an Improving Climate for Life Insurance; LIMRA

The industry continues to innovate new methods to reach underserved customers. In recent years, the purchasing of life insurance has been trending towards direct transactions, particularly over the internet. The internet provides a great deal of information for customers who want to research insurance options. According to the 2017 Insurance Barometer Study by the Life and Health Insurance Foundation for Education and LIMRA, 22% of consumers say they would be willing to purchase life insurance using a Peer-to-Peer method. Not surprisingly, younger generations are more likely to purchase life insurance online than older generations, but most people would prefer to work with a financial professional.³ 25% of adults would prefer to purchase life insurance directly via the Internet, mail, or over the phone with younger consumers showing the most interest in purchasing life insurance through the Internet. Among those ages 25 to 44, 31% said they would prefer to buy directly.⁴

Most Americans acknowledge they may need more life insurance, but a report by LIMRA notes that individual life insurance ownership has been declining for over 50 years with the coverage gap widening by \$1 trillion from 2012 to 2015.⁵ While economic conditions have stabilized and improved in a number of areas, economic challenges still remain. Many middle American families, including those that comprise Fidelity Life's target Middle Market, have experienced financial hardships as a result of the Great Recession and stagnating income levels. A recent study by LIMRA, found that 65% of Americans say they won't buy life insurance because they believe the cost is too expensive and other living expenses maintain priority over having coverage.⁶ Many Americans believe keeping a life insurance policy in-force will be a financial burden on their household, despite the fact that the cost of basic term life insurance has decreased by nearly 50% over the past decade.

³ Life Insurance Awareness Month, September 2015; LIMRA

⁴ The Life/Health Industry; Insurance Information Institute.

⁵ LIMRA: Life Insurance Coverage Gap Substantial and Growing

⁶ 2015 Insurance Barometer Study Finds Americans Continue to Overestimate Cost of Life Insurance

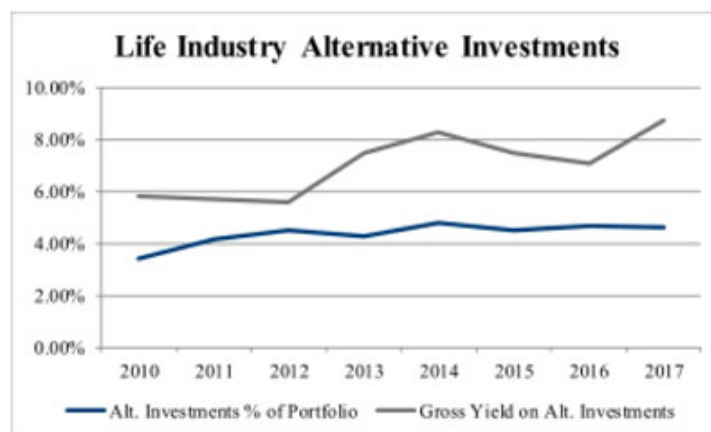


Source: ACLI Fact Book; 2016.

According to LIMRA Research, individual life insurance new annualized premium increased 2% for the first half of 2016. In the second quarter of 2016, total individual life insurance policies sold grew for the seventh consecutive quarter at 1%. As shown above, 2015 was the first meaningful annual increase in individual life insurance policies in decades.

Performance

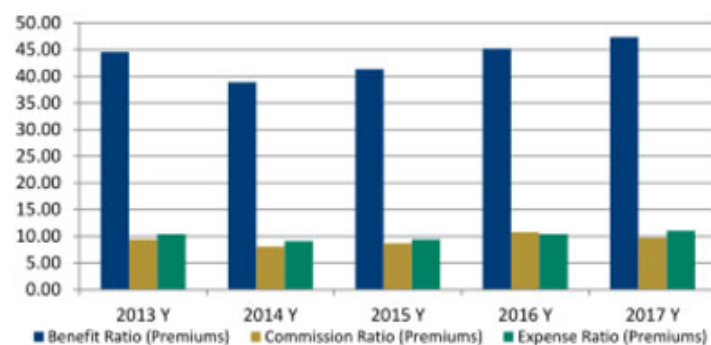
As of April 11, 2018, the S&P 500 Life & Health Sub-Industry Index had a total return of (7.72)% year to date, behind the S&P 500 Index, which has a year to date return of (1.44)%. The life industry has been weighed down by poor operating results. In the fourth quarter 2017, the U.S. life industry pretax operating profit fell 28.3% compared to the third quarter (admittedly, a portion of this decline was from DTA write-downs across the industry). There is an expectation that interest rate hikes will continue to provide a lift in returns for the insurance industry.



Source: SNL Financial; Life Investment Analysis.

Over the last five years, return on average assets (“ROAA”) has ranged from 0.61% to 0.73% with ROAA for 2017 at 0.62%. Return on average equity (“ROAE”) has ranged from 10.54% to 12.85% for the last five years with ROAE for 2017 at 10.86%. Benefit ratio, expense ratio, and commission ratio have remained within a fairly consistent range over the last five years.

Operating Ratios (%)



Life Statutory Industry Performance

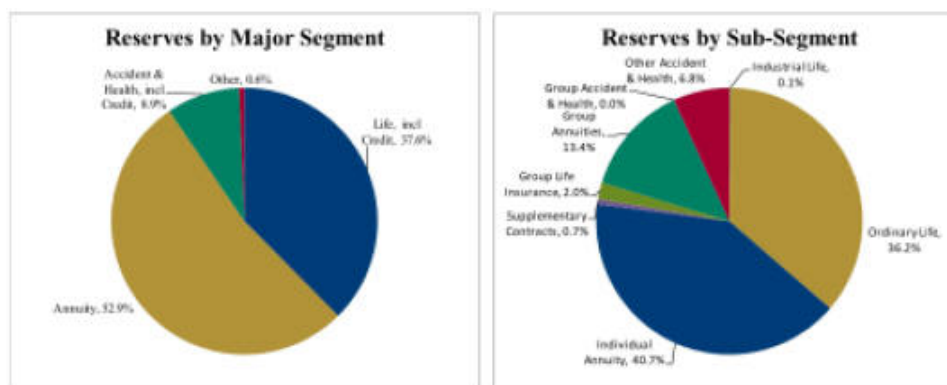
Period	2013 Y	2014 Y	2015 Y	2016 Y	2017 Y
Operating Ratios (%)					
Growth Rate—Direct Premium & Annuity Considerations	(5.58)	2.42	2.84	0.34	(0.51)
Growth Rate—Premium & Annuity Considerations	(10.08)	15.05	(1.40)	(6.00)	(2.78)
Growth Rate—Operating Income	5.59	(22.08)	10.98	23.28	(9.93)
Growth Rate—Revenue	(5.98)	12.18	(3.39)	0.44	(3.92)
Change in Policyholder Dividend	2.95	4.92	11.21	(0.23)	(4.04)
Effective Tax Rate	13.60	20.62	19.43	24.27	18.98
Net Yield Avg. Invested Assets	4.85	4.83	4.66	4.56	4.54
Pre-Tax Operating Margin	8.04	5.58	6.41	7.87	7.38
Return on Average Equity	12.85	10.96	11.17	10.54	10.96
Pre-Tax Operating ROAE	19.10	14.29	15.08	17.93	15.72
Return on Average Assets	0.73	0.61	0.64	0.61	0.63

Source: SNL Financial; Life Statutory Financials.

These factors, among others, have caused a significant deterioration in the price-to-book ratio for the life insurance business over the last five years. Currently, the price-to-book for the life insurance industry as a whole is 94.5% as of April 11, 2018 while at the end of 2007 the industry price-to-book ratio stood at 102.1%. This severe multiple contraction shows the life insurance industry has not rebounded well from the financial crisis of 2008.⁷ The market perceives lack of growth and difficult investment conditions will make profitability a challenge for life insurers.

According to SNL Financial, life insurance industry reserves and deposits have grown each year from 2013 to 2017. Reserves for life insurance sub-segment ordinary life increased from 2016 to 2017 by 4.2%. In addition, reserves for the insurance sub-segment of individual annuity increased by 2.7%. For the same period, reserves for industry sub-segment industrial life declined by 2.0%. Of the four major segments shown in the left pie chart below, accident & health grew most from 2016 to 2017 at 4.8% followed by life at 3.8% for the same period.

⁷ SNL Financial.



Source: SNL Financial; Life Reserve Analysis.

Outlook

A.M. Best affirmed its negative outlook rating for the U.S. life/annuity market segment in 2018. The continued negative outlook was due to market and regulatory concerns. A.M. Best is concerned about the low interest rate environment, which has been a concern for almost a decade. The flattening of the yield curve has impacted net yields year-over-year on invested asset portfolio for life insurance companies. This trend is not expected to go away according to Anthony McSwieney of A.M. Best. As a result, companies are switching their asset allocation to instruments which are more credit focused and less liquid as compared to prior years. A.M. Best believes during a stressed scenario, companies could have difficulty producing comparative yields. Low growth in premium and annuity sales are dampening prospects for the industry. On the regulation side, a lower tax environment is positive for the industry. However, balance sheet items such as deferred tax assets will need to be written down in a lower rate environment.⁸ A negative outlook rating means expectations for the market segment is likely to experience unfavorable financial and market trends.

Fitch Ratings revised its U.S. life insurance sector outlook to stable due to “Better than expected operating performance and a benign credit environment likely to continue into next

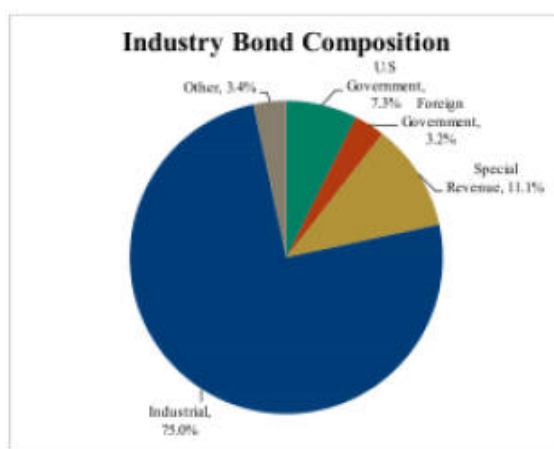
⁸ A.M. Best: Market Segment Outlook for U.S. Life/Annuity Sector Remains Negative, 12/12/2017.

year.”⁸ Managing Director, Douglas Meyer of Fitch Ratings said, “Operating performance has surpassed expectations over the past year thanks to favorable equity and credit markets.” According to Fitch, low interest rates are still pressuring interest margins on in-force business, though recent results have benefited from higher than expected variable investment income and modest credit losses. Fitch noted that a number of U.S. life insurers took significant exits in underperforming legacy interest-sensitive businesses.⁹

Life Insurance Industry Portfolio Yield

Period Ended	2013 Y	2014 Y	2015 Y	2016 Y	2017 Y
Investment Yields by Type (%)					
Net Yield on Invested Assets	4.85	4.83	4.66	4.56	4.54
Gross Yield - Bonds (excl affiliates)	5.00	4.90	4.72	4.65	4.47
Gross Yield - Preferred Stocks (excl affiliates)	6.54	6.17	5.98	5.81	5.72
Gross Yield - Common Stocks (excl affiliates)	2.90	2.90	2.81	3.62	2.84
Gross Yield - Mortgage Loans	5.64	5.39	5.13	4.88	4.64
Gross Yield - Real Estate	14.42	14.39	15.35	14.42	14.26
Gross Yield - Contract Loans	6.02	6.01	5.83	5.96	5.95
Gross Yield - Cash and Short Term	0.47	0.49	0.49	0.90	1.32
Gross Yield - All Other Inv. Assets	7.48	8.26	7.49	7.07	8.72

Source: SNL Financial; Life Investment Analysis.



Source: SNL Financial; Life Investment Analysis, represents most recent industry data.

⁸ A.M. Best: Market Segment Outlook for U.S. Life/Annuity Sector Remains Negative, 12/12/2017.

⁹ Fitch 2018 Outlook: U.S. Life Insurance Outlook to Stable, 12/6/2017.

Net yield on invested assets has declined from 2013 to 2017. Bonds, preferred stocks, mortgage loans, real estate, and contract loans saw gross yields decline while common stocks, cash and short term, and all other invested assets saw a climb in gross yields over the past five years. Due to the challenges in the current investment market many insurers have weighted more toward riskier assets classes, such as fixed income securities on the lower end of the credit scale. Moody's Investors Service Inc. expects more insurers to increase their investments in these assets as low rates continue to negatively affect them. Private placements, commercial mortgage loans, high-yield bonds and bank loans are among the asset classes that life insurers are investing in to help boost their yields. Ratings agencies are concerned insurers may be tempted to invest in riskier assets in order to increase yield. Fitch remains concerned about the strategies life insurers may use to reach for additional yield.¹⁰

Continued shifting of demographics will shape industry demand in the near future and create opportunities for insurers to broaden their customer base by catering to the specific needs of certain demographics. Millennials are currently underserved by the life insurance industry and are unaware of how insurance products can fit their financial planning strategies. Millennials have needs and buying habits that differ from prior generations which requires insurance carriers to shift their strategies for reaching this market. According to Pew Research Center, Millennials are highly diverse and are on track to be the most educated generation in history. However, Millennials have accumulated large debt burdens from borrowing to finance their higher education with the average debt of \$35,051 for the class of 2015.¹¹ In 2016, student loans surpassed \$1.2 trillion and are only behind mortgages for largest consumer debts. This debt burden has shifted Millennial's spending habits and has pushed off typical life milestones, such as home ownership, marriage, and starting families. Millennials have also been slow to plan for their future financial needs due to priorities on current financial needs.¹²

Baby Boomers are another large demographic that will continue to influence the industry. They are the wealthiest generation in American history and are nearing retirement age. According to the Pew Research Center, approximately 10,000 Americans turn age 65 every day. However,

¹⁰ US life insurers shaken by rock-bottom rates. The Financial Times, 3/2/2016.

¹¹ America's growing student-loan-debt crisis, MarketWatch, 1/19/2016.

¹² How the life insurance industry will change in 2016, LifeHealthPro, 11/11/2015.

many Baby Boomers are expected to work and retire later as their retirement plans were greatly impacted by the Great Recession. Americans continue to have longer life expectancies, which creates new challenges when planning for financial needs in the later years in life, LIMRA Secure Retirement Institute findings suggest a person should, at a minimum, plan to cover financial needs through their mid-90's, which is far from what was suggested in the 1950's.¹³ Building financial security for over a decade greater than the current average life expectancy can be challenging and may require consumers to utilize financial products to meet their specific needs.

Technology development continues to be an opportunity for innovation within the insurance industry. Consumers, especially younger generations, are more adept with technology and comfortable utilizing technology to perform research and make purchasing decisions. Utilizing technology to better analyze data, build relationships with consumers, and market product offerings toward targeted demographics will allow insurers to expand growth opportunities. A.M. Best Spring 2016 Insurance Industry Survey asked insurers what they view as keys to their organization's success in the next two years. The primary factors include upgrading information systems and improving customer experience.¹⁴ Lincoln National Corp. recently announced it completed work on a project with iPipeline, an insurance software company, to build an online, largely automated life insurance application and underwriting system to more efficiently target millennial customers.¹⁵ Lincoln hopes to broaden its customer base beyond their current customer demographic. Online student loan refinancing startup, Social Finance Inc. (SoFi), announced its plan to offer life insurance in 2016. SoFi's customer base is mostly comprised of college graduates who utilize its services to refinance student loans at low interest rates. The company hopes to attract customers who haven't used its existing services by being able to utilize technology to underwrite life insurance faster.¹⁶ Ladder, an insurance technology ("InsurTech") startup, is offering direct-to-consumer policies within minutes. The platform targets younger consumers who may historically have avoided purchasing coverage and does not charge annual policy fees or employ commissioned agents.¹⁷

¹³ When Planning for Retirement, 90 is the new 70, LIMRA, 1/20/2016.

¹⁴ Best's Review, 9/2016.

¹⁵ Lincoln seeks mass youth market with iPipeline automated insurance. The Philadelphia Inquirer, 6/6/2016.

¹⁶ SoFi Plans to Offer Life Insurance by End of Year, Bloomberg, 9/21/2016.

¹⁷ New Insurtech Ladder is digitizing life insurance," Business Insider, 1/11/2017.

IV. Valuation Methodologies

General Overview

Boenning considered several established valuation methodologies for this Appraisal, including the income approach (discounted cash flow), asset-based approach, and comparable market approach. The comparable market approach was chosen to determine the Pro Forma Market Value, because: (i) it has been widely accepted as a valuation approach by insurance industry analysts and applicable regulatory authorities; (ii) where possible, the generally employed valuation method in initial public offerings is the comparable market approach (which has also been relied upon to determine the Pro Forma Market Value of previous insurance company mutual-to-stock conversions using the subscription rights method); and (iii) reliable market and financial data are readily available for most comparable companies.

Various income approaches include a capitalization of earnings and a discounted cash flow analysis and reflect the economic principle that the value of a subject investment, or subject business interest, is the present value of the economic income expected to be generated by the investment. The income capitalization approach relies on either a single period or multiple periods considered to be representative of recurring benefits, which are capitalized by a capitalization rate chosen from comparable companies or from risk-adjusted rates of return required by investors in a particular line of business. When multiple periods are used, income is estimated for several future periods. This income is discounted to the present time period, with or without a terminal value, depending upon the circumstances of the particular company.

Due to the Company's lack of historical earnings and the absence of supportable income projections, we did not utilize an income approach. Additionally, the Company has reported a trend of uneven and unprofitable operating results in recent years. Furthermore, a large number of publicly traded insurance companies are represented in the stock market, are widely followed by analysts and investors, and are traded actively. The trading characteristics of these public companies allow analysis and investors to gain and apply knowledge about the comparative

fundamentals of these companies as they relate to financial performance and market valuations, thus strengthening the case for utilizing the comparable market approach noted above.

Asset-based valuation approaches may be either on a going concern, orderly disposition, or forced liquidation basis. Going concern asset-based valuations are often used in the case of companies that hold readily marketable assets such as an investment company. The Company holds assets for the purpose of producing income to support its insurance operations. While a portion of Members Mutual's assets are readily marketable, its primary business is not investment in assets for resale. Financial service companies are rarely valued on the basis of their assets at liquidation value or the disposal of individual assets or groups of assets. While the stock market may use a concept of "book value" as a pricing benchmark, few investors recognize the overall value of a financial service company as being its net book value at any point in time because of the significant differences in composition of balance sheet assets and liabilities and risks associated with business, market, credit, and interest rate factors that the concept of simple "book value" does not fully recognize. For an insurance company such as Members Mutual, the asset-based approach could lead to valuation conclusions that do not fully take into account the enterprise as a whole and the accompanying risk factors or intangible benefits related to the business franchise. Therefore, we have elected not to utilize this approach and have concentrated on the comparable market approach.

The comparable market approach provides a basis for determining estimates of going-concern valuations where a regular and active market exists for the stocks of comparable companies. The comparable market approach measures the value of an asset through an analysis of recent transactions in the common stock of companies sharing valuation characteristics with the subject company. When applied to the valuation of equity interests, consideration is given to the financial condition and operating performance of the company being appraised relative to those of publicly-traded companies. These companies are potentially subject to similar economic, environmental and political facts and considered to be reasonable investment alternatives. Publicly-traded companies provide indications of value of a freely-traded minority interest, i.e. non-control.

The comparable market approach derives valuation benchmarks from the trading patterns of selected comparable companies that, due to certain factors such as financial performance and operating strategies, enable the appraiser to estimate the potential value of the subject institution in a mutual-to-stock conversion offering. In this Section IV, our valuation analysis focuses on the selection and comparison of the Company with a comparable group of publicly-traded insurance companies. Section V. discusses market value adjustments, both discounts and premiums, to account for perceived differences between the Company and the comparable group of companies discussed below.

Selection Criteria

When applying the comparative market approach, the appraiser would ideally utilize companies identical to the subject company in terms of lines of business, growth, profitability, and composition of earnings. Since there are no publicly traded companies identical to the Company, we selected a peer group of publicly-traded Life and Health (“**L&H**”) insurance companies that potentially share similar valuation characteristics with the Company (“**Comparable Group**”). Selected financial data for L&H insurance companies listed on U.S. stock exchanges is shown in Exhibit XII as compiled from data obtained from S&P Global Market Intelligence (“**Capital IQ**” or “**SNL Financial**”), a leading provider of financial and market data. Several criteria, discussed below, were used to select the individual members of the Comparable Group from the overall universe of the publicly-traded L&H insurance segment (“**Public L&H Insurance Group**”). However, in determining the Comparable Group, Boenning was mindful of the need to maintain a group of companies of a meaningful size.

Operating Characteristics: A company’s operating characteristics affect investors’ expected rates of return on a company’s stock under various business and economic scenarios, and they influence the market’s general perception of the quality and attractiveness of a given company. Operating characteristics, which may vary in importance during the business cycle, include financial variables such as profitability, capitalization, growth, risk exposure, liquidity, and other factors such as lines of business and management strategies.

Marketability/Liquidity of a Stock: Marketability of a stock reflects the relative ease and promptness with which a security may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of sale. Marketability also connotes the existence of buying interest as well as selling interest and is usually indicated by trading volumes and the spread between the bid and ask price for a security. Liquidity of the stock issue refers to the organized market exchange process whereby the security can be converted into cash. The use of listed companies covered by the SNL Financial database provides a Comparable Group that conforms to this selection criterion.

Specifically, in determining the Comparable Group, we began by gathering an initial list of publicly-traded L&H companies in the United States. This screen produced 22 L&H insurance companies with total assets ranging from \$49.0 million to \$832.1 billion and total equity ranging from \$2.2 million to \$58.9 billion, as shown in Exhibit XII.

Exhibit XII

Public L&H Insurance Group

As of 12/31/2017 Unless Otherwise Noted

Company Name	Ticker	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Tangible Equity (\$000)	Cash and Investments (\$000)	Cash and Investments / Assets (%)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Tangible Equity / Assets (%)	Life Premiums LOB (%)*
MetLife, Inc.	MET	719,892,000	378,810,000	58,870,000	49,280,000	456,768,000	63.45	6.43	8.18	6.85	43.66
Prudential Financial, Inc.	PRU	832,136,000	411,917,000	54,511,000	53,610,000	484,407,000	58.21	7.56	6.55	6.44	36.07
Aflac Incorporated	AFL	137,217,000	99,147,000	24,598,000	NA	123,659,000	90.12	4.03	17.93	NA	20.03
Lincoln National Corporation	LNC	281,763,000	103,096,000	17,322,000	15,896,000	114,717,000	40.71	5.95	6.15	5.64	30.59
Genworth Financial, Inc.	GNW	105,297,000	76,228,000	15,328,000	15,027,000	76,267,000	72.43	4.97	14.56	14.27	17.01
Brighthouse Financial, Inc.	BHF	224,192,000	77,384,000	14,580,000	14,580,000	84,195,000	37.55	5.31	6.50	6.50	6.41
Principal Financial Group, Inc.	PFG	253,941,200	72,024,100	12,921,900	10,538,400	84,573,500	33.30	5.57	5.09	4.15	16.27
Voya Financial, Inc.	VOYA	222,532,000	67,671,000	11,039,000	10,853,000	70,943,000	31.88	6.13	4.96	4.88	5.82
Unum Group	UNM	64,013,100	49,174,900	9,574,900	9,236,300	53,121,400	82.99	5.14	14.96	14.43	22.49
Reinsurance Group of America, Incorporated	RGA	60,514,818	43,582,957	9,569,535	9,562,535	52,994,677	87.57	4.55	15.81	15.80	46.39
Torchmark Corporation	TMK	23,474,985	13,931,831	6,231,421	5,789,830	17,853,047	76.05	2.24	26.54	24.66	68.35
CNO Financial Group, Inc.	CNO	33,110,300	23,534,000	4,847,500	4,847,500	28,611,400	86.41	4.85	14.64	14.64	21.22
American Equity Investment Life Holding Company	AEL	62,030,736	56,425,557	2,850,157	2,850,157	51,734,750	83.40	19.80	4.59	4.59	0.28
National Western Life Group, Inc.	NWLI	12,225,094	10,226,493	1,832,174	1,832,174	11,035,470	90.27	5.58	14.99	14.99	29.40
Primerica, Inc.	PRI	12,460,703	6,640,409	1,419,101	1,367,588	3,025,105	24.28	4.68	11.39	10.98	99.59
FBL Financial Group, Inc.	FFG	10,066,613	7,684,593	1,388,850	1,378,911	8,803,179	87.45	5.53	13.80	13.70	50.94
Kansas City Life Insurance Company	KCLI	4,530,670	3,213,903	737,155	737,155	3,520,893	77.71	4.36	16.27	16.27	55.33
Independence Holding Company	IHC	1,040,623	544,054	434,243	368,877	503,363	48.37	1.25	41.73	35.45	18.84
Citizens, Inc.	CIA	1,644,453	1,300,790	223,513	209,928	1,352,180	82.23	5.82	13.59	12.77	94.18
Security National Financial Corporation	SNFC.A	982,173	608,969	148,568	145,802	671,157	68.33	4.10	15.13	14.84	87.46
UTG, Inc.	UTGN	406,445	278,257	110,432	110,432	359,220	88.38	2.52	27.17	27.17	95.68
Midwest Holding Inc.**	MDWT	49,023	45,460	2,222	1,522	22,899	46.71	20.46	4.53	3.10	57.04
Group Aggregate											
Overall L&H Insurance Group Mean		139,250,906	68,339,512	11,297,258	9,915,386	78,597,193	66.26	6.22	13.87	12.96	41.96
Overall L&H Insurance Group Median		46,812,559	33,558,479	5,539,461	4,847,500	40,173,075	74.24	5.22	14.18	13.70	33.33

Source: SNL Financial

* Note: Life Premiums LOB (%) as of 2017 Year.

** Data as of 9/30/2017

In order to form a sub-group with more similar characteristics to the Company, we then included only the companies with under \$10.0 billion in equity. This resulted in a group of 14 companies ranging in total equity from \$2.2 million to \$9.6 billion.

Boenning notes that three of the six smaller (less than \$1.0 billion in equity) companies in the Public L&H Group are traded on the OTC market. To support our generation of a meaningful number of companies in our Comparable Group, especially at the smaller size range, we have not removed companies listed on alternative (OTC) exchanges.

Independence Holding Company and Citizens, Inc. were excluded from the comparable companies due to product offerings and clientele which differ significantly from the Company. Independence Holding Company provides mostly accident and health products. Citizens, Inc. offers whole life insurance and endowment policies to high net worth and high-income residents in Latin America and the Pacific Rim.

From this sub-group we then began to examine the product offerings and diversification of each remaining comparable company. In order to refine our selection of comparable companies, we removed any company that does not generate a meaningful percentage of revenue from traditional life insurance.¹⁸ Based on this, we eliminated American Equity Investment Life Holding Company, CNO Financial Group, Inc., Fidelity & Guaranty Life, National Western Life Group, Inc, Reinsurance Group of America, Incorporated, and Unum Group. We also eliminated Midwest Holdings Inc. because the company had not filed their financial statements in a timely basis as of the date of this report. Further, Midwest Holdings Inc. had less than a \$1.00 share price and extremely low market capitalization and liquidity.

¹⁸ Each company's percentage of life premiums was calculated as follows: life premiums, annuity considerations and considerations for supplementary contracts with life contingencies by line of business as a percent of total company premiums, annuity considerations and considerations for supplementary contracts with life contingencies.

After making these adjustments to the Public L&H Insurance Group our screen yielded the six companies presented below (the “**Comparable Group**”):

Exhibit XIII

Overview of the Comparable Group As of 12/31/2017 Unless Otherwise Noted

Company Name	Ticker	Exchange	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Net Life Insurance in Force (\$000) ²	Life Premiums LOB (%) ¹	Annuity Premiums LOB (%) ¹	A&H Premiums LOB (%) ¹
Torchmark Corporation	TMK	NYSE	23,182,343	14,069,871	5,820,301	2.42	25.11	182,408,876	68.35	1.00	30.64
Primerica, Inc.	PRI	NYSE	12,492,739	6,697,324	1,426,501	4.69	11.42	98,555,300	99.59	0.18	0.22
FBL Financial Group, Inc.	FFG	NYSE	10,038,793	7,842,679	1,264,187	6.20	12.59	49,068,018	50.94	47.79	0.07
Kansas City Life Insurance Company	KCLI	OTCQX	4,470,464	3,209,881	703,155	4.56	15.73	18,452,000	55.33	29.67	11.41
Security National Financial Corporation	SNFC.A	NASDAQ	982,173	608,969	148,568	4.10	15.13	1,698,584	87.46	12.41	0.13
UTG, Inc.	UTGN	OTC Pink	406,445	278,257	110,432	2.52	27.17	958,000	95.68	4.09	0.21
Group Aggregate											
Comparable Group Mean			8,595,493	5,451,164	1,578,857	4.08	17.86	58,523,463	76.23	15.86	7.11
Comparable Group Median			7,254,629	4,953,603	983,671	4.33	15.43	33,760,009	77.91	8.25	0.21
MMHC			666,414	437,692	196,203	2.23	29.44	31,029,192	96.23	0.14	3.62

Source: S&P Global Market Intelligence and Company financial statements

¹ Statutory metric as of 12/31/2017 representing the company at the Life Group Level, the highest level consolidated insurance company unit. For MMHC, these figures represent Fidelity Life Association, A Legal Reserve Life Insurance Company.

² Net Life Insurance in Force for MMHC represents the statutory calculation of life insurance in force excluding annuity as of the most recent year.

While none of the companies in the Comparable Group are identical to the Company and there does not appear to be a company that is a perfectly comparable or peer company from a valuation standpoint, we believe that the Comparable Group on the whole provide a meaningful basis of financial comparison for valuation purposes, and is a useful approximation for determining how an investor might value the Company.

Summary Profiles of the Comparable Group Companies¹⁹

Torchmark Corporation (NYSE:TMK)

Torchmark Corporation provides individual life and supplemental health insurance, and annuities, to middle income households in the United States. Its life insurance products include traditional and interest sensitive whole-life insurance, term life insurance, and other life insurance; and supplemental limited-benefit health insurance products comprise cancer and accident plans, as well as Medicare Supplements plans and Medicare Part D prescription drug insurance. The company’s annuity products consist of single-premium and flexible-premium deferred annuities. The company sells its products through direct mail, Internet, television, magazine, exclusive agents, and independent agents in the United States, Canada, and New Zealand. Torchmark Corporation was founded in 1900 and is headquartered in McKinney, Texas.

¹⁹ Comparable Group Companies’ business descriptions sourced from SNL Financial and Capital IQ.

Primerica, Inc. (NYSE:PRI)

Primerica, Inc. distributes financial products to middle income households in the United States and Canada. The company operates in three segments: Term Life Insurance, Investment and Savings Products, and Corporate and Other Distributed Products. The Term Life Insurance segment underwrites individual term life insurance products. The Investment and Savings Products segment distributes and sells mutual funds, variable annuities, fixed annuities, and segregated funds. The Corporate and Other Distributed Products segment offers long-term care insurance products, prepaid legal services, insurance, and debt consolidation referrals, as well as mail-order student life and short-term disability benefit insurance products. Primerica, Inc. was founded in 1927 and is based in Duluth, Georgia.

FBL Financial Group, Inc. (NYSE:FFG)

FBL Financial Group, Inc., through its subsidiaries, sells individual life insurance and annuity products in the United States. The company provides whole life, term life, and universal life policies; annuity and investment products; fixed rate annuities and supplementary contracts; and a line of personal and commercial property-casualty insurance products. It also offers marketing and distribution services for the sale of mutual funds and insurance products. The company markets its products through exclusive agents and agency managers. FBL Financial Group, Inc. was founded in 1993 and is headquartered in West Des Moines, Iowa.

Kansas City Life Insurance Company (OTCQX:KCLI)

Kansas City Life Insurance Company, together with its subsidiaries, focuses on underwriting, sale, and administration of life insurance and annuity products in the United States. It operates through three segments, including; Individual Insurance and Group Insurance. The company offers individual life insurance and annuity products, such as traditional products; interest sensitive products, including universal life, variable universal life, fixed deferred annuities, and variable annuities; and variable products. It also provides group products comprising life, dental, vision, and long-term and short-term disability products, as well as offers independent broker-dealer that assists in the distribution and marketing of its proprietary variable life and variable annuity

products through third party broker-dealers; and in the servicing of closed blocks of variable insurance business retained by the company. The company markets its products through a sales force of independent general agents, agents, group brokers, and third-party marketing arrangements in 48 states and the District of Columbia. Kansas City Life Insurance Company was founded in 1895 and is headquartered in Kansas City, Missouri.

Security National Financial Corporation (NasdaqGM:SNFC.A)

Security National Financial Corporation provides life insurance, cemetery and mortuary services, and mortgage loans. The company's Life Insurance segment engages in selling and servicing selected lines of life insurance, annuity products, and accident and health insurance products. It also provides funeral plans and interest-sensitive life insurance, as well as other traditional life and accident, and health insurance products. This segment sells its products through direct agents, brokers, and independent licensed agents. Its Cemetery and Mortuary segment offers various funeral related services. This segment operates mortuaries and cemeteries in Utah, California, and Arizona. It sells its products and services through sales representatives. The company's Mortgage Loans segment originates and underwrites residential and commercial loans for new construction, existing homes, and real estate projects primarily in Utah, Florida, California, Illinois, Texas, and Kansas. Security National Financial Corporation was founded in 1965 and is headquartered in Salt Lake City, Utah.

UTG, Inc. (OTCPK:UTGN)

UTG, Inc. provides individual life insurance products and services in the United States. It also offers insurance administrative services for other non-related entities. The company has a customer base consisting of policyholders, fraternal members, securities and shareholders and numbers nearly 550,000 people and is located in all 50 states. UTG, Inc. was founded in 1984 and is headquartered in Springfield, Illinois.

Recent Financial Comparisons

Exhibit XIV summarizes certain key financial comparisons between the Company and the Comparable Group. Financial data for the Company and the Comparable Group are shown as of for the fiscal period ended December 31, 2017.

Exhibit XIV

Financial Condition of the Comparable Group
As of 12/31/2017 Unless Otherwise Noted

Company	Ticker	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Tangible Equity (\$000)	Cash and Investments (\$000)	Cash & Investments / Policy Reserves (%)	Cash and Investments / Assets (%)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Tangible Equity / Assets (%)
Torchmark Corporation	TMK	23,474,985	13,931,831	6,231,421	5,789,830	17,853,047	128.15	76.05	2.24	26.54	24.66
Primerica, Inc.	PRI	12,460,703	6,640,409	1,419,101	1,367,588	3,025,105	45.56	24.28	4.68	11.39	10.98
FBL Financial Group, Inc.	FFG	10,066,613	7,684,593	1,388,850	1,378,911	8,803,179	114.56	87.45	5.53	13.80	13.70
Kansas City Life Insurance Company	KCLI	4,530,670	3,213,903	737,155	737,155	3,520,893	109.55	77.71	4.36	16.27	16.27
Security National Financial Corporation	SNFC.A	982,173	608,969	148,568	145,802	671,157	110.21	68.33	4.10	15.13	14.84
UTG, Inc.	UTGN	406,445	278,257	110,432	110,432	359,220	129.10	88.38	2.52	27.17	27.17
Group Aggregate											
Comparable Group Mean		8,653,598	5,392,994	1,672,588	1,588,286	5,705,434	106.19	70.37	3.90	18.38	17.94
Comparable Group Median		7,298,642	4,927,156	1,063,003	1,052,372	3,272,999	112.38	76.88	4.23	15.70	15.56
MMHC		666,414	437,692	196,203	194,323	404,826	92.49	60.75	2.23	29.44	29.16

Source: S&P Global Market Intelligence and Company financial statements

Members Mutual's cash and investments figure of \$404.8 million at December 31, 2017 was well below the mean and median of the Comparable Group of \$5.7 billion and \$3.3 billion, respectively. The Company's total assets of \$666.4 million at December 31, 2017 were significantly below both the Comparable Group's mean of \$8.7 billion and median of \$7.3 billion. The Company's total equity of \$196.2 million at December 31, 2017 was within the range of the Comparable Group, but still below the Comparable Group's mean and median total equity of \$1.7 billion and \$1.1 billion, respectively. The Company's tangible equity was \$194.3 million at December 31, 2017, which was below the mean and median of the Comparable Group at \$1.5 billion and \$1.1 billion, respectively.

The Company's ratios of total equity to total assets and tangible equity to total assets were 29.4% and 29.2%, respectively, at December 31, 2017. These ratios significantly exceed the mean and median ratios of the Comparable Group. As noted earlier in the Appraisal report, management indicated little immediate use for the capital they will raise through the Offering. Further, the Company will not see any positive ROAE impact in the near or mid-term from any of its contemplated use of capital initiatives. These dynamics weigh on the Company's Pro Forma Market Value and puts it further afield from the Comparable Group.

Exhibit XV compares the Company with the Comparable Group on selected measures of operating performance and profitability.

Exhibit XV

Operating Performance of the Comparable Group As of and for the LTM Period Ended 12/31/2017 Unless Otherwise Noted

Company Name	Ticker	Total Policy Income (\$000)	Total Revenue (\$000)	Policy Income/Equity (%)	Net Income (\$000)	Inv. Yield (%)	ROAA (%)	ROAE (%)	3 Year Average		Net Margin (%)
Torchmark Corporation	TMK	3,282,935	4,155,573	52.68	1,454,494	5.13	6.46	28.57	3.88	17.39	35.00
Primerica, Inc.	PRI	961,338	1,689,102	67.74	350,255	2.90	2.93	27.38	2.23	20.54	20.74
FBL Financial Group, Inc.	FFG	308,683	735,478	22.23	194,355	4.96	1.98	15.55	1.45	11.29	26.43
Kansas City Life Insurance Company	KCLI	293,953	450,702	39.88	51,541	4.28	1.15	7.34	0.76	4.85	11.44
Security National Financial Corporation	SNFC.A	70,412	276,925	47.39	14,113	4.94	1.44	10.22	1.59	10.99	5.10
UTG, Inc.	UTGN	7,457	28,734	6.75	4,813	5.82	1.19	4.94	0.62	2.66	16.75
Group Aggregate											
Comparable Group Mean		820,796	1,222,752	39.45	344,929	4.67	2.53	15.67	1.76	11.29	19.24
Comparable Group Median		301,318	593,090	43.64	122,948	4.95	1.71	12.88	1.52	11.14	18.74
MMHC		82,873	115,870	42.24	(8,241)	3.85	(1.25)	(4.13)	(1.59)	(5.03)	(7.11)

Source: S&P Global Market Intelligence and Company financial statements

The Company's total revenue of \$115.9 million for the fiscal period ending December 31, 2017 was within the range of the Comparable Group, but materially below the Comparable Group's mean and median total revenue of \$1.2 billion and \$593.1 million, respectively. All of the companies within the Comparable Group had positive ROAA and ROAE for the fiscal period ending December 31, 2017. Members Mutual generated losses over the same period, with ROAA and ROAE that were both negative at (1.25%) and (4.13%) for the fiscal period ending December 31, 2017. Members Mutual compared unfavorably during the last three years, in terms of both ROAA and ROAE as the Company had negative returns whereas the Comparable Group medians were meaningfully positive. The Company's total policy income of \$82.9 million for the fiscal period ending December 31, 2017 was in the lower half of the range of the Comparable Group, only higher than Security National Financial Corporation and UTG, Inc. The Comparable Group's mean and median total policy revenue were \$820.8 million and \$301.3 million, respectively.

Additionally, Members Mutual had an investment yield of 3.85%, which was lower than all but one company (Primerica, Inc.) in the Comparable Group (median is 4.95%) while Members Mutual's net margin of (7.11%) was also lower than all the companies in the Comparable Group (mean is 19.24%, median is 18.74%).

Exhibit XV compares the Company with the Comparable Group on selected ratios commonly used as life insurance industry metrics.

Exhibit XVI

Ratio Analysis of the Comparable Group As of and for the LTM Period Ended 12/31/2017 Unless Otherwise Noted

		Lapse & Surrender Ratio ¹ (%)	Benefit Ratio (%)	Expense Ratio (%)	Commission Ratio (%)	Surplus Notes/ C&S (%)	Dividend Payout Ratio (%)	Fixed Maturities/ Total Investments (%)	Effective Tax Rate (%)
Torchmark Corporation	TMK	21.02	43.31	16.30	29.41	4.18	4.91	95.69	(75.56)
Primerica, Inc.	PRI	8.85	11.05	62.49	106.14	0.00	10.25	97.31	7.71
FBL Financial Group, Inc.	FFG	5.10	43.82	15.09	9.61	0.00	42.06	83.33	(28.62)
Kansas City Life Insurance Company	KCLI	5.64	84.08	20.46	13.21	0.00	20.30	72.20	(75.49)
Security National Financial Corporation	SNFC.A	10.01	55.41	22.10	24.87	46.92	0.00	36.49	(87.37)
UTG, Inc.	UTGN	3.28	232.19	137.80	3.28	0.00	0.00	53.49	(45.58)
Group Aggregate									
Comparable Group Mean		8.98	78.31	45.71	31.09	8.52	12.92	73.08	(50.82)
Comparable Group Median		7.24	49.61	21.28	19.04	0.00	7.58	77.76	(60.54)
MMHC		11.82	43.83	53.37	60.12	0.00	687.60	85.91	NM

Source: S&P Global Market Intelligence and Company financial statements

¹ Statutory metric as of 12/31/2017 representing the company at the Life Group Level, the highest level consolidated insurance company unit. For MMHC, these figures represent Fidelity Life Association, A Legal Reserve Life Insurance Company.

The Company's benefit ratio for the fiscal period ended December 31, 2017 of 43.83% was lower than the Comparable Group's mean of 78.31% and median of 49.61%. The benefit ratio includes death benefits, matured endowments, annuity benefits, accident & health benefits, guarantees, group conversions, and life contingent contract pay as a percent of premiums, annuity considerations and considerations for supplementary contracts with life contingencies. Members Mutual's expense ratio was 53.37%, which was within the range, but above ("worse than") the mean of 45.71% and median of 21.28% of the Comparable Group. The commission ratio for Members Mutual was 60.12%, which was within the range, but higher ("worse than") than the Comparable Group's mean and median of 31.09% and 19.04%, respectively.

V. Market Value Adjustments

General Overview

In the foregoing sections of this Appraisal, the Company's relative operating performance is considered against the operating metrics of the Comparable Group. The Pro Forma Market Value reflects these considerations and also certain, additional market valuation adjustments relative to the Comparable Group. This section of the Appraisal identifies such categories of market value adjustments and how the adjustments impact the Company's Pro Forma Market Value. Relative to the Comparable Group, the valuation adjustments in this Section are made from the viewpoints of potential investors, which could include policyholders with subscription rights and unrelated third parties, who could acquire the stock of the subject company. It is assumed that these potential investors are aware of all relevant and necessary facts as they would pertain to the value of the Company relative to other publicly-traded insurance companies and relative to alternative investments.

The concluded Valuation Range is predicated on the assumption that the current operating environment will continue for the Company and the insurance industry in general. Changes in the Company's operating performance along with changes in the regional and national economies, the stock market, interest rates, the regulatory environment, and other external factors may occur from time to time, often with great unpredictability, which could materially impact the Pro Forma Market Value of the Company or the trading market values of insurance company stocks in general. Therefore, the Valuation Range provided herein is subject to a re-evaluation prior to the actual completion of the Offering.

The market value adjustments, which are based on certain financial and other criteria, include among others:

- Relative size;
- Profitability and earnings prospects;
- Strength and depth of management;
- Liquidity of the issue;

- Subscription interest;
- Stock market conditions;
- Dividend outlook; and
- New issue risks.

In prior insurance industry subscription rights conversion appraisals (essentially all were non-life companies), market value adjustments encompassing many of the criteria noted above have ranged from 15% to almost 70% at the midpoint. The table below is provided for informational purposes only, but shows the absolute range of the discount midpoint of other similar transaction with a median midpoint discount of 42.0%.

<u>Company Name</u>	<u>Year Date</u>	<u>Discount Midpoint</u>
Nodak Mutual Insurance Company	2017	40.0%
Illinois Casualty Company	2017	45.0%
Standard Mutual Insurance Company	2016	40.0%
ARI Mutual Insurance Company	2015	45.0%
First Nonprofit Insurance Company	2012	34.0%
Penn Millers Holding Corporation	2009	25.0%
Eastern Insurance Holdings, Inc. (Educators)	2006	42.0%
Fremont Michigan Insuracorp, Inc. (est)	2004	58.0%
Mercer Insurance Group	2003	46.0%
NCRIC Group, Inc. (est)	2003	15.0%
American Physicians Capital, Inc.	2000	36.0%
MEEMIC Holdings, Inc. (est)	1999	67.0%
Old Guard Group, Inc.	1997	45.0%
Median		42.0%

Discounts for the transactions noted above are estimates based on information available in public filings.

Size Disadvantage

Larger companies with greater resources frequently are able to be more competitive given their access to marketing and management talent, economics of scale, sophistication and greater diversification in underwriting. Additionally, greater size may offer increased investor protection in the event of extraordinary events and unforeseen losses.

Members Mutual's assets as of December 31, 2017 were \$666.4 million, approximately 90.9% less than the Comparable Group median of \$7.3 billion. Members Mutual's total revenue for the fiscal period ending December 31, 2017 of \$115.9 million is substantially less than the Comparable Group median of \$593.1 million, which also indicates a much smaller company than the Comparable Group. Members Mutual is larger than the smallest (in terms of total equity) two companies in the Comparable Group, but much smaller than the largest four companies in the group.

As such, a downward adjustment is warranted as compared to the Comparable Group.

Profitability and Earnings Prospects

An investor comparing the Company to the Comparable Group would consider both recent profit trends and future earnings prospects of the Company. Profitability and earnings prospects are reflective of, and dependent upon a company's ability to grow revenue and control expenses. An investor's analysis would incorporate revenue growth prospects as well as profitability expectations, and the related risk of achieving the expected results.

In determining the Company's future earnings prospects and related risks, an investor would consider the Company's historical performance and estimated future performance as well as its likelihood of achieving such future performance. The Company has not produced meaningful GAAP net income in its current form, nor does management forecast so for the next few years. The Plan is predicated on the Company's ability to execute its business plan, raise capital, add personnel, expand, and achieve profitability.

We do not believe investors would place much weight on the Company's forecast and earnings prospects relative to the Comparable Group's prospects because the plans are dependent upon the Company's ability to obtain and effectively deploy capital and effect its expansion plan, all which are speculative in nature.

Since 2015 the Company has demonstrated a slight increase in revenue. The Company's revenue increased from \$108.3 million for the fiscal year ended 2015 to \$115.9 million in 2017, representing an increase of 7.0%. Generation of leads is a critical component to the long-term growth of premium revenue and success of the Company. Comparatively, revenue growth for the Comparable Group over the same time period ranged from (1.2%) to 20.3%, with a mean of 5.5% and a median of 2.0%. Only two of the companies in the Comparable Group, Security National Financial Corporation and UTG, Inc., experienced revenue declines over the same period.

Revenue growth aside, Members Mutual's profitability, as measured by net income, drastically underperformed all of the companies in the Comparable Group. Members Mutual's net income margin was negative and substantially lower than the Comparable Group's mean and median net income margins of 18.74% and 19.33%, respectively. Over the past three years, the Comparable Group had average net income margins of 12.87% compared to Members Mutual's average net income margin of (7.11%).

The Company's lack of profitability and underperformance relative to the Comparable Group can also be seen in terms of ROAA and ROAE. The Company's ROAA was negative at 1.25% for the fiscal period ended December 31, 2017, compared to the Comparable Group's mean and median of 2.54% and 1.71%, respectively. Similarly, the Company's ROAE was negative at 4.13% for the fiscal period ended December 31, 2017 compared to the Comparable Group's positive mean and median of 15.49% and 12.88%, respectively.

The Company's level of underperformance is even more acute compared to the two worst performing (of six) members of the Comparable Group based on its December 31, 2017 ROAA and ROAE of (1.25%) and (4.13%), respectively. This group, which includes Kansas City Life Insurance Company and UTG, Inc. had a median ROAA and ROAE at December 31, 2017 of 0.13% and 5.84%, respectively, outperforming the Company's results, but dramatically lagging the four better performing members of the Comparable Group by 54.1% on ROAA and 72.4% on ROAE. Thus the Company's lack of profitability stands in stark contrast to the better performing members of the Comparable Group and even underperforms the worst performers of the Comparable Group. Further, the Company has not produced meaningful GAAP net income in its

current form, nor does management forecast so in the near term. The Offering will add additional equity to the Company further depressing a nominal or negative ROAE relative to its peers.

Based on this ROAA and ROAE analysis, of particular note is the median price-to-book ratio of the two worst performers of the Comparable Group being 66.3%, which is a discount of 52.8% compared to the median of the four better performing companies in the Comparable Group and a 34.9% discount to the overall median of the Comparable Group including all six constituents. Therefore, it would appear that those companies which produce lower returns/profitability exhibit lower price-to-book value ratios. Members Mutual's worse performance relative to the poorer performers in the Comparable Group is an important factor in determining the appropriate discount for earnings/profitability and supports a price-to-book ratio lower than the 66.3% indicated by the poorer performing members of the Comparable group. Additional detail is outlined in Exhibit XVIII.

The Conversion will result in additional capital invested in the Company. As discussed earlier, identified use of capital initiatives will not only result in near-term improvements to ROAE and further will also not be sufficient to absorb all the capital raised. These dynamics could lead to potential investors' perception of "excess" or unproductive capital and reduce their overall interest in considering to participate in the Offering.

As such, a downward adjustment is warranted as compared to the Comparable Group.

Management

A management team's primary charge is to articulate and implement a strategic plan, which includes creating value through revenue growth, profit, risk mitigation and the efficient utilization of resources. The financial characteristics of the Company and a review of its strategic plans suggest that senior management and the board of directors have professionally managed the enterprise, and have implemented its new business model. We believe investors will consider that the Company's management is comprised of a team of experienced insurance executives with practical knowledge in all of the key areas of the Company's operations, and that they have

developed a detailed, strategic growth plan. To this end, the Company has experienced a level of turnover among the senior members of its management team, particularly at eFinancial. Turnover can create a disruptive environment for the Company and a dilutive effect on the institutional knowledge of the Company.

Each of these are important considerations given that the Company is a smaller insurer, and that smaller life insurers are often at a competitive disadvantage in terms of economies of scale and attracting management teams.

Given these factors, relative to its publicly traded peers, a neutral adjustment is warranted.

Liquidity of the Issue

The development of a public market depends upon the presence in the marketplace of a sufficient number of willing buyers and sellers at any given time and the existence of market makers to facilitate stock trade transactions. Therefore, stock liquidity is predicated upon the development of a broad, efficient marketplace for given security.

Each of the six companies in the Comparable Group are listed and traded on major stock exchanges or over-the-counter bulletin boards. Three are listed on the New York Stock Exchange, one is listed on the NASDAQ, and the remaining two are traded OTC. We assume the Company would trade on the NASDAQ based on its total market capitalization. It should be noted that a partial discount for a lack of liquidity is implicit in the companies in the Comparable Group, given that such companies exhibit a median average weekly trading volume over the last month of 0.58% of shares outstanding while the median for the Public L&H Insurance Group is 2.58%.

There is no assurance that an established and liquid market for the Common Stock will develop or that the Company would continually meet listing requirements. We note that a public listing of Members Mutual, given reasonable valuation assumptions, would result in a company that falls solidly around the median of the Comparable Group based on pro forma equity. Thus, the resulting relative market value of Members Mutual's Common Stock compared to the insurers

in the Comparable Group would lead us to conclude that it is reasonable that liquidity will be no better or no worse than the group. However, simultaneously, we recognize that it may take some time for investors, analysts, brokers, and market makers to understand and begin following Members Mutual in a manner similar to the companies in the Comparable Group and in the immediate and short-term would likely result in a less liquid market post-offering than the Comparable Group.

As such, we believe a downward adjustment is appropriate to address these factors.

Subscription Interest

The subscription interest market value adjustment endeavors to give effect to the level of investors' confidence that an Offering will be successful and is required by 5/59.1(6)(f) which states:

(f) Total price of stock. The plan shall set the total price of the capital stock equal to the estimated pro forma market value of the converted stock company based upon an independent evaluation by a qualified person. The pro forma market value may be the value that is estimated to be necessary to attract full subscription for the shares as indicated by the independent evaluation.

To gain insight, an investor would look to similar, previous offerings and also consider the particular attributes of the Plan and the external environment for capital offerings.

While mutual-to-stock conversions are commonplace in the savings institution industry (in prior years, IPOs of savings institution stocks have attracted a significant investor interest), such conversions and demutualizations are far less common in the insurance industry. Our understanding of previous insurance demutualizations (all were property & casualty companies ("P&C"), not life insurance companies), which include Old Guard, Mercer, Eastern, NODAK and Penn Millers, is that all were oversubscribed, although purchasers with subscription rights for Eastern, NODAK and Penn Millers common stock did not purchase enough stock to reach the pro forma Valuation Range, and a community offering was required.

There were nine announced savings bank conversion offerings in 2017 at a mean and median price/book of 82.3% and 71.6%, respectively.

More directly, the life industry has been experiencing a challenging market, characterized by a historically low rate environment hurting fixed income investment yield levels coupled with a middle class who does not prioritize the need for life insurance coverage. These characteristics are reflected in the price-to-book value of the life insurance industry at 94.5% as of April 11, 2018.

Conversely, there have been a limited number of demutualizing insurance companies using the subscription rights method (again, all non-life companies), which have attracted varying degrees of investor interest.

While precedent subscription rights demutualization outcomes would typically provide a reasonable level of confidence to potential investors of the likelihood that the Offering can be successfully completed, there have only been a limited number of such transactions and almost all involved non-life companies. Members Mutual will also be the first traditional life insurance company to convert as a subscription rights conversion transaction. We also believe the Offering would also be the largest subscription rights conversion yet completed in the insurance industry. As such, no exact precedents exist to be used as examples for valuation purposes and several novel risks are present. We cannot draw conclusions as to how this process will be received by the policyholders and the public. Due to the novel nature of the offering, policyholders may show little interest because they may not fully understand what they are purchasing or because they may not have a strong affinity with their life insurer. Such a lack of affinity could be particularly acute with policyholders who purchased coverage via phone or the internet as these avenues can be less personal in nature. Additionally, the Company's policyholder base is comprised of "Middle America" which by definition has less disposable or investable income than more affluent demographics. In this way, the Company's policyholders are potentially less likely to participate in an offering than those in a large insurer which cross-sells other financial products to its clients having greater net worth. Also, the Company's 400+ group policyholders are mainly small and

medium-sized companies which might not typically invest in IPOs / stock offerings. Their participation is uncertain and could be extremely limited.

Somewhat countering the above-listed forces, Raymond James and Griffin Financial (the “**Underwriters**”) have been engaged by Members Mutual as financial advisors in connection with the Offering of the Common Stock. The Underwriters will assist the Company with the solicitation of purchase orders for shares of Common Stock in the subscription offering and arrange a community offering or Standby Purchaser. Management indicated there is also the potential that a small number of “professional investors” have purchased insurance policies in recent years due to rumors about the Company’s potential demutualization.

Given the aforementioned numerous uncertainties, a discount in excess of a standard new issue discount should be applied to induce potential shareholders to purchase shares and attract a full subscription.

Stock Market Conditions

Table 6 summarizes the recent performance of various insurance stock indexes maintained by SNL Financial, along with selected other industry and broader market indexes. The SNL Insurance Index of all publicly-traded insurance companies returned 10.74% over the twelve-month period ended April 11, 2018. The SNL U.S. Insurance L&H Index lagged by 10.73% with a 0.01% return over the same period. Both the SNL Insurance Index and SNL U.S. Insurance L&H Index lagged behind the broader market indices. This is reflected by the performance of the Standard & Poor’s 500 and Russell 3000, which returned 12.25% and 12.24%, respectively, over the last year.

Table 6
Selected Stock Market Index Performance
As of April 11, 2018

	Total Return (%)		
	Close	YTD	1 Year
SNL Insurance Indexes			
SNL U.S. Insurance	980.79	(4.97)	10.74
SNL U.S. Insurance Underwriter	970.24	(5.16)	10.94
SNL U.S. Insurance Broker	1,500.93	(2.21)	9.28
S&P Insurance	386.39	(2.68)	6.79
NASDAQ Insurance	8,226.91	(3.15)	0.68
S&P Insurance Brokers	652.09	3.44	14.64
S&P Multi-line Insurance	107.21	(7.88)	(5.41)
SNL Sector Indexes			
SNL U.S. Insurance Multiline	198.05	(12.17)	7.64
SNL U.S. Insurance L&H	937.12	(8.80)	0.01
S&P L&H	384.36	(8.85)	1.78
SNL U.S. Insurance P&C	921.78	0.00	9.89
S&P P&C	549.76	1.88	14.04
SNL U.S. Reinsurance	1,263.73	14.52	8.06
SNL U.S. Managed Care	3,232.72	(1.92)	31.44
SNL U.S. Title Insurer	1,763.47	(0.20)	11.43
SNL U.S. Mortgage & Finl Guaranty	90.01	(12.68)	(3.58)
SNL Asset Size Indexes			
SNL U.S. Insurance < \$250M	1,197.47	(4.82)	22.55
SNL U.S. Insurance \$250M-\$500M	522.65	(18.59)	(2.85)
SNL U.S. Insurance \$500M-\$1B	1,098.48	2.46	20.01
SNL U.S. Insurance \$1B-\$2.5B	2,172.34	3.70	14.59
SNL U.S. Insurance \$2.5B-\$10B	1,214.86	(5.83)	9.50
SNL U.S. Insurance > \$10B	921.07	(5.21)	10.94
SNL U.S. Insurance > \$1B	1,008.22	(5.17)	10.90
SNL U.S. Insurance < \$1B	1,269.15	(4.32)	14.94
SNL Market Cap Indexes			
SNL Micro Cap U.S. Insurance	233.21	(10.68)	(8.83)
SNL Small Cap U.S. Insurance	1,008.88	3.96	20.05
SNL Mid Cap U.S. Insurance	694.01	(3.22)	8.68
SNL Large Cap U.S. Insurance	907.37	(6.41)	11.99
Broad Market Indexes			
S&P 500	2,642.19	(1.99)	12.25
S&P Mid-Cap	1,882.09	(1.84)	9.43
S&P Small-Cap	951.53	0.91	13.71
S&P Financials	454.47	(1.98)	16.93
SNL All Financial Institutions	974.12	(3.15)	14.71
MSCI US IMI Financials	1,672.57	(1.60)	15.51
Russell 1000	1,465.45	(1.91)	12.23
Russell 2000	1,546.81	(0.21)	12.34
Russell 3000	1,567.50	(1.78)	12.24
MSCI AC World (USD)	509.43	(1.42)	13.86

Source: SNL Financial

Stock market performance is factored into the liquidity of issue discount and stock market volatility is factored into new issue discount. Therefore, we conclude that no adjustment is warranted for the stock market conditions.

Dividend Outlook

When reviewing a company from an investment perspective, investors will consider a company's capital base and its ability to pay future dividends. The payment of dividends on common stock will be subject to determination and declaration by a company's board of directors and generally depends upon its financial condition, operating results, liquidity requirements, market opportunities, capital requirements of subsidiaries, legal requirements and regulatory constraints.

Four of the six companies in the Comparable Group currently pay regular dividends and 15 companies of the Public L&H Insurance Group regularly pays dividends. The mean of current dividend yields for the Comparable Group and the Public L&H Insurance Group were 1.59% and 1.55%, respectively. Companies with new stock issues generally appear to defer dividend payments pending the post-offering determination of alternative deployment strategies and the development of seasoned trading patterns.

While there are no plans post-Offering to implement a dividend program we believe that this only puts the Company at a slight disadvantage relative to the minimal yield of the Comparable Group. Initially the Company will have no significant source of cash flow other than dividends from Efinancial and Fidelity Life, if any, and the investment earnings on any net proceeds of the offering not contributed to Efinancial or Fidelity Life. Therefore, the payment of dividends will depend significantly upon the receipt of dividends from Efinancial or Fidelity Life and the amount of net proceeds of the offering retained by Vericity that may be available for the declaration of dividends.

Therefore, we have concluded that no adjustment is warranted at the present time for purposes of dividend outlook.

New Issue Discount

A “new issue” discount that reflects investor concerns and investment risks inherent in all IPOs is a factor to be considered for purposes of valuing companies converting from mutual-to-stock form in the subscription rights method. The necessity to build a new issue discount into the stock price of a converting insurance company relates to uncertainty among investors. In this regard, investors are concerned about the lack of a seasoned trading history for the converting company, its operation in an intensely competitive industry, underlying concerns regarding interest rate and economic recovery trends, potential risk inherent in the stock market, and the ever-changing landscape of competitors and insurance product marketing.

We therefore believe that a downward adjustment is warranted for new issue in the pricing of the Pro Forma Market Value.

Summary of Adjustments

Based on the market value adjustments discussed above, the Pro Forma Market Value should reflect the following, valuation adjustments relative to the Comparable Group:

	<u>Adjustments</u>
Size	Downward
Earnings prospects	Downward
Management	Neutral
Liquidity of issue	Downward
Subscription interest	Downward
Stock market conditions	Neutral
Dividend outlook	Neutral
New issue	Downward

Individual discounts and premiums are not necessarily additive and may, to some extent, offset or overlay each other. As an initial point, we conclude that the Company’s pro forma valuation should be discounted relative to the worst performers of the Comparable Group given the Company’s underperformance compared to these members of this. As a reference, this worse performing subgroup’s median price-to-book of 66.3% is a discount of 52.8% compared to the

better performing peer group (140.4%) and a discount of 34.9% compared to the median price-to-book of the overall group (101.8%) inclusive of all six companies.

Upon consideration of the Comparable Group data as well as the important differences between Members Mutual and the Comparable Group (discussed above and taken as a whole), we have concluded that a discount range of approximately 50% to 60% at the midpoint based on the price-to-book valuation metric is reasonable and appropriate for determining the Pro Forma Market Value relative to the Comparable Group's trading ratios.

Valuation Approach

In determining the Pro Forma Market Value of the Company, we have employed the comparable market valuation approach and considered the following pricing ratios: price-to-book value per share ("**P/B**"), price-to-earnings per share ("**P/E**"), price-to-assets ("**P/A**"), price-to-revenue per share ("**P/R**") and price-to-tangible book value per share ("**P/TB**"). We believe price-to-book value is the primary determinant of an investor's interest in a subscription rights conversion of an insurance company. The other multiples mentioned above (P/E, P/A, P/R and P/TB) are of secondary value in determining interest in, and, the value of, a subscription rights conversion. Displayed below are the trading market price valuation ratios of the Comparable Group as of April 11, 2018 and value for Members Mutual. Exhibits XIX and XX display the pro forma assumptions and calculations utilized in analyzing the Company's valuation ratios. In reaching our conclusions, we evaluated the relationship of the Company's pro forma valuation ratios relative to the Comparable Group's market valuation data.

Exhibit XVIII

Comparative Market Valuation Analysis
As of and for the LTM Period Ended 12/31/2017

	4/11/2018 Closing Price (\$)	Market Value \$MM	Price/ Book (%)	Price/ Tangible Book (%)	Price/ LTM EPS (x)	Price/ LTM Revenue (x)	Price/ Total Assets (%)	Pro forma Equity/ Assets (%)	Current Dividend Yield (%)
MMHC Fully Converted									
Pro Forma Valuation Minimum	10.00	148.8	46.40	46.66	NM	1.25	18.81	40.54	0.00
Pro Forma Valuation Midpoint	10.00	175.0	50.89	51.18	NM	1.46	21.50	42.24	0.00
Pro Forma Valuation Maximum	10.00	201.3	54.82	55.10	NM	1.67	24.03	43.84	0.00
Comparable Group Mean		2,682.6	128.79	132.96	10.05	1.87	21.83	17.86	1.14
Comparable Group Median		1,088.1	101.77	102.23	8.61	2.32	18.95	15.43	0.90
Comparable Group									
Torchmark Corporation	83.42	9,495.0	153.41	165.11	6.83	2.25	40.86	25.11	0.76
Primerica, Inc.	96.55	4,254.4	301.07	312.41	12.69	2.44	34.05	11.42	1.04
FBL Financial Group, Inc.	70.85	1,759.8	127.46	128.38	9.14	2.39	17.51	12.59	2.65
Kansas City Life Insurance Company	43.00	416.4	56.49	56.49	8.08	0.93	9.31	15.73	2.40
Security National Financial Corporation	5.38	86.7	58.22	59.32	6.18	0.31	8.83	15.13	0.00
UTG, Inc.	25.00	83.1	76.08	76.08	17.36	2.88	20.39	27.17	0.00
Performing median (n = 4)		3,007.07	140.43	146.74	7.98	2.32	25.78	13.86	0.90
Poor performing median (n = 2)		249.75	66.28	66.28	12.72	1.91	14.85	21.45	1.20
Discount of poor to performing			52.80	54.83	-59.34	17.91	42.39	-54.76	-33.69

Source: SNL Financial and Company financial statements

"Poor Performing" defined as companies with less than 1% ROAA 8% ROAE on a 3-year average basis

Note: Data as of 12/31/2017 other than stock price, market capitalization, P/BV, P/TBV and P/LTM EPS.

As of April 11, 2018, the mean and median P/B ratios for the Comparable Group were 128.8% and 101.8%, respectively. Given this wide spread in the mean and median, Boenning has considered the influence on the resulting discounts noted below as it relates to our determination of the pro forma midpoint value. In consideration of the foregoing analysis along with the additional adjustments discussed in this Section and the assumptions summarized in Exhibit XIX and XX, we have determined a pro forma midpoint value of \$175.0 million for the Company on a fully-converted basis, which implies an aggregate midpoint pro forma P/B ratio of 51%.

The Company's pro forma P/B valuation ratio reflects a discount to the Comparable Group's 101.8% median ratio of 50.0% at the valuation midpoint. The Company's pro forma P/B valuation ratio reflects a discount to the Comparable Group's mean ratio of 128.8%, measuring 60.3% at the valuation midpoint.

Based on the P/A measure, the Company's pro forma midpoint valuation of \$175.0 million reflects a P/A ratio of 21.5%. The Company's pro forma P/A valuation ratio reflects a premium to the Comparable Group's median ratio of 19.0%, measuring a premium of 13.4% at the valuation

midpoint. The Company's P/A valuation ratio reflects a discount to the Comparable Group's 21.8% mean ratio of 1.5% at the valuation midpoint.

Based on the P/R measure, the Company's pro forma midpoint valuation of \$175.0 million reflects a P/R ratio of 1.46x. The Company's pro forma P/R valuation ratio reflects a discount to the Comparable Group's mean ratio of 1.87x, measuring a discount of (22.0%) at the valuation midpoint. The Company's P/R valuation ratio reflects a discount to the Comparable Group's 2.32x median ratio of (37.2%) at the valuation midpoint.

Based on the P/TB measure, the Company's pro forma midpoint valuation of \$175.0 million reflects a P/TB ratio of 51%. The Company's pro forma P/TB valuation ratios reflects discounts to the Comparable Group's mean ratio of 133.0%, measuring 61.5% at the valuation midpoint. The Company's P/TB valuation ratio reflects a discount to the Comparable Group's 102.2% median ratio of 49.9% at the valuation midpoint.

Boenning believes the P/E metric is not a useful tool for comparison in this Appraisal due to the Company reporting negative earnings for the LTM period as well as the impact of growth on net income relative to the Comparable Group. For this reason, a P/E comparative analysis would not be meaningful.

In our opinion, these levels of discounts are appropriate to reflect the previously discussed adjustments for size, management, earnings prospects, liquidity of the issue, subscription interest, and the new issue discount. Moreover, this discount to the Comparable Group P/B ratio of approximately 55% at the midpoint of our discount range (50%-60%) results in a price-to-pro forma book value ratio (50.9%) that represents a discount of 23.2% to the 66.3% median P/B ratio of the two (of six) worst performing members of the Comparable Group and a discount of 46.2% to the overall life insurance industry P/B ratio median of 94.5%, as noted earlier in Section III. The Company's ability to deploy the excess capital requires the sustained current levels of growth while profitability requires dramatic improvements in returns on both assets and equity.

Valuation Conclusion

It is our opinion that, as of April 11, 2018, the Pro Forma Market Value of the Company is \$175.0 million, and the Pro Forma Market Value was within the range of \$148.8 to \$201.3 million. The Valuation Range was based upon a fifteen percent decrease from the midpoint of the Pro Forma Market Value to determine the minimum and a fifteen percent increase from the Pro Forma Market Value to establish the maximum. Exhibits XIX and XX show the assumptions and calculations utilized in determining the Pro Forma Market Value and Valuation Range. In determining the Pro Forma Market Value of the Company, we have taken in consideration and we have adhered to the requirements specifically set forth in Sections 59.1, in particular subsection 59.1(6)(f). Boenning utilized the valuation standard of minority interest, freely traded within the context of Section 59.1.

EXHIBIT I

STATEMENT OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This Appraisal is subject to the following general assumptions and limiting conditions.

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements or encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this analysis is based, is believed to be reliable, but has not been verified except as set forth in this Appraisal. No warranty is given as to the accuracy of such information.
3. This Appraisal has been made only for the purpose stated and shall not be used for any other purpose.
4. Except as specified in our engagement letter, neither Boenning nor any individual signing or associated with this report shall be required by reason of this Appraisal to give further consultation, provide testimony, or appear in court or other legal proceeding.
5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this Appraisal to reflect events or conditions which occur subsequent to the date hereof.
6. The date to which the analysis expressed in this Appraisal apply is set forth in the letter of transmittal. Our Appraisal is based on the purchasing power of the United States dollar as of that date.
7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can readily be obtained or renewed.
8. Full compliance with all applicable federal, state and local zoning, use, environmental and similar laws and regulations is assumed, unless otherwise stated.
9. Competent management is assumed.
10. The Appraisal is predicated on the financial structure prevailing as of the date of this report.

EXHIBIT II

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The facts and data reported by the reviewer and used in the review process are true and correct;
- The analyses, opinions, and conclusions in this Appraisal are limited only by the assumptions and limiting conditions stated in this Appraisal, and are our personal, impartial and unbiased professional analyses, opinions and conclusions;
- We have no present or prospective interest in the property that is the subject of this Appraisal, and we have no personal interest or bias with respect to the parties involved;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report;
- We have made a personal visit to the Company.

/s/ Anthony A. Latini, Jr.

Anthony A. Latini, Jr.

/s/ James W. Adducci

James W. Adducci

Overview of Boenning

Founded in 1914, Boenning & Scattergood, Inc. is one of the oldest independent securities, asset management and investment banking firms in the Mid-Atlantic region, providing individual, institutional, corporate and municipal clients a full complement of financial services including equity research, investment banking, public finance, asset management as well as equity and fixed income sales and trading.

Background of Appraisers

Anthony A. Latini, Jr., CFA – Managing Director

Tony leads the firm's insurance practice and has over 30 years of experience with the property/casualty and life segments. His merger & acquisition transaction experience includes approximately \$2 billion in transaction value and he has assisted in raising in excess of \$1 billion in debt and junior capital. Prior to joining Boenning & Scattergood, Mr. Latini was Managing Director of Curtis Financial Group's financial services industry group. He has also held positions at Berwind Financial L.P., Evans & Company, Inc. and CoreStates Financial Corp. Tony received his Bachelor of Science degree in Economics with a concentration in Finance from the Wharton School of the University of Pennsylvania. He holds the Chartered Financial Analyst designation and the FINRA Series 7, 24, 63, and 79 licenses. Tony has experience with working on subscription rights conversions and demutualizations dating to 1989.

James Adducci – Director

James has 18 years of investment banking experience working with public and private companies executing exclusive sale assignments, buy-side transactions, financings and various other strategic advisory assignments. James has completed more than 60 transactions totaling more than \$1 billion in value. James has been involved with multiple deals involving companies in the insurance sector. Prior to joining Boenning in 2004, James worked in the diversified industrials group at Dresdner Kleinwort in New York where he focused on cross-border M&A transactions. James received his BA in Economics from Carleton College. He is registered with FINRA and holds the Series 7 and 63 licenses, James has experience with working on five demutualizations.

Exhibit IV
MEMBERS MUTUAL HOLDING COMPANY
Consolidated Balance Sheet - GAAP Basis
As of December 31, 2015 - 2017

ASSETS (\$000)	2015	2016	2017
INVESTMENTS:			
Fixed maturities - available for sale - at fair value	\$ 361,911	\$ 339,075	\$ 337,668
Fixed maturities - trading - at fair value	0	0	0
Equity securities - available for sale - at fair value	379	379	109
Equity securities - trading - at fair value	4,022	5,908	5,596
Mortgage loans (net of valuation allowances)	29,384	32,295	42,852
Limited partnership interests	2,104	1,557	899
Policy loans	6,752	5,776	5,936
Other invested assets	0	0	0
Total investments	404,552	384,990	393,060
CASH AND CASH EQUIVALENTS	16,827	19,422	11,766
DEFERRED POLICY ACQUISITION COSTS	86,490	81,233	82,319
ACCRUED INVESTMENT INCOME	3,563	3,346	3,323
COMMISSIONS AND AGENT BALANCES RECEIVABLE	1,592	1,093	2,034
CURRENT INCOME TAXES RECEIVABLE	0	3,463	4,925
REINSURANCE RECOVERABLES	144,218	146,004	143,915
INTANGIBLE ASSETS	2,207	2,043	1,880
GOODWILL	0	0	0
OTHER ASSETS	7,438	12,800	23,192
TOTAL ASSETS	\$666,887	\$654,394	\$666,414
LIABILITIES AND EQUITY			
LIABILITIES:			
Future policy benefits and claims	\$ 270,651	\$ 290,500	\$ 302,782
Policyholder account balances	108,153	103,884	98,899
Other policyholder liabilities	33,444	30,530	36,011
Policyholder dividend obligation	7,428	9,652	11,097
Deferred income tax liability	3,255	0	0
Reinsurance liabilities and payables	8,993	4,753	7,468
Other liabilities	18,481	12,092	13,954
Total liabilities	450,405	451,411	470,211
EQUITY:			
Retained earnings	211,984	196,646	188,405
Accumulated other comprehensive income	4,498	6,337	7,798
Total equity Members Mutual Holding Company	216,482	202,983	196,203
Total equity	216,482	202,983	196,203
TOTAL LIABILITIES AND EQUITY	\$666,887	\$654,394	\$666,414

Exhibit V
MEMBERS MUTUAL HOLDING COMPANY
Consolidated Statement of Operations - GAAP Basis
Years ended December 31, 2015 - 2017

(\$000)	2015	2016	2017
REVENUES:			
Insurance premiums	\$ 72,443	\$ 78,138	\$ 82,873
Net investment income	15,797	15,957	15,119
Total realized investment gains (losses)	(394)	530	571
Earned commissions	13,989	11,375	11,514
Other income	6,420	6,999	5,793
Total revenues	108,255	112,999	115,870
BENEFITS AND EXPENSES:			
Life, annuity, and health claim benefits	46,633	59,536	56,035
Interest credit to policyholder account balances	4,235	3,914	3,776
General operating expenses	56,129	58,538	55,912
Amortization of deferred policy acquisition costs	12,422	13,018	10,926
Amortization of intangible assets	210	164	163
Total benefits and expenses	119,629	135,170	126,812
INCOME (LOSS) BEFORE INCOME TAXES	(11,374)	(22,171)	(10,942)
INCOME TAX EXPENSE (BENEFIT)	(3,184)	(6,833)	(2,701)
NET INCOME (LOSS)	(8,190)	(15,338)	(8,241)
NET INCOME (LOSS) ATTRIBUTABLE TO MEMBERS MUTAL HOLDING COMPANY	\$ (8,190)	\$ (15,338)	\$ (8,241)

Source: MMHC GAAP Income Statement (Consolidated Audited by Deloitte & Touche LLP); Company management.

Exhibit VI
MEMBERS MUTUAL HOLDING COMPANY
Consolidated Balance Sheet - Growth Analysis GAAP Basis
As of December 31, 2015 - 2017 and CAGR

ASSETS (\$000)	2015	2016	2017	CAGR
INVESTMENTS:				
Fixed maturities - available for sale - at fair value	(3.88%)	(6.31%)	(0.41%)	(3.41%)
Fixed maturities - trading - at fair value	—	—	—	—
Equity securities - available for sale - at fair value	—	0.00%	(71.24%)	(46.37%)
Equity securities - trading - at fair value	961.21%	46.89%	(5.28%)	17.96%
Mortgage loans (net of valuation allowances)	70.24%	9.91%	32.69%	20.76%
Limited partnership interests	(48.73%)	(26.00%)	(42.26%)	(34.63%)
Policy loans	(10.00%)	(14.45%)	2.77%	(6.24%)
Real estate	—	—	—	—
Total investments	(0.30%)	(4.84%)	2.10%	(1.43%)
CASH AND CASH EQUIVALENTS	(37.03%)	15.42%	(39.42%)	(16.38%)
DEFERRED POLICY ACQUISITION COSTS	(5.39%)	(6.08%)	1.34%	(2.44%)
ACCRUED INVESTMENT INCOME	(1.98%)	(6.09%)	(0.69%)	(3.43%)
COMMISSIONS AND AGENT BALANCES RECEIVABLE	(80.15%)	(31.34%)	86.09%	13.03%
CURRENT INCOME TAXES RECEIVABLE	—	—	42.22%	—
REINSURANCE RECOVERABLES	1.04%	1.24%	(1.43%)	(0.11%)
INTANGIBLE ASSETS	(8.67%)	(7.43%)	(7.98%)	(7.71%)
GOODWILL	—	—	—	—
OTHER ASSETS	39.21%	72.09%	81.19%	76.58%
TOTAL ASSETS	(2.79%)	(1.87%)	1.84%	(0.04%)
LIABILITIES AND EQUITY				
LIABILITIES:				
Future policy benefits and claims	4.60%	7.33%	4.23%	5.77%
Policyholder account balances	(5.62%)	(3.95%)	(4.80%)	(4.37%)
Other policyholder liabilities	4.10%	(8.71%)	17.95%	3.77%
Policyholder dividend obligation	(19.71%)	29.94%	14.97%	22.23%
Deferred income tax liability	(68.97%)	(100.00%)	—	(100.00%)
Reinsurance liabilities and payables	89.25%	(47.15%)	57.12%	(8.87%)
Other liabilities	(24.59%)	(34.57%)	15.40%	(13.11%)
Total liabilities	(0.89%)	0.22%	4.16%	2.18%
EQUITY:				
Retained earnings	(3.72%)	(7.24%)	(4.19%)	(5.73%)
Accumulated other comprehensive income	(60.56%)	40.88%	23.06%	31.67%
Total equity Members Mutual Holding Company	(6.52%)	(6.24%)	(3.34%)	(4.80%)
Total equity	(6.52%)	(6.24%)	(3.34%)	(4.80%)
TOTAL LIABILITIES AND EQUITY	(2.79%)	(1.87%)	1.84%	(0.04%)

Source: MMHC GAAP Balance Sheet (Consolidated Audited by Deloitte & Touche LLP); Company management.

Exhibit VII
MEMBERS MUTUAL HOLDING COMPANY
Consolidated Statement of Operations - Growth Analysis GAAP Basis
Years ended December 31, 2015 - 2017 and CAGR

(\$000)	2015	2016	2017	CAGR
REVENUES:				
Insurance premiums	10.04%	7.86%	6.06%	6.96%
Net investment income	11.76%	1.01%	(5.25%)	(2.17%)
Total realized investment gains (losses)	(106.54%)	(234.52%)	7.74%	NM
Earned commissions	2.12%	(18.69%)	1.22%	(9.28%)
Other income	11.23%	9.02%	(17.23%)	(5.01%)
Total revenues	2.65%	4.38%	2.54%	3.46%
BENEFITS AND EXPENSES:				
Life, annuity, and health claim benefits	4.87%	27.67%	(5.88%)	9.62%
Interest credit to policyholder account balances	(6.70%)	(7.58%)	(3.53%)	(5.57%)
General operating expenses	(0.58%)	4.29%	(4.49%)	(0.19%)
Amortization of deferred policy acquisition costs	(11.64%)	4.80%	(16.07%)	(6.21%)
Amortization of intangible assets	(31.37%)	(21.90%)	(0.61%)	(11.90%)
Total benefits and expenses	(0.17%)	12.99%	(6.18%)	2.96%
INCOME (LOSS) BEFORE INCOME TAXES	NM	94.93%	(50.65%)	(1.92%)
INCOME TAX EXPENSE (BENEFIT)	NM	114.60%	(60.47%)	(7.90%)
NET INCOME (LOSS)	NM	NM	NM	0.31%
NET INCOME (LOSS) ATTRIBUTABLE TO MEMBERS MUTAL HOLDING COMPANY	NM	NM	NM	0.31%

Source: MMHC GAAP Balance Sheet (Consolidated Audited by Deloitte & Touche LLP); Company management.

Exhibit VIII
MEMBERS MUTUAL HOLDING COMPANY
Consolidated Balance Sheet - Common Size Analysis GAAP Basis
As of December 31, 2015 - 2017

ASSETS (\$000)	2015	2016	2017
INVESTMENTS:			
Fixed maturities - available for sale - at fair value	54.27%	51.82%	50.67%
Fixed maturities - trading - at fair value	0.00%	0.00%	0.00%
Equity securities - available for sale - at fair value	0.06%	0.06%	0.02%
Equity securities - trading - at fair value	0.60%	0.90%	0.84%
Mortgage loans (net of valuation allowances)	4.41%	4.94%	6.43%
Limited partnership interests	0.32%	0.24%	0.13%
Policy loans	1.01%	0.88%	0.89%
Real estate	0.00%	0.00%	0.00%
Total investments	60.66%	58.83%	58.98%
CASH AND CASH EQUIVALENTS	2.52%	2.97%	1.77%
DEFERRED POLICY ACQUISITION COSTS	12.97%	12.41%	12.35%
ACCRUED INVESTMENT INCOME	0.53%	0.51%	0.50%
COMMISSIONS AND AGENT BALANCES RECEIVABLE	0.24%	0.17%	0.31%
CURRENT INCOME TAXES RECEIVABLE	0.00%	0.53%	0.74%
REINSURANCE RECOVERABLES	21.63%	22.31%	21.60%
INTANGIBLE ASSETS	0.33%	0.31%	0.28%
GOODWILL	0.00%	0.00%	0.00%
OTHER ASSETS	1.12%	1.96%	3.48%
TOTAL ASSETS	100.00%	100.00%	100.00%
LIABILITIES AND EQUITY			
LIABILITIES:			
Future policy benefits and claims	40.58%	44.39%	45.43%
Policyholder account balances	16.22%	15.87%	14.84%
Other policyholder liabilities	5.01%	4.67%	5.40%
Deferred income tax liability	0.49%	0.00%	0.00%
Reinsurance liabilities and payables	1.35%	0.73%	1.12%
Other liabilities	2.77%	1.85%	2.09%
Total liabilities	67.54%	68.98%	70.56%
EQUITY:			
Retained earnings	31.79%	30.05%	28.27%
Accumulated other comprehensive income	0.67%	0.97%	1.17%
Total equity Members Mutual Holding Company	32.46%	31.02%	29.44%
Total equity	32.46%	31.02%	29.44%
TOTAL LIABILITIES AND EQUITY	100.00%	100.00%	100.00%

Source: MMHC GAAP Balance Sheet (Consolidated Audited by Deloitte & Touche LLP); Company management.

Exhibit IX
MEMBERS MUTUAL HOLDING COMPANY
Consolidated Statement of Operations - Common Size Analysis GAAP Basis
Years Ended December 31, 2015 - 2017

(\$000)	2015	2016	2017
REVENUES:			
Insurance premiums	66.92%	69.15%	71.52%
Net investment income	14.59%	14.12%	13.05%
Total realized investment gains (losses)	(0.36%)	0.47%	0.49%
Earned commissions	12.92%	10.07%	9.94%
Other income	5.93%	6.19%	5.00%
Total revenues	100.00%	100.00%	100.00%
BENEFITS AND EXPENSES:			
Life, annuity, and health claim benefits	43.08%	52.69%	48.36%
Interest credit to policyholder account balances	3.91%	3.46%	3.26%
General operating expenses	51.85%	51.80%	48.25%
Amortization of deferred policy acquisition costs	11.47%	11.52%	9.43%
Amortization of intangible assets	0.19%	0.15%	0.14%
Total benefits and expenses	110.51%	119.62%	109.44%
INCOME (LOSS) BEFORE INCOME TAXES	(10.51%)	(19.62%)	(9.44%)
INCOME TAX EXPENSE (BENEFIT)	(2.94%)	(6.05%)	(2.33%)
NET INCOME (LOSS)	(7.57%)	(13.57%)	(7.11%)
NET INCOME (LOSS) ATTRIBUTABLE TO MEMBERS MUTAL HOLDING COMPANY	(7.57%)	(13.57%)	(7.11%)

Source: MMHC GAAP Balance Sheet (Consolidated Audited by Deloitte & Touche LLP); Company management.

Exhibit X
FIDELITY LIFE ASSOCIATION
Statement of Condition - Statutory Basis
Years ended December 31, 2015 - 2017

	2015	2016	2017
ADMITTED ASSETS			
CASH AND INVESTED ASSETS:			
Bonds	\$346,900,519	\$319,932,703	\$313,949,677
Preferred stocks	500,000	500,000	1,890,108
Common stocks	4,400,905	6,286,027	5,705,063
Mortgage loans	29,383,675	32,294,847	42,852,316
Real estate held for the production of income	—	—	—
Real estate held for sale	—	—	—
Contract loans	6,752,372	5,775,752	5,935,583
Cash, cash equivalents, and short-term investments	13,643,228	16,989,667	10,491,451
Other invested assets	3,642,276	3,083,984	3,188,532
Total cash and invested assets	405,222,975	384,862,980	384,012,730
AMOUNTS RECOVERABLE FROM REINSURERS	6,354,792	10,577,720	6,401,666
FEDERAL INCOME TAX RECOVERABLE	—	—	359,348
NET DEFERRED TAX ASSET	—	—	—
PREMIUMS DEFERRED AND UNCOLLECTED	3,097,253	3,741,941	6,009,279
INVESTMENT INCOME DUE AND ACCRUED	3,561,354	3,344,151	3,321,329
GUARANTEE FUND NOTE RECEIVABLE FROM AFFILIATE	2,000,000	2,000,000	2,000,000
RECEIVABLE UNDER ACCIDENT AND HEALTH ARRANGEMENTS	—	—	—
OTHER ASSETS	960,297	486,916	4,201,143
TOTAL	\$421,196,671	\$405,013,708	\$406,305,495
LIABILITIES AND SURPLUS			
LIABILITIES:			
Life and annuity reserves	\$222,176,104	\$224,620,202	\$229,890,567
Deposit-type funds:			8,699,662
Supplemental contracts without life contingencies	22,057	22,057	
Beneficiary account			
Dividend accumulations	10,269,047	9,307,330	
Premium deposit funds	32,861	27,824	
Claims and benefits payable to policyholders	14,290,990	13,444,724	13,679,607
Amounts payable on reinsurance	7,708,773	4,752,530	7,467,750
Interest maintenance reserve	5,537,603	4,708,186	4,455,978
Other policyholder funds	1,477,654	1,538,298	1,523,092
Total policy liabilities	261,515,089	258,421,151	265,716,656
Asset valuation reserve	3,004,882	3,522,161	3,529,689
Other liabilities	22,931,976	10,845,166	9,454,466
Total liabilities	287,451,947	272,788,478	278,700,811
SURPLUS:			
Common capital stock	2,500,000	2,500,000	2,500,000
Aggregate write-ins for other than special surplus			
Unassigned surplus	131,244,724	129,725,230	125,104,684
Total surplus	133,744,724	132,225,230	127,604,684
TOTAL	\$421,196,671	\$405,013,708	\$406,305,495

Source: 2015 - 2017 Statutory Regulatory Filing.

Exhibit XI
FIDELITY LIFE ASSOCIATION
Statement of Operations - Statutory Basis
Years ended December 31, 2015 - 2017

	2015	2016	2017
INCOME:			
Premium and annuity considerations	\$ 69,079,087	\$ 60,281,676	\$ 61,051,719
Net investment income	15,932,388	15,987,397	15,290,416
Amortization of interest maintenance reserve	1,155,196	846,565	709,622
Reinsurance ceding commissions and allowances	37,644,478	30,203,366	32,105,487
Other income	5,220	115,571	93,898
Total income	123,816,369	107,434,575	109,251,142
BENEFITS AND EXPENSES:			
Death benefits	17,006,098	18,158,386	16,643,973
Matured endowments	1,444,207	963,213	835,474
Annuity benefits	10,853,574	6,584,144	8,925,039
Surrender benefits	1,200,625	1,890,160	1,059,366
Disability and accident and health benefits	320,956	247,034	348,159
Interest on policy and contract funds			
Interest and adjustments on policy or deposit-type contracts	421,753	539,309	441,771
Payments on supplementary contracts with life contingencies	9,529	4,883	4,883
Increase in aggregate reserves for life policies and contracts	5,632,776	2,444,096	5,270,365
Commissions	36,841,378	31,977,806	36,706,252
General expenses	33,321,531	32,155,346	32,777,134
Insurance taxes, licenses, and fees	3,747,383	3,969,077	4,155,940
Increase in loading on deferred and uncollected premiums	(460,691)	633,470	720,422
Dividends to policyholders	1,195,673	1,197,201	1,095,636
Total benefits and expenses	111,534,792	100,764,125	108,984,414
NET LOSS FROM OPERATIONS BEFORE FEDERAL INCOME TAXES AND			
REALIZED CAPITAL GAINS	12,281,577	6,670,450	266,728
FEDERAL INCOME TAX BENEFIT	258,000	1,133,166	(708,982)
NET LOSS FROM OPERATIONS BEFORE REALIZED CAPITAL LOSSES	12,023,577	5,537,284	975,710
REALIZED CAPITAL GAINS (LOSSES):			
Gross realized capital gains (losses)			
Related federal income tax expense			
Realized gains transferred to the interest maintenance reserve			
Total realized capital gains (losses)	229,321	(301,179)	42,318
NET INCOME (LOSS)	\$ 12,252,898	\$ 5,236,105	\$ 1,018,028

Source: 2015 - 2017 Statutory Regulatory Filing.

Exhibit XII

Public L&H Insurance Group As of 12/31/2017 Unless Otherwise Noted

Company Name	Ticker	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Tangible Equity (\$000)	Cash and Investments (\$000)	Cash and Investments / Assets (%)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Tangible Equity / Assets (%)	Life Premiums LOB (%)*
MetLife, Inc.	MET	719,892,000	378,810,000	58,870,000	49,280,000	456,768,000	63.45	6.43	8.18	6.85	43.66
Prudential Financial, Inc.	PRU	832,136,000	411,917,000	54,511,000	53,610,000	484,407,000	58.21	7.56	6.55	6.44	36.07
Aflac Incorporated	AFL	137,217,000	99,147,000	24,598,000	NA	123,659,000	90.12	4.03	17.93	NA	20.03
Lincoln National Corporation	LNC	281,763,000	103,096,000	17,322,000	15,896,000	114,717,000	40.71	5.95	6.15	5.64	30.59
Genworth Financial, Inc.	GNW	105,297,000	76,228,000	15,328,000	15,027,000	76,267,000	72.43	4.97	14.56	14.27	17.01
Brighthouse Financial, Inc.	BHF	224,192,000	77,384,000	14,580,000	14,580,000	84,195,000	37.55	5.31	6.50	6.50	6.41
Principal Financial Group, Inc.	PFG	253,941,200	72,024,100	12,921,900	10,538,400	84,573,500	33.30	5.57	5.09	4.15	16.27
Voya Financial, Inc.	VOYA	222,532,000	67,671,000	11,039,000	10,853,000	70,943,000	31.88	6.13	4.96	4.88	5.82
Unum Group	UNM	64,013,100	49,174,900	9,574,900	9,236,300	53,121,400	82.99	5.14	14.96	14.43	22.49
Reinsurance Group of America, Incorporated	RGA	60,514,818	43,582,957	9,569,535	9,562,535	52,994,677	87.57	4.55	15.81	15.80	46.39
Torchmark Corporation	TMK	23,474,985	13,931,831	6,231,421	5,789,830	17,853,047	76.05	2.24	26.54	24.66	68.35
CNO Financial Group, Inc.	CNO	33,110,300	23,534,000	4,847,500	4,847,500	28,611,400	86.41	4.85	14.64	14.64	21.22
American Equity Investment Life Holding Company	AEL	62,030,736	56,425,557	2,850,157	2,850,157	51,734,750	83.40	19.80	4.59	4.59	0.28
National Western Life Group, Inc.	NWLI	12,225,094	10,226,493	1,832,174	1,832,174	11,035,470	90.27	5.58	14.99	14.99	29.40
Primerica, Inc.	PRI	12,460,703	6,640,409	1,419,101	1,367,588	3,025,105	24.28	4.68	11.39	10.98	99.59
FBL Financial Group, Inc.	FFG	10,066,613	7,684,593	1,388,850	1,378,911	8,803,179	87.45	5.53	13.80	13.70	50.94
Kansas City Life Insurance Company	KCLI	4,530,670	3,213,903	737,155	737,155	3,520,893	77.71	4.36	16.27	16.27	55.33
Independence Holding Company	IHC	1,040,623	544,054	434,243	368,877	503,363	48.37	1.25	41.73	35.45	18.84
Citizens, Inc.	CIA	1,644,453	1,300,790	223,513	209,928	1,352,180	82.23	5.82	13.59	12.77	94.18
Security National Financial Corporation	SNFC.A	982,173	608,969	148,568	145,802	671,157	68.33	4.10	15.13	14.84	87.46
UTG, Inc.	UTGN	406,445	278,257	110,432	110,432	359,220	88.38	2.52	27.17	27.17	95.68
Midwest Holding Inc.**	MDWT	49,023	45,460	2,222	1,522	22,899	46.71	20.46	4.53	3.10	57.04
Group Aggregate											
Overall L&H Insurance Group Mean		139,250,906	68,339,512	11,297,258	9,915,386	78,597,193	66.26	6.22	13.87	12.96	41.96
Overall L&H Insurance Group Median		46,812,559	33,558,479	5,539,461	4,847,500	40,173,075	74.24	5.22	14.18	13.70	33.33

Source: SNL Financial

* Note: Life Premiums LOB (%) as of 2017 Year.

** Data as of 9/30/2017

Exhibit XIII

Overview of the Comparable Group As of 12/31/2017 Unless Otherwise Noted

Company Name	Ticker	Exchange	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Net Life Insurance in Force (\$000) ²	Life Premiums LOB (%) ¹	Annuity Premiums LOB (%) ¹	A&H Premiums LOB (%) ¹
Torchmark Corporation	TMK	NYSE	23,474,985	13,931,831	6,231,421	2.24	26.54	182,408,876	68.35	1.00	30.64
Primerica, Inc.	PRI	NYSE	12,460,703	6,640,409	1,419,101	4.68	11.39	98,555,300	99.59	0.18	0.22
FBL Financial Group, Inc.	FFG	NYSE	10,066,613	7,684,593	1,388,850	5.53	13.80	49,068,018	50.94	47.79	0.07
Kansas City Life Insurance Company	KCLI	OTCQX	4,530,670	3,213,903	737,155	4.36	16.27	18,452,000	55.33	29.67	11.41
Security National Financial Corporation	SNFC.A	NASDAQ	982,173	608,969	148,568	4.10	15.13	1,698,584	87.46	12.41	0.13
UTG, Inc.	UTGN	OTC Pink	406,445	278,257	110,432	2.52	27.17	958,000	95.68	4.09	0.21
Group Aggregate											
Comparable Group Mean			8,653,598	5,392,994	1,672,588	3.90	18.38	58,523,463	76.23	15.86	7.11
Comparable Group Median			7,298,642	4,927,156	1,063,003	4.23	15.70	33,760,009	77.91	8.25	0.21
MMHC			666,414	437,692	196,203	2.23	29.44	31,029,192	96.23	0.14	3.62

Source: S&P Global Market Intelligence and Company financial statements

¹ Statutory metric as of 12/31/2017 representing the company at the Life Group Level, the highest level consolidated insurance company unit. For MMHC, these figures represent Fidelity Life Association, A Legal Reserve Life Insurance Company.

² Net Life Insurance in Force for MMHC represents the statutory calculation of life insurance in force excluding annuity as of the most recent year.

Exhibit XIV

Financial Condition of the Comparable Group As of 12/31/2017 Unless Otherwise Noted

Company	Ticker	Total Assets (\$000)	Total Policy Reserves (\$000)	Total Equity (\$000)	Tangible Equity (\$000)	Cash and Investments (\$000)	Cash & Investments / Policy Reserves (%)	Cash and Investments / Assets (%)	Policy Reserves / Equity (x)	Total Equity / Assets (%)	Tangible Equity / Assets (%)
Torchmark Corporation	TMK	23,474,985	13,931,831	6,231,421	5,789,830	17,853,047	128.15	76.05	2.24	26.54	24.66
Primerica, Inc.	PRI	12,460,703	6,640,409	1,419,101	1,367,588	3,025,105	45.56	24.28	4.68	11.39	10.98
FBL Financial Group, Inc.	FFG	10,066,613	7,684,593	1,388,850	1,378,911	8,803,179	114.56	87.45	5.53	13.80	13.70
Kansas City Life Insurance Company	KCLI	4,530,670	3,213,903	737,155	737,155	3,520,893	109.55	77.71	4.36	16.27	16.27
Security National Financial Corporation	SNFC.A	982,173	608,969	148,568	145,802	671,157	110.21	68.33	4.10	15.13	14.84
UTG, Inc.	UTGN	406,445	278,257	110,432	110,432	359,220	129.10	88.38	2.52	27.17	27.17
<u>Group Aggregate</u>											
Comparable Group Mean		8,653,598	5,392,994	1,672,588	1,588,286	5,705,434	106.19	70.37	3.90	18.38	17.94
Comparable Group Median		7,298,642	4,927,156	1,063,003	1,052,372	3,272,999	112.38	76.88	4.23	15.70	15.56
MMHC		666,414	437,692	196,203	194,323	404,826	92.49	60.75	2.23	29.44	29.16

Source: S&P Global Market Intelligence and Company financial statements

Exhibit XV

Operating Performance of the Comparable Group As of and for the LTM Period Ended 12/31/2017 Unless Otherwise Noted

Company Name	Ticker	Total Policy Income (\$000)	Total Revenue (\$000)	Policy Income/ Equity (%)	Net Income (\$000)	Inv. Yield (%)	ROAA (%)	ROAE (%)	3 Year Average		Net Margin (%)
Torchmark Corporation	TMK	3,282,935	4,155,573	52.68	1,454,494	5.13	6.46	28.57	3.88	17.39	35.00
Primerica, Inc.	PRI	961,338	1,689,102	67.74	350,255	2.90	2.93	27.38	2.23	20.54	20.74
FBL Financial Group, Inc.	FFG	308,683	735,478	22.23	194,355	4.96	1.98	15.55	1.45	11.29	26.43
Kansas City Life Insurance Company	KCLI	293,953	450,702	39.88	51,541	4.28	1.15	7.34	0.76	4.85	11.44
Security National Financial Corporation	SNFC.A	70,412	276,925	47.39	14,113	4.94	1.44	10.22	1.59	10.99	5.10
UTG, Inc.	UTGN	7,457	28,734	6.75	4,813	5.82	1.19	4.94	0.62	2.66	16.75
<u>Group Aggregate</u>											
Comparable Group Mean		820,796	1,222,752	39.45	344,929	4.67	2.53	15.67	1.76	11.29	19.24
Comparable Group Median		301,318	593,090	43.64	122,948	4.95	1.71	12.88	1.52	11.14	18.74
MMHC		82,873	115,870	42.24	(8,241)	3.85	(1.25)	(4.13)	(1.59)	(5.03)	(7.11)

Source: S&P Global Market Intelligence and Company financial statements

Exhibit XVI
Ratio Analysis of the Comparable Group
As of and for the LTM Period Ended 12/31/2017 Unless Otherwise Noted

		Lapse & Surrender Ratio ¹ (%)	Benefit Ratio (%)	Expense Ratio (%)	Commission Ratio (%)	Surplus Notes/ C&S (%)	Dividend Payout Ratio (%)	Fixed Maturities/ Total Investments (%)	Effective Tax Rate (%)
Torchmark Corporation	TMK	21.02	43.31	16.30	29.41	4.18	4.91	95.69	(75.56)
Primerica, Inc.	PRI	8.85	11.05	62.49	106.14	0.00	10.25	97.31	7.71
FBL Financial Group, Inc.	FFG	5.10	43.82	15.09	9.61	0.00	42.06	83.33	(28.62)
Kansas City Life Insurance Company	KCLI	5.64	84.08	20.46	13.21	0.00	20.30	72.20	(75.49)
Security National Financial Corporation	SNFC.A	10.01	55.41	22.10	24.87	46.92	0.00	36.49	(87.37)
UTG, Inc.	UTGN	3.28	232.19	137.80	3.28	0.00	0.00	53.49	(45.58)
Group Aggregate									
Comparable Group Mean		8.98	78.31	45.71	31.09	8.52	12.92	73.08	(50.82)
Comparable Group Median		7.24	49.61	21.28	19.04	0.00	7.58	77.76	(60.54)
MMHC		11.82	43.83	53.37	60.12	0.00	687.60	85.91	NM

Source: S&P Global Market Intelligence and Company financial statements

¹ Statutory metric as of 12/31/2017 representing the company at the Life Group Level, the highest level consolidated insurance company unit. For MMHC, these figures represent Fidelity Life Association, A Legal Reserve Life Insurance Company.

Exhibit XVII
Fidelity Life Association
Investment Portfolio
Years Ended December 31, 2015 - 2017

Data displayed in \$000 unless otherwise noted

	2015 Y	2016 Y	2017 Y
Period Ended	12/31/2015	12/31/2016	12/31/2017
Net Investment Income	15,932	15,987	15,290
Realized Capital Gains	229	(301)	42
Unrealized Capital Gains	(662)	640	(179)
Investment Portfolio Composition (%)			
Total Cash & Investments	405,223	384,863	384,013
Affiliated Cash & Investments	0	0	0
Unaff. Bonds / Unaff. Investments	85.57	83.13	81.76
Unaff. Preferred Stocks / Unaff. Investments	0.12	0.13	0.49
Unaff. Common Stocks / Unaff. Investments	1.09	1.63	1.49
Unaff. Mortgage Loans / Unaff. Investments	7.25	8.39	11.16
Real Estate / Unaff. Investments	0.00	0.00	0.00
Contract Loans / Unaff. Investments	1.67	1.50	1.55
Unaff. Cash & Short Term / Unaff. Investments	3.37	4.41	2.73
Unaff. Other Investments / Unaff. Investments	0.94	0.80	0.83
Investment Yields by Type (%)			
Net Yield on Invested Assets	3.98	4.07	3.99
Gross Yield - Bonds (excl affiliates)	4.45	4.52	4.48
Gross Yield - Preferred Stocks (excl affiliates)	6.37	6.38	4.66
Gross Yield - Common Stocks (excl affiliates)	3.80	5.93	6.22
Gross Yield - Mortgage Loans	5.23	5.08	5.39
Gross Yield - Real Estate	NA	NA	NA
Gross Yield - Contract Loans	6.53	5.67	3.58
Gross Yield - Cash and Short Term	0.01	0.17	0.48
Gross Yield - All Other Inv. Assets	5.24	7.10	7.94
Bond Portfolio Composition (%)			
Total Bonds (incl Short-Term) (\$000)	346,901	319,933	313,950
U.S Government / Total Bonds	1.59	1.29	2.30
Foreign Government / Total Bonds	0.04	0.04	0.04
States, Territories & Possessions / Total Bonds	0.32	0.34	0.35
Political Subdivisions / Total Bonds	0.30	0.32	0.48
Special Revenue / Total Bonds	18.41	17.23	17.62
Public Utilities / Total Bonds	NA	NA	NA
Industrial / Total Bonds	79.34	80.73	78.86
Credit Tenant Loans / Total Bonds	NA	NA	NA
Affiliated / Total Bonds	0.00	0.00	0.00
Privately Placed Bonds / Total Bonds	26.55	27.66	28.62
Privately Placed Bonds / C&S	68.43	66.93	70.41
Bond Average Asset Quality (NAIC Des # 1-6)			
U.S Government	1.00	1.00	1.00
Foreign Government	2.00	2.00	2.00
States, Territories & Possessions	1.00	1.00	1.00
Political Subdivisions	1.47	1.48	1.32
Special Revenue	1.00	1.00	1.00
Public Utilities	NA	NA	NA
Industrial	1.47	1.53	1.56
Credit Tenant Loans	NA	NA	NA
Affiliated	NA	NA	NA
Total Bonds	1.38	1.43	1.45
Bonds Rated 3-6 / Total Bonds	5.52	7.90	9.40
Bonds Rated 3-6 / C&S	14.24	19.12	23.12
Bond Maturity Distribution (%)			
< 1 Year / Total Bonds	12.79	6.91	8.59
1 - 5 Years / Total Bonds	41.02	45.35	37.57
5 - 10 Years / Total Bonds	23.92	20.93	23.00
10 - 20 Years / Total Bonds	7.01	11.89	13.72
> 20 Years / Total Bonds	15.26	14.92	17.12
Preferred Stock Portfolio Composition (%)			
Total Preferred Stock (incl Nonadmitted) (\$000)	500	500	1,890
Public Utilities / Total Preferred	NA	NA	NA
Banks, Trust & Unaffil Insurance / Total Preferred	NA	NA	NA
Industrial & Misc / Total Preferred	100.00	100.00	100.00
Affiliated / Total Preferred	0.00	0.00	0.00
Common Stock Portfolio Composition (%)			
Total Common Stock (incl Nonadmitted) (\$000)	4,401	6,286	5,705
Public Utilities / Total Common	NA	NA	NA
Banks, Trust & Unaffil Insurance / Total Common	NA	NA	NA

Industrial & Misc / Total Common	100.00	100.00	100.00
Affiliated / Total Common	0.00	0.00	0.00
Mortgage Loan Portfolio Composition (%)			
Total Mortgage Loans (incl Nonadmitted) (\$000)	29,929	32,785	43,120
Mortgages in Good Standing / Total	95.33	95.97	98.37
Restructured Mortgages / Total	4.67	3.83	1.63
Mortgages 90+ Due / Total	0.00	0.00	0.00
Mortgages in Foreclosure / Total	0.00	0.20	0.00
Mortgages in Foreclosure / C&S	0.00	0.05	0.00
Real Estate Composition (%)			
Total Real Estate (incl Nonadmitted) (\$000)	0	0	0
Real Estate Occupied / Total	NA	NA	NA
Income Producing Real Estate / Total	NA	NA	NA
Real Estate Held for Sale / Total	NA	NA	NA

Source: SNL Financial.

Exhibit XVIII

Comparative Market Valuation Analysis As of and for the LTM Period Ended 12/31/2017

	4/11/2018 Closing Price (\$)	Market Value \$MM	Price/ Book (%)	Price/ Tangible Book (%)	Price/ LTM EPS (x)	Price/ LTM Revenue (x)	Price/ Total Assets (%)	Pro forma Equity/ Assets (%)	Current Dividend Yield (%)
MMHC Fully Converted									
Pro Forma Valuation Minimum	10.00	148.8	46.40	46.66	NM	1.25	18.81	40.54	0.00
Pro Forma Valuation Midpoint	10.00	175.0	50.89	51.18	NM	1.46	21.50	42.24	0.00
Pro Forma Valuation Maximum	10.00	201.3	54.82	55.10	NM	1.67	24.03	43.84	0.00
Comparable Group Mean		2,683.0	128.79	132.96	10.05	1.87	21.83	17.86	1.14
Comparable Group Median		1,088.1	101.77	102.23	8.61	2.32	18.95	15.43	0.90
Comparable Group									
Torchmark Corporation	83.42	9,497.5	153.41	165.11	6.83	2.25	40.86	25.11	0.76
Primerica, Inc.	96.55	4,254.4	301.07	312.41	12.69	2.44	34.05	11.42	1.04
FBL Financial Group, Inc.	70.85	1,759.8	127.46	128.38	9.14	2.39	17.51	12.59	2.65
Kansas City Life Insurance Company	43.00	416.4	56.49	56.49	8.08	0.93	9.31	15.73	2.40
Security National Financial Corporation	5.38	86.7	58.22	59.32	6.18	0.31	8.83	15.13	0.00
UTG, Inc.	25.00	83.1	76.08	76.08	17.36	2.88	20.39	27.17	0.00
Performing median (n = 4)		3,007.07	140.43	146.74	7.98	2.32	25.78	13.86	0.90
Poor performing median (n = 2)		249.75	66.28	66.28	12.72	1.91	14.85	21.45	1.20
Discount of poor to performing			52.80	54.83	-59.34	17.91	42.39	-54.76	-33.69

Source: S&P Global Market Intelligence and Company financial statements

"Poor Performing" defined as companies with less than 1% ROAA 8% ROAE on a 3-year average basis

Note: Data as of 12/31/2017 other than stock price, market capitalization, P/BV, P/TBV and P/LTM EPS .

Exhibit XIX
Members Mutual Holding Company
Pro Forma Assumption for Conversion Valuation

1. The initial offering price is \$10.00 per share and the number of shares offered is calculated by dividing the estimated pro forma market value by the offering price.
2. Total conversion and offering expenses are estimated at \$15.1 million at the midpoint. The transaction expenses as estimated by Fidelity Life management is based on certain incurred fixed costs as well as variable costs associated with the level of subscription from policyholder subscription and a syndication (as defined in Raymond James engagement letter). Assumes that a traditional SRC occurs.
3. It is assumed that 3% of the shares offered for sale will be acquired by an employee stock ownership plan (“**ESOP**”) Pro forma adjustments have been made to earnings and equity to reflect the impact of the ESOP. The aggregate purchase price of shares of common stock to be purchased by the ESOP in the offering represents unearned compensation and is reflected as a reduction in capital. It is further assumed that the ESOP purchase is funded by a loan from Members Mutual. No reinvestment is assumed on proceeds used to fund the ESOP. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine the estimated net funds available for reinvestment. The ESOP expense reflects recognition of expense based upon shares committed to be allocated under the ESOP. For purposes of this calculation, the average market value was assumed to be equal to the initial offering price of \$10.00.
4. Assumes 4% of shares offered for sale will be acquired by the Company for a restricted stock plan to be ratably allocated and expensed over 5 years.
5. The net investable proceeds are fully invested at the beginning of the applicable period. The net investable proceeds are invested to yield a return of 2.79% which represents the estimated yield on the 10-year U.S. Treasury bond as of April 11, 2018. The effective federal income tax rate was assumed to be 21.0%, resulting in an after-tax yield of 2.20%.
6. The net increase in earnings excludes after-tax ESOP amortization over 10 years and LTIP after tax expense over 5 years.
7. For the earnings per share (“**EPS**”) calculations, pro forma per share amounts have been computed by dividing pro forma amounts by the total outstanding number of shares of stock, adjusted to give effect to the purchase of ESOP shares in accordance with Statement of Position (“**SOP**”) 93-6. Under SOP 93-6, the weighted average of the ESOP shares that have not been committed for release are subtracted from total shares outstanding when calculated EPS.
8. No effect has been given in the pro forma equity calculation for the assumed earnings on the net proceeds.
9. For the book value and asset calculations, pro forma per share amounts have been computed by dividing pro forma amounts by the total outstanding number of shares of stock.
10. The additional shares that Members Mutual expects to issue after the Conversion in conjunction with the grant of options have not been considered in our analysis.

Exhibit XX

**Pro Forma Conversion Valuation Range - Full Conversion Basis
(Dollars in Thousands, except per share data)**

	<u>Minimum</u>	<u>Midpoint</u>	<u>Maximum</u>
Total implied shares outstanding	14,875,000	17,500,000	20,125,000
Offering price ¹	\$ 10.00	\$ 10.00	\$ 10.00
Implied Gross Proceeds:	\$ 148,750	\$ 175,000	\$ 201,250
Less: estimated expenses ²	(13,952)	(15,113)	(16,273)
Implied net offering proceeds	134,798	159,887	184,977
Less: ESOP Plan Purchase ³	(4,463)	(5,250)	(6,038)
Less: LTIP Plan Purchase ⁴	(5,950)	(7,000)	(8,050)
Net investable proceeds ⁵	<u>\$ 124,385</u>	<u>\$ 147,637</u>	<u>\$ 170,890</u>
Net Income:			
LTM ended 12/31/2017	(8,241)	(8,241)	(8,241)
Pro forma income on net proceeds ⁵	2,742	3,254	3,767
Pro forma ESOP expense amortization adjustment	(353)	(415)	(477)
Pro forma LTIP adjustment	(940)	(1,106)	(1,272)
Pro forma net income ⁶	(6,792)	(6,508)	(6,223)
Pro forma earnings per share ⁷	(0.47)	(0.38)	(0.32)
Total Revenue:			
LTM ended 12/31/2017	115,870	115,870	115,870
Pro forma revenue on net proceeds, pre-tax	3,470	4,119	4,768
Pro forma total revenue	119,340	119,989	120,638
Pro forma total revenue per share	8.02	6.86	5.99
Total Equity:			
Total equity at 12/31/2017	196,203	196,203	196,203
Net offering proceeds	134,798	159,887	184,977
Less: ESOP plan purchase	(4,463)	(5,250)	(6,038)
Less: LTIP plan purchase	(5,950)	(7,000)	(8,050)
Pro forma total equity ⁸	320,588	343,840	367,093
Pro forma book value per share ⁹	21.55	19.65	18.24
Tangible Equity:			
Total tangible equity at 12/31/2017	194,323	194,323	194,323
Net offering proceeds	134,798	159,887	184,977
Less: ESOP plan purchase	(4,463)	(5,250)	(6,038)
Less: LTIP plan purchase	(5,950)	(7,000)	(8,050)
Pro forma tangible equity	318,708	341,960	365,213
Pro forma tangible book value per share ⁹	21.43	19.54	18.15
Total Assets:			
Total assets at 12/31/2017	666,414	666,414	666,414
Net offering proceeds	134,798	159,887	184,977
Less: ESOP plan purchase	(4,463)	(5,250)	(6,038)
Less: LTIP plan purchase	(5,950)	(7,000)	(8,050)
Pro forma total assets	790,799	814,051	837,304
Pro forma total assets per share ⁹	53.16	46.52	41.61
Pro Forma Ratios:			
Price / LTM EPS	NM	NM	NM
Price / LTM Revenue	1.25	1.46	1.67
Price / Book Value	0.46	0.51	0.55
Price / Tangible Book Value	0.47	0.51	0.55
Price / Total Assets	0.19	0.21	0.24
Total Equity / Assets	40.54%	42.24%	43.84%
Tangible Equity / Assets	40.30%	42.01%	43.62%

Note: See Exhibit XIX for explanation of assumptions.

BOENNING & SCATTERGOOD

ESTABLISHED 1914

April 13, 2018

Board of Directors
Members Mutual Holding Company
8700 W. Bryn Mawr Ave.
Chicago, IL 60631

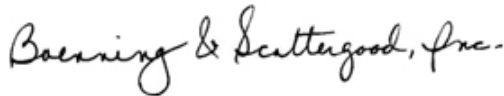
Members of the Board:

At your request, we hereby provide an opinion of the economic value of the subscription rights to be received by eligible policyholders of Members Mutual Holding Company ("MMHC" or the "Company") to purchase the common stock of Vericity, Inc. (the "Issuer"). Pursuant to a Draft Plan of Conversion dated November 30, 2016 (the "Plan") which was subsequently withdrawn and is expected to be updated and adopted in connection with the conversion described in Boenning's Appraisal dated April 11, 2018, the Issuer will issue its common stock to the public. In accordance with the Plan, the Issuer will offer its newly issued shares of common stock for sale in a subscription offering to eligible policyholders of MMHC, among others. Any shares of common stock not sold in the subscription offering may be offered for sale to certain Standby Purchasers as defined in the Plan.

It is the opinion of Boenning & Scattergood, Inc. that the subscription rights to be received by eligible policyholders of MMHC to purchase shares of common stock of the Issuer, pursuant to the Plan, will not have any economic value at the time of distribution or at the time the rights are exercised in the subscription offering.

Our opinion is based on the fact that the subscription rights are acquired by the recipients without cost, are nontransferable, nonnegotiable and of short duration, and provide the recipient with the right only to purchase shares of common stock of the Issuer in the subscription offering at a price that is equal to the estimated pro forma market value of the converted Company, which will be the same price at which any unsubscribed shares will be sold to Standby Purchasers.

Sincerely,



BOENNING & SCATTERGOOD, INC.

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July 31, 2018

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The Board of Directors
Members Mutual Holding Company
8700 W. Bryn Mawr Avenue, Ste 900S
Chicago, IL 60631

Re: Plan of Conversion from Mutual Holding Company Form to Stock Form

STATEMENT OF ACTUARIAL OPINION

Subject of this Opinion Letter

This opinion letter relates to the actuarial aspects of the proposed reorganization of Members Mutual Holding Company (“Members Mutual”) from a mutual holding company form to a stock form pursuant to its Plan of Conversion (“Plan”) as presented to the Board of Directors of Members Mutual for its review and approval on July 31, 2018. The specific opinion set forth herein relates to the proposed allocation of Subscription Rights among Eligible Members which is in consideration of the extinguishing of any voting and other membership rights.

Capitalized terms have the same meaning in this opinion as they have in the Plan.

Qualifications and Usage

I, Steven I. Schreiber, am associated with the firm of Milliman, Inc. (“Milliman”) and am a Member of the American Academy of Actuaries, qualified under the Academy’s Qualification Standards to render the opinion set forth herein. I, and staff acting under my direction, have advised Members Mutual during the course of its development of the Plan and the Actuarial Contribution Principles and Methodologies document (attached as Exhibit B to the Plan). The Plan is based on authority in Section 59.1 of the Illinois Insurance Code. The opinion set forth herein is not a legal opinion concerning the Plan but rather reflects the application of actuarial concepts and standards of practice to the allocation of Subscription Rights to Eligible Members. My opinion does not cover aspects of the Plan, as allowed by the Illinois Insurance Code, whereby Subscription Rights or shares, under certain circumstances, may be made available to other than Eligible Members.

I am aware that this opinion letter will be furnished to the Director of the Illinois Insurance Department for the Director's use in determining the fairness of the Plan and in making the required findings under Section 59.1(3)(a) with respect thereto, and I consent to the use of this letter for that purpose.

Existing Relationship

Members Mutual and its life insurance company Fidelity Life are existing clients of Milliman. Milliman was involved in the mutual holding company formation of Members Mutual in 2006, and actuaries from Milliman have performed the periodic review of Fidelity Life's Closed Block formed at the time of the mutual holding company formation. A different team of Milliman consultants also performed actuarial work for Members Mutual as part of discussions with potential Standby Purchasers. In addition, Milliman has performed other work for Members Mutual and Fidelity Life unrelated to the current Plan of Conversion.

Reliance

In forming the opinion set forth in this letter, I have received from Members Mutual extensive information concerning Fidelity Life's past and present practices and financial results. I, and other Milliman staff acting under my direction, met with Members Mutual personnel and defined the information we required; in all cases, we were provided with the information we requested to the extent that it was available or could be developed from Fidelity Life's records. I have made no independent verification of this information, although I or my staff have reviewed it for general reasonableness and internal consistency where practical. I have relied on this information, which was provided under the general direction of Marc Cagen, Valuation Actuary & Mortality Risk Manager of Fidelity Life. My opinion depends on the substantial accuracy of this information.

Process

I, and Milliman staff acting under my direction, either conducted the analyses on which my opinion rests or reviewed work developed by Marc Cagen.

Opinion

In my opinion, the principles and methodologies for allocating consideration among Member Mutual's Eligible Members, as set forth in paragraph 2.24 and Exhibit B of the Plan, and for allocating available shares in the event of an oversubscription, as set forth in paragraph 5.(a) of the Plan, are fair and equitable from an actuarial point of view.

Discussion

Statutory guidance. Section 59.1 of the Illinois Insurance Code specifies subscription rights to purchase shares in a demutualizing insurance company as the default form of consideration. Specifically, Section 59.1(6)(c)(i) states that “The plan shall provide that each eligible member is to receive, without payment, nontransferable subscription rights to purchase a portion of the capital stock of the converted stock company.” This is the approach followed by the Plan. In addition, Section 59.1(6)(c)(ii) states that “The subscription rights shall be allocated in whole shares among eligible members using a fair and equitable formula. This formula may but need not take into account how the different classes of policies of the eligible members contributed to the surplus of the mutual company.” Section 59.1(6)(i) places a limit on the amount of stock “that any one person or group of persons acting in concert” may acquire, through public offering or subscription rights, during the first five years following the conversion at 5% of the capital stock of the converted stock company except with the approval of the Director.

General description of the method of allocation of consideration among Eligible Members. The Plan follows an approach for allocating consideration (in this case, subscription rights) similar to that used in most prior life insurance demutualizations in the U.S. Specifically, each Eligible Member is allocated a Fixed Component of consideration (in this case, 100 Subscription Rights), regardless of the number of Qualifying Policies owned by such Eligible Member in the same capacity, plus a variable number of Subscription Rights (the Variable Component), if any, determined based on actuarial formulas that take into account the past and anticipated future contributions to Fidelity Life’s surplus (“actuarial contributions”) of all of the Eligible Member’s Qualifying Policies that were in force on the Adoption Date.

Appropriateness of the Fixed Component. As described earlier, each Eligible Member will be allocated a fixed number of Subscription Rights without regard to the number of Qualifying Policies owned by such Eligible Member and without regard to the amount of actuarial contributions associated with each Qualifying Policy owned by such Eligible Member. The Fixed Component is 100 Subscription Rights per Eligible Member. This element of the allocation assures that each Eligible Member will receive some consideration, and is consistent with overall concepts of equity. As discussed in Exhibit B, Members Mutual’s intention is that the aggregate of the Fixed Component shares summed across all Eligible Members will represent approximately 20% of the aggregate consideration, which is consistent with historical precedents outside of distress situations, where the Fixed Component has commonly been in the 10% - 30% range of the total allocation.

Appropriateness of the “actuarial contribution” method. The majority of the consideration to be allocated among Eligible Members is the aggregate Variable Component, which is allocated based on “actuarial contributions.” The actuarial contribution method is recognized in the actuarial literature as an appropriate allocation method. In particular, Actuarial Standard of Practice No. 37 (“ASOP 37”), which is the authoritative guidance for actuaries on this subject, states in part, “The variable component of consideration should be allocated on the basis of the

actuarial contribution.” ASOP 37 defines “actuarial contribution,” in relevant part, to be “The contributions that a particular policy or class of similar eligible policies has made to the company’s statutory surplus ... plus the present value of contributions that the same policy or class of similar eligible policies is expected to make in the future.” In developing the actuarial contributions, ASOP 37 does allow a company to take into account both administrative feasibility and imperfections in available data. The approach followed in the Plan is consistent with the approach specified in ASOP 37. I do note that the allocation to a few Eligible Members may be reduced in order to comply with the legal requirement referenced above that no person may acquire in the Offerings more than 5% of the shares of the company.

Oversubscription. Paragraph 5(a) of the Plan describes the process to be followed in the event of an oversubscription for shares of Common Stock by first allocating to subscribing Eligible Members an amount of shares to permit each such Eligible Member to purchase a number of shares equal to the Fixed Component (or any lesser number of shares actually subscribed for by such Eligible Member). Any remaining shares will be allocated among subscribing Eligible Members whose subscriptions remain unsatisfied in the proportion to which the aggregate number of shares as to which each such Eligible Member’s subscription remains unsatisfied bears to the aggregate number of shares as to which all such Eligible Members’ subscriptions remain unsatisfied. There are no actuarial standards of practice relating to oversubscriptions, but the approach defined in the Plan, whereby each Eligible Member who accepts the subscription offer can get at least the Fixed Component, with the balance allocated in a manner fundamentally related to the Variable Component is a reasonable approach.

Subsequent opinion. The actual allocation cannot be determined until Eligible Members are defined on the Adoption Date. After the allocation work and Exhibit C (the Actuarial Contribution Memorandum) are completed, I expect to provide a subsequent opinion on the actual allocation.

Sincerely,

/s/ Steven Schreiber

Steven Schreiber, FSA, MAAA

Principal & Consulting Actuary