

SERFF Tracking Number: WESA-126112619 State: Arkansas
Filing Company: MedAmerica Insurance Company State Tracking Number: 42247
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Filing at a Glance

Company: MedAmerica Insurance Company

Product Name: Long Term Care - Certificate of Assumption SERFF Tr Num: WESA-126112619 State: ArkansasLH

Assumption

TOI: H01 Health - Assumption Agreement

SERFF Status: Closed

State Tr Num: 42247

Sub-TOI: H01.000 Health - Assumption Agreement

Co Tr Num: MED-09-001

State Status: Closed

Agreement

Filing Type: Form

Co Status:

Reviewer(s): Marie Bennett

Author: Westmont Associates

Disposition Date: 06/24/2009

Date Submitted: 04/30/2009

Disposition Status: Filed-Closed

Implementation Date Requested: 09/01/2009

Implementation Date:

State Filing Description:

General Information

Project Name: Submission of Certificate of Assumption

Project Number: MED-09-001

Requested Filing Mode:

Status of Filing in Domicile: Authorized

Date Approved in Domicile: 03/24/2009

Domicile Status Comments: Approved in PA on 03/24/2009

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 06/24/2009

Explanation for Other Group Market Type:

State Status Changed: 06/24/2009

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Submission of Certificate of Assumption

Company and Contact

Filing Contact Information

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(This filing was made by a third party - westmontassociatesinc)

Wesley Pohler, AVP wes@westmontlaw.com
25 Chestnut Street (856) 216-0220 [Phone]
Haddonfield, NJ 08033 (856) 216-0303[FAX]

Filing Company Information

MedAmerica Insurance Company CoCode: 69515 State of Domicile: Pennsylvania
165 Court Street Group Code: -99 Company Type:
Rochester, NY 14647 Group Name: State ID Number:
(800) 544-0327 ext. [Phone] FEIN Number: 34-0977231

SERFF Tracking Number: WESA-126112619 State: Arkansas
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Filing Fees

Fee Required? Yes
Fee Amount: \$20.00
Retaliatory? No
Fee Explanation: AR fee for Cert of Assumption as per Rosalind Minor
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
MedAmerica Insurance Company	\$20.00	04/30/2009	27543177

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed-Closed	Marie Bennett	06/24/2009	06/24/2009

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status Request	Note To Reviewer	Westmont Associates	06/23/2009	06/23/2009
Status request	Note To Reviewer	Westmont Associates	06/12/2009	06/12/2009
Request for Status	Note To Reviewer	Westmont Associates	06/03/2009	06/03/2009

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Disposition

Disposition Date: 06/24/2009

Implementation Date:

Status: Filed-Closed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Letter of Authorization		Yes
Supporting Document	Reinsurance Agreement		Yes
Supporting Document	PA Letter of No Objection		Yes
Supporting Document	PA Approval of Certification of Assumption		Yes
Supporting Document	IL Approval		Yes
Supporting Document	Cover Letter - AR		Yes
Form	Certificate of Assumption		Yes

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Note To Reviewer

Created By:

Westmont Associates on 06/23/2009 11:23 AM

Last Edited By:

Marie Bennett

Submitted On:

06/24/2009 01:49 PM

Subject:

Status Request

Comments:

Please let me know if there has been any progress made to the review of this filing.

Thank you.

Meghan

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Note To Reviewer

Created By:

Westmont Associates on 06/12/2009 03:03 PM

Last Edited By:

Marie Bennett

Submitted On:

06/24/2009 01:49 PM

Subject:

Status request

Comments:

Please provide us with an updated status for this filing.

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Note To Reviewer

Created By:

Westmont Associates on 06/03/2009 11:19 AM

Last Edited By:

Marie Bennett

Submitted On:

06/24/2009 01:49 PM

Subject:

Request for Status

Comments:

Good Afternoon:

I am writing to inquire regarding the status of the above referenced submission. Please feel free to contact me if you have any questions or require additional information.

I look forward to hearing from you soon.

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Form Schedule

Lead Form Number: See attached

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	177CertAss	Certificate	Certificate of Assumption-	Initial			NonconsentCertificate of Assumption - generic 4-13-09_AR.pdf
	CICA-0409-AR						



**ENDORSEMENT
CERTIFICATE OF ASSUMPTION**

[Insureds Name]
[Insureds Address]
[Insureds Address]

Policy Number: [XXX-XX-XXX]

MedAmerica Insurance Company (“We”, “Our” or “Us”), and Combined Insurance Company of America (“Combined”) have entered into an Indemnity and Assumption Reinsurance Agreement. This Agreement takes effect on the Assumption Effective Date (as shown below). This is to certify that under the Agreement, We will assume from Combined all contractual liabilities and obligations which relate to your long-term care insurance policy and any riders or endorsements thereto (“Policy”). Combined shall be released from any further liability under the Policy. Other than Our becoming your insurer, all the terms and conditions of your coverage remain the same.

We are pleased to inform you that MedAmerica will perform the administrative functions for your Policy. You should send all premium payments, claims and other correspondence to Us at Our address:

MedAmerica Insurance Company
P.O. Box 41090
Rochester, NY 14604-9954
1-(800)-399-1159

Payment of your next premium to Us will mean that you consent to Us becoming your insurer. It will also mean that you agree to release Combined from any further liability under your Policy. The Assumption Effective date shall be September 1, 2009. Should you have any questions, feel free to call Us at the telephone number above.

By signature of the officer below, We welcome you to Our family of insureds. We look forward to serving you in the years ahead.

MEDAMERICA INSURANCE COMPANY

Christopher D. Perna
President

William L. Naylor
Vice President of Finance & Capital Markets

THIS ENDORSEMENT BECOMES A PART OF YOUR POLICY. PLEASE ATTACH IT TO YOUR POLICY.

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Rate Information

Rate data does NOT apply to filing.

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Supporting Document Schedules

Review Status:

Satisfied -Name: Flesch Certification 04/14/2009

Comments:

Attached is the readability certification.

Attachment:

Generic readability.pdf

Review Status:

Satisfied -Name: Letter of Authorization 04/23/2009

Comments:

Attached is the letter of authorization.

Attachment:

Letter of Authorization MedPA to Westmont.pdf

Review Status:

Satisfied -Name: Reinsurance Agreement 04/27/2009

Comments:

Attached is a copy of the Reinsurance Agreement; INFORMATIONAL ONLY; THIS IS ALSO BEING SUBMITTED VIA PAPER FORMAT WITH THE APPROPRIATE FEE.

Attachment:

Reinsurance agreement complete.pdf

Review Status:

Satisfied -Name: PA Letter of No Objection 04/27/2009

Comments:

Attached is the PA DOI no objection letter

Attachment:

PA NO OBJECTION LETTER.pdf

Review Status:

Satisfied -Name: PA Approval of Certification of Assumption 04/27/2009

Comments:

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Attached is the PA filing and approval.

Attachment:

PA Filing and Approval.pdf

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Review Status:

Satisfied -Name: IL Approval

04/27/2009

Comments:

Attached is the IL approval

Attachment:

DOC021909ILApproval.pdf

Review Status:

Satisfied -Name: Cover Letter - AR

04/30/2009

Comments:

Attached is the cover letter.

Attachment:

Letter Template AR.pdf



April 29, 2009

TO: Department of Insurance
Property and Casualty Division

RE: **MedAmerica Insurance Company**
NAIC# 69515
FEIN# 34-0977231
Readability Certification

To Whom It May Concern:

The company has reviewed the enclosed form(s) and certifies that, to the best of its knowledge and belief, each form submitted meets your state's minimum statutory requirements relating to the readability of said forms.



(Company Officer/Signature)

William L. Naylon
VP of Finance & Capital Markets
(Name/Title)



February 6, 2009

RE: MedAmerica Insurance Company
NAIC Company Code: 69515
FEIN: 34-0977231
Letter of Authorization for Form and Rate Filings

To Whom It May Concern:

In accordance with the applicable statutes and regulations of your state, Westmont Associates, Inc. is hereby authorized to file form and rate filings on behalf of MedAmerica Insurance Company.

William Naylor
Vice President of Finance and Capital Markets

INDEMNITY AND ASSUMPTION REINSURANCE AGREEMENT

by and between

COMBINED INSURANCE COMPANY OF AMERICA

and

MEDAMERICA INSURANCE COMPANY

Effective as of Coinsurance Effective Date

INDEMNITY AND ASSUMPTION REINSURANCE AGREEMENT

THIS INDEMNITY AND ASSUMPTION 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 MedAmerica Insurance Company, a Pennsylvania domiciled life, accident and health insurance company (“Reinsurer”).

WHEREAS, Company and Reinsurer have agreed that Company shall cede to Reinsurer and Reinsurer shall indemnify reinsure as of the Coinsurance Effective Date (as defined hereafter) 100% of Company’s Policy Liabilities (as defined hereafter); and

WHEREAS, Company and Reinsurer have agreed that following the Coinsurance Effective Date, Company shall cede to Reinsurer and Reinsurer shall assume as its direct obligation from Company, on an assumption reinsurance basis, the Policy Liabilities subject to the terms and conditions set forth herein; and

WHEREAS, Company and Reinsurer acknowledge and agree that the ultimate intent of this Agreement, the transactions contemplated hereunder and the Services Agreement (as defined below) is for Reinsurer to assume all of Company’s Policy Liabilities, except for Policy Liabilities arising under Canadian Policies thereby effecting a novation of the Policies and the Wind-Up Policies from Company to Reinsurer.

NOW, THEREFORE, in consideration of these premises and the mutual covenants and promises contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I **Definitions**

“Additional Collateral” shall have the meaning as set forth in Section 3.2.

“Additional Collateral Fee” shall mean an amount equal to \$237,500.

“Administrative Services” shall have the meaning as set forth in the Services Agreement.

“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 any domestic or foreign federal, state or local statute, law, ordinance or code, or any rules, regulations, administrative interpretations or orders issued by any 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.

“Assumption Certificate” means the certificate evidencing Reinsurer’s assumption (as its direct obligation) of the Policy Liabilities under a Policy and/or a Wind-Up Policy in substantially the same form as set forth in Exhibit A to this Agreement or such other form as shall be required by any Governmental Authority.

“Assumption Effective Date” means, with respect to each of the Policies (other than a Policy of a Non-Consenting Policyholder and a Canadian Policy) and the Wind-Up Policies the respective dates that Reinsurer’s assumption (as its direct obligation) of the Policy Liabilities under a Policy and a Wind-Up Policy hereof have been effected under Article III, and any and all approvals and consents (whether express or deemed) as required under Applicable Law from: (i) Governmental Authorities with jurisdiction over the Policy; and/or (ii) the Policyholder have been received.

“Assumption Reinsurance Transactions” shall have the meaning set forth in the Services Agreement.

“Authorization for Underwriting” shall mean that certain letter agreement executed between the parties hereto, as well as certain of their Affiliates, dated as January 23, 2009 and attached hereto as Exhibit B.

“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.

“Canadian Policies” (each a “Canadian Policy”) means the Policies and the Wind-Up Policies issued by the Canadian branch of Company.

“Canadian Trust Agreement” shall have the meaning set forth in Section 2.8 and shall be in the form as set forth in Exhibit C.

“Ceding Commission” means an amount equal to \$783,750.

“Change of Control” means the acquisition, directly or indirectly, of more than (i) ten percent (10%) of the voting capital stock of Ultimate Parent or of any Person that owns or controls, directly or indirectly, Ultimate Parent, 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 Ultimate Parent or 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 December 31, 2008.

“Commissions” mean all commissions, expense allowances, benefit credits, service fees, payments and other fees and compensation payable to Producers.

“Company Indemnitees” shall have the meaning set forth in Section 10.1.

“Execution Date” shall have the meaning set forth in Section 2.1.

“Excluded Liabilities” means: (a) Premium-related Taxes and fees, including excise and retaliatory Taxes, due in respect of Premiums paid prior to the Coinsurance Effective Date; and (b) assessments and similar

charges in connection with participation by Company, whether voluntary or involuntary, in any guaranty association established or governed by any state or other jurisdiction, arising on account of Premiums paid prior to the Coinsurance Effective Date.

“GAAP” means United States generally accepted accounting principles as in effect from time to time.

“Governmental Authority” means any federal, state, local, foreign, international or multinational agency, commission, court, entity or authority exercising executive, legislative, judicial, regulatory, administrative or taxing functions of or pertaining to government or any non-governmental United States or foreign self-regulatory agency, commission or authority or any arbitral tribunal.

“Governmental Authority Approval/Non-Disapproval Effective Date” means the effective date of each respective Governmental Authority’s consent, approval or non-disapproval of transactions contemplated under this Agreement.

“Illinois SAP” means the statutory accounting principles and procedures applicable under Illinois law and the rules, regulations and practices prescribed or permitted by the Insurance Department of the State of Illinois relating thereto.

“Interest” means interest accruing, at a rate equal to the monthly average three-month benchmark Treasury Bill rate published by the Federal Reserve (H.15 (519) SELECTED INTEREST RATES STATISTICAL RELEASE).

“Non-Consenting Policyholder” means any Policyholder: (i) who fails to consent in any jurisdiction in which consent is required for assumption reinsurance to be effective; (ii) who objects to the assumption by Reinsurer as its direct obligation of the Policy Liabilities under a Policy or a Wind-Up Policy under Article III hereof; or (iii) who resides in a jurisdiction in which a Governmental Authority having jurisdiction over an Assumption Certificate and/or this Agreement fails to approve the Assumption Certificate and/or this Agreement, if required by Applicable Law.

“Notice of Change of Control” shall have the meaning set forth in Section 2.10.

“OSFI” means the Canadian regulatory agency, Office of the Superintendent of Financial Institutions Canada, having control and authority over the affairs of the Canadian branch of Company.

“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 individual long term care insurance policies together with all related binders, slips and certificates (including applications therefor and all supplements, endorsements, riders and ancillary agreements in connection therewith): (a) whose policy form numbers are identified on Schedule 1.2 (excluding those Policies issued or delivered in New York and Florida); (b) have been issued or delivered by Company at any time on or prior to the Coinsurance Effective Date; and (c) either in force as of the Coinsurance Effective Date or subject to being renewed, reinstated or converted in accordance with their terms

on or after the Coinsurance Effective Date (regardless of when such renewals, reinstatements, or conversions are issued). Policies shall include the Canadian Policies, except where otherwise indicated herein.

“Policy Liabilities” means any and all gross liabilities and obligations arising out of or relating to the Policies and the Wind-Up Policies whether or not incurred before or after the Coinsurance Effective Date; provided, however, Policy Liabilities shall not include any Excluded Liabilities. By way of illustration, but without limitation, the Policy Liabilities shall include: (a) the Reserves relating to the Policies and the Wind-Up Policies; (b) all liabilities for incurred but not reported claims, claims in the course of settlement, payments, benefits, interest on claims, extra-contractual, punitive or exemplary damages or other payments, in each case arising under or relating to the Policies and the Wind-Up Policies, whether or not included within the Reserves; (c) all liabilities arising out of any changes to the terms and conditions of the Policies and the Wind-Up Policies mandated by Applicable Law; (d) Premium-related Taxes and fees, including excise and retaliatory Taxes, due in respect of Premiums paid after the Coinsurance Effective Date (without giving effect to any credits due to Company for any guaranty fund assessments paid by Company prior to Coinsurance Effective Date); (e) assessments and similar charges in connection with participation by Company, whether voluntary or involuntary, in any guaranty association established or governed by any state or other jurisdiction, arising on account of direct Premiums paid after the Coinsurance Effective Date; (f) all liabilities for amounts payable for returns or refunds of Premiums; and (g) Premiums or other charges or amounts payable or other obligations to Company's third party reinsurers of the Policies.

“Policyholder” means with respect to each individual Policy and Wind-Up Policy, the individual identified as the insured.

“Premiums” or “Premium” means premiums, considerations, deposits and similar receipts with respect to the Policies and the Wind-Up Policies including return premiums as a result of surrenders, cancellations and lapses.

“Premium-related Taxes Allowance” means the provision for the payment of premium taxes, assessments and fees on the Policies and the Wind-Up Policies coinsured hereunder as of the Coinsurance Effective Date, which Reinsurer allows Company in an amount equal to 2.5% 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 or the Wind-Up Policies and are entitled to receive Commissions from Company.

“Producer Commissions” means commissions paid to Producers for the Wind-Up Policies.

“Purchase Price” shall mean \$67,450,000.

“Ratings Downgrade Triggers” shall have the meaning set forth in Section 2.9.

“Reinsurance Consideration” 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 and the Wind-Up 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 the Applicable Law of each jurisdiction in which the Policies were issued or delivered; 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 and Wind-Up Policies; provided, however, that Company makes no representations or warranties with respect to the adequacy of reserves under or related to the Policies and the Wind-Up Policies.

“Services Agreement” means that certain Administrative Services Agreement entered into between the parties hereto as of the Coinsurance Effective Date.

“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.

“Transition Services Addendum” shall have the meaning set forth in the Services Agreement.

“Transition Services Fee” shall have the meaning set forth in the Services Agreement.

“Transition Services Termination Date” shall have the meaning set forth in the Services Agreement.

“Ultimate Parent” means Excellus Health Plan, Inc.

“U.S. Trust Agreement” shall have the meaning set forth in Section 2.8 and shall be as set forth as Exhibit D.

“Wind-Up Policies” (each a “Wind-Up Policy”) means the individual long term care insurance policies together with all related binders, slips and certificates (including applications therefor and all supplements, endorsements, riders and ancillary agreements in connection therewith) issued from and after the Coinsurance Effective Date (i) as a result of any Producer arrangements that Company is in the process of winding up and for which less than one hundred (100) Policies will have been issued from and after the Coinsurance Effective Date until March 31, 2009 and/or (ii) which were in the process of being underwritten by Company before the Coinsurance Effective Date and which are issued by Company from or after the Coinsurance Effective Date, provided that Reinsurer is provided with the opportunity to review and consent to Company’s underwriting of all such business prior to issuance in accordance with the Authorization for Underwriting.

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 one hundred percent (100%) of the Policy Liabilities. While the coinsurance provided for hereunder shall be effective as of the Coinsurance Effective Date, as a result of domiciliary Governmental

Authority approval (or non-disapproval) necessary to implement this Agreement (and the Services Agreement), the parties will not execute this Agreement (and the Services Agreement) until the fifth (5th) Business Day following the date of the last approval from the domiciliary Governmental Authority with whom this Agreement has been filed by or on behalf of Company and Reinsurer (the “Execution Date”).

2.2 Canadian Policies. The Canadian Policies will be indefinitely coinsured under this Article II and will not be subject to Article III hereof unless and until Reinsurer becomes licensed or authorized to write, issue and/or assume life, accident and health business in Canada, or within the province(s) of Canada where the Canadian Policies have been issued. For the avoidance of all doubt, none of the provisions applicable to the novation of the Policies and the Wind-Up Policies, wheresoever found in this Agreement or in the Services Agreement, shall apply to the Canadian Policies.

2.3 Parties to Coinsurance. Article II of this Agreement provides only for indemnity reinsurance solely between Company and Reinsurer. Unless and until the Policies and the Wind-Up Policies and all Policy Liabilities are assumed by Reinsurer as its direct obligation in accordance with Article III hereof, 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 and a Wind-Up Policy.

2.4 Policy Changes or Reductions. In the event of a material change in the provisions and conditions of a Policy and/or a Wind-Up Policy a corresponding change in this Agreement and any appropriate Premium and/or Policy Liabilities’ adjustments shall be made consistent with the terms of any Policy and Wind-Up Policy or prevailing underwriting practices, and at all times, in accordance with Applicable Law. If the benefit amount of a Policy or a Wind-Up 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.

2.5 Termination of Coinsurance. Coinsurance under this Article II will continue hereunder without reduction as to Policy Liabilities of a Non-Consenting Policyholder, or for Policies and Wind-Up Policies which are otherwise not assumed under Article III hereof, 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) Upon the assumption by Reinsurer as its direct obligation of the Policies and the Wind-Up Policies and all Policy Liabilities under Article III; in such event the coinsurance of such Policies and the Wind-Up Policies shall be superseded and automatically terminate;

(b) In the event any Policy or Wind-Up Policy lapses, is forfeited or surrendered and/or no further benefits are payable thereunder; in such event the coinsurance of such Policy Liabilities shall automatically terminate; and

(c) Upon the occurrence of a Ratings Downgrade Trigger under Section 2.9(b), in Company’s sole discretion; in such event, commutation of the Policies and the Wind-Up Policies also shall be in Company’s sole discretion.

2.6 Maintenance of Reserves. From and after the Coinsurance Effective Date and until the Policies and the Wind-Up Policies and all Policy Liabilities are assumed by Reinsurer as its direct obligations under

Article III hereof, 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 the Applicable Law of each state in which the Policies and the Wind-Up Policies were issued or delivered; 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 and the Wind-Up 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. For the avoidance of doubt, the provision of all such information shall be as set forth under the Services Agreement. Until a Policy or a Wind-Up Policy is assumed by Reinsurer as of an Assumption Effective Date as its direct obligations in accordance with Article III hereof, all such Reserves will be accounted for by Company as ceded indemnity reinsurance and by Reinsurer as assumed indemnity reinsurance.

2.7 Reserve Credits. Reinsurer shall, at all times during the term of this Agreement, maintain all licenses or otherwise take any and all reasonable action necessary under the Applicable Laws in which the Policies and the Wind-Up 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.

2.8 Trust Agreements Through Coinsurance Period.

(a) U.S. Trust Agreement. Reinsurer, as grantor, Company, as beneficiary, and a mutually acceptable trustee, shall enter into a trust agreement substantially in the form set forth as Exhibit C to secure Reinsurer's obligations to Company under this Agreement for as long as there remain Policies and Wind-Up Policies coinsured hereunder (the "U.S. Trust Agreement"). The Reinsurance Consideration 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 and Wind-Up Policies coinsured pursuant to this Article II, 105% of Company's Policy Liabilities, with the exception of Policy Liabilities under the Canadian Policies. 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 and subject to Section 2.9, below. This Section 2.8(a) shall survive the expiration or termination of this Agreement for as long as there remain Policy Liabilities under the Policies and the Wind-Up Policies for which no novation has been effected.

(b) Canadian Trust Agreement. In order to implement Section 2.7 and Article XVI, herein, Reinsurer, as grantor, Company on behalf of its Canadian branch, as beneficiary, a mutually acceptable trustee located in Canada, and OSFI shall enter into the trust agreement in the form set forth as Exhibit B, to secure the coinsurance of the Canadian Policies issued by the Canadian branch of Company to Reinsurer hereunder in order to allow the Canadian branch of Company to take financial statement credit for the coinsurance hereunder (the "Canadian Trust Agreement"). The Canadian Trust Agreement shall remain in force for as long as there are Canadian Polices coinsured hereunder. The Canadian Trust Agreement shall be funded as set forth under Article XVI, in compliance with Applicable Law, and as otherwise may be required hereunder.

2.9 Ratings Downgrade Triggers.

(a) Investment Authority. In the event that Reinsurer or Ultimate Parent is downgraded to BBB- by Standard and Poor's or to B+ by A.M. Best, and pursuant to the terms of the U.S. Trust Agreement, Company shall have the right, but not the obligation to assume the authority from Reinsurer to direct the investments under the U.S. Trust Agreement. The Reinsurer shall provide Company with immediate notice of the occurrence of the Ratings Downgrade Trigger, but in no event shall Reinsurer provide Company with notice of the Ratings Downgrade Trigger more than two (2) Business Days' after the occurrence of the Ratings Downgrade Trigger.

(b) Trust Agreement Drawdown Authority/Termination/Commutation.

(i) In the event that Reinsurer or Ultimate Parent is downgraded to below BBB- by Standard and Poor's or below B+ by A.M. Best, or the rating of Reinsurer or Ultimate Parent is withdrawn for the reason of avoidance of a ratings downgrade of Reinsurer or Ultimate Parent, and pursuant to the terms of the U.S. Trust Agreement and the Canadian Trust Agreement, Company shall have the right, but not the obligation to (x) draw down the full amount of the trust account established under the U.S. Trust Agreement and the Canadian Trust Agreement, (y) terminate this Agreement with respect to the coinsurance under Article II on a run-off basis, taking into consideration Section 2.9(ii), below and/or (z) commute the Policies and the Wind-Up Policies in accordance with the procedure set forth under Section 2.9(b)(iii), below. Company shall provide notice of its intent to exercise one of the options set forth above within thirty (30) days of the notice of downgrade. Further, Company shall provide Reinsurer with five (5) Business Days notice of which option it intends to exercise from the options set forth above. In such event, the Services Agreement shall terminate commensurate with the date on which Company exercises its right under one of the options set forth above.

(ii) In the event Company elects to terminate this Agreement on a run-off basis in accordance with Section 2.9(b)(i)(y), above, Company shall be entitled to retain the amount of assets in the trust account established under the U.S. Trust Agreement, the Canadian Trust Agreement, and the Additional Collateral until all liabilities under the Policies and the Wind-Up Policies are fully and finally settled. To the extent that all of the Additional Collateral has not been utilized by Company to pay Policy Liabilities during this run-off period, or Company does not believe it will need the full amount of the Additional Collateral for the entirety of the run-off period, Company shall return to Reinsurer the unused portion of the Additional Collateral, plus Interest averaged on a quarterly basis beginning with the first calendar quarter following Company's draw down or withdrawal, as appropriate, of the Additional Collateral.

(iii) The commutation value for the Reinsurance Agreement shall be the sum of the present value of the Policy Liabilities less the present value of the future Premiums under the Policies and the Wind-Up Policies, both amounts as adjusted to present value using the one-year LIBOR rate, as published in the Wall Street Journal, US Edition on the date of Company's final demand for commutation, plus an appropriate risk margin (the "Commutation Price"). Following Company's submission of the Commutation Price to the Reinsurer, Reinsurer shall have five (5) Business Days from such date to agree and 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 confirmation of Reinsurer's agreement of the Commutation Price).

In the event Reinsurer does not agree 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 10 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 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 12.1 hereof shall have the discretion to allocate such costs between the parties. If the parties are unable to agree to an actuarial firm within 10 days, Tillinghast shall act as the appointed firm. If Tillinghast 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, the Canadian 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.

2.10 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"). The Company shall have the right, upon receipt of such Notice of Change of Control, to terminate this Agreement, withdraw all amounts maintained in the trust account established under the U.S. Trust Agreement, or require additional security in a form acceptable to Company.

ARTICLE III **Assumption and Novation of the Policy Liabilities**

3.1 Assignment and Assumption of Risk.

(a) Subject to the terms and conditions of this Agreement, as of each Assumption Effective Date, Company hereby cedes, assigns, transfers and sells to Reinsurer, by way of assumption reinsurance, the Policy Liabilities and any related rights and benefits, and Reinsurer hereby accepts and assumes, by way of assumption reinsurance, the Policy Liabilities as of each Assumption Effective Date and any related rights and benefits.

(b) The reinsurance effected under this Article III shall have the effect, as of each Assumption Effective Date, of creating a novation with respect to the Policies and the Wind-Up Policies and the Policy Liabilities, and Reinsurer shall succeed to and assume all of Company's rights, privileges, obligations, title and interest in and to any defenses, offsets, counterclaims and cross-claims relating to the Policy Liabilities to which Company would otherwise be entitled had it continued to act as the insurer thereunder. It is expressly understood and agreed by the parties to this Agreement that no such rights, privileges, defenses, offsets, cross-actions or counterclaims are waived by the execution of this Agreement or the consummation of the transactions contemplated herein, and that Reinsurer shall be fully subrogated to all such rights, privileges, defenses, offsets, cross-actions and counterclaims.

(c) Reinsurer shall bear and shall have sole and full responsibility for payment of all Policy Liabilities that are due and payable on and after each Assumption Effective Date, including, but not limited to, responsibility for all administrative costs relating thereto, and shall be substituted in the place and stead of Company with respect to such novated Policies. The effect of said assumption of all Policy Liabilities as of each applicable Assumption Effective Date is that each Policyholder under a novated Policy and Wind-Up Policy shall treat Reinsurer as if it had been originally obligated with respect thereto, except as may be otherwise provided herein. In this regard, the Policyholder shall have a direct right of action against Reinsurer with respect to a novated Policy and Wind-Up Policy and shall have no further rights as against Company under or with respect to such novated Policies or Wind-Up Policies.

(d) For the avoidance of all doubt, the Policy Liabilities under a Policy, or Wind-Up Policy, of a Non-Consenting Policyholder and under Canadian Policies shall continue to be coinsured in accordance with the terms of Article II through the expiration of the Policy Liabilities under such Policies and Wind-Up Policies.

3.2. Novation Timeframe; Additional Collateral.

(a) Novation Timeframe. The Reinsurer shall have eighteen (18) months from the first Governmental Authority Approval/Non-Disapproval Effective Date to effect the novation and assumption reinsurance transactions contemplated herein, and in the Services Agreement, with respect to the Policies and the Wind-Up Policies.

(b) Additional Collateral. In the event that not all Policies and Wind-Up Policies are novated and assumed by Reinsurer within said 18 month timeframe, Reinsurer shall provide Company with collateral in an amount such that Company is, at all times following the 18 month timeframe set forth above in Section 3.2(a), collateralized to an amount equal to one hundred and twenty-five percent (125%) of the then-outstanding Policy Liabilities coinsured under Article II (the “Additional Collateral”). This Additional Collateral amount shall include the amounts held in the trust account established under the U.S. Trust Agreement and under the Canadian Trust Agreement. Reinsurer may provide the incremental amount of collateral needed to equal the Additional Collateral 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;

(ii) Deposit of acceptable assets in the trust account established under the U.S. Trust Agreement; or

(iii) Parental guarantee issued by Ultimate Parent in favor of Company specifically for the Policy Liabilities coinsured under Article II in the form set forth as Exhibit E; provided, that, this form of Additional Collateral shall be available only to the extent that there has been no negative change in the financial condition or A.M. Best or Standard and Poor’s rating of the Ultimate Parent.

For the avoidance of doubt, the maintenance of the Additional Collateral as required under this Section 3.2(b) shall survive the expiration or termination of this Agreement for as long as there remain Policy Liabilities under the Policies and the Wind-Up Policies for which no novation has been effected.

(c) Additional Collateral Fee. In consideration for Reinsurer providing the Additional Collateral as contemplated under this Section 3.2, Company shall pay to Reinsurer the Additional Collateral Fee at the time the Additional Collateral is established.

ARTICLE IV **Consideration**

4.1 Execution Date Payments.

(a) In consideration of Reinsurer's coinsurance and assumption of the Policy Liabilities, Company shall pay to Reinsurer consideration equal to the:

- (i) Purchase Price; plus
- (ii) Total of all Premiums, with respect to the Policies and the Wind-Up Policies and recoveries from third-party reinsurers collected from and after the Coinsurance Effective Date until the Execution Date with respect to the Policy Liabilities; plus
- (iii) Interest on all Premiums collected by Company under all Policies and Wind-Up Policies during the period from and after the Coinsurance Effective Date until the Execution Date; less
- (iv) Total of Policy Liabilities paid by Company during the period from and after the Coinsurance Effective Date until the Execution Date; less
- (v) Ceding Commission; less
- (vi) Producer Commissions paid by Company during the period from and after the Coinsurance Effective Date until the Execution Date; less
- (vii) Transition Services Fee incurred by Company during the period from and after the Coinsurance Effective Date until the Execution Date; and less
- (viii) Premium-related Taxes Allowance incurred by Company during the period from and after the Coinsurance Effective Date until the Execution Date.

The consideration set forth under items (i) through (viii) above, referred to as the "Reinsurance Consideration."

(b) No later than five (5) Business Days prior to the Execution Date, Company shall provide Reinsurer with the Reinsurance Consideration amount to be transferred on the Execution Date, allocable to the Policies and including the separate amount of Reinsurance Consideration allocable to the Canadian Policies, as set forth under (i)-(viii), above, along with the details of and basis for its calculations of the Reinsurance Consideration. Once agreed by Reinsurer, such agreement not to be unreasonably withheld, the payment of the Reinsurance Consideration by Company shall be made in cash in immediately available funds to the trust account established under the U.S. Trust Agreement and the Canadian Trust Agreement; provided, however, that, in the event the Canadian Trust Agreement is not established by the Execution Date hereof, Company shall

retain, on a funds withheld basis, that portion of the Reinsurance Consideration allocable to the Canadian Policies. Within three (3) Business Days of receiving written notice from Reinsurer that the Canadian Trust Agreement has been established, Company shall transfer the Reinsurance Consideration allocable to the Canadian Policies to the trust account established under the Canadian Trust Agreement, with Interest from the Execution Date until the transfer date.

4.2 Ceding Commission. Reinsurer shall pay to Company the Ceding Commission. The Ceding Commission shall be credited to Company as a reduction in the Reinsurance Consideration in accordance with Section 4.1, above.

4.3 Reports.

(a) On and After the Coinsurance Effective Date. On a quarterly basis following from and after the Coinsurance Effective Date and until the Execution Date, Company shall provide Reinsurer with the following informational report:

- (i) Premiums collected during the period;
- (ii) Interest on Premiums collected during the period;
- (iii) Premium-related Taxes Allowance;
- (iv) Policy Liabilities paid by Company; and
- (v) Transition Services Fee incurred.

(b) On and After the Execution Date. On a quarterly basis following from and after the Execution Date and until the Transition Services Termination Date, Company shall provide Reinsurer with the following informational report reflecting the following items:

- (i) Premiums collected during the period;
- (ii) Premium-related Taxes Allowance;
- (iii) Policy Liabilities paid;
- (iv) Transition Services Fee incurred.

(c) On and after the Transition Services Termination Date. On a quarterly basis following from and after the Transition Services Date until and unless this Agreement is terminated, Reinsurer shall render net accounts to Company as follows:

- (i) Premiums collected during the period; less
- (ii) Premium-related Taxes Allowance; less
- (iii) Policy Liabilities paid.

ARTICLE V

Administration and Books and Records

5.1 Administration of the Policies. Pursuant to the terms of the Services Agreement, Reinsurer has assumed responsibility for all aspects of the administration of the Policies and the Wind-Up Policies.

5.2 Reinsurer Records. Reinsurer agrees that it will maintain books and records of all reinsurance hereunder in accordance with the same standards Reinsurer applies to its other comparable business, including all such records as may be required by Applicable Law. As long as any Policy Liabilities remain outstanding as a direct obligation of Company and subject to coinsurance under Article II, Reinsurer's books and records related to the indemnity reinsurance of the Policy Liabilities shall be (i) the property of Company, and (ii) available for inspection and copying by Company, any agent, representative or adviser of Company, or any Governmental Authorities at any reasonable time during Reinsurer's normal business hours.

5.3 Reporting Obligations. As long as any Policy Liabilities remain outstanding as a direct obligation of Company and subject to coinsurance under Article II, Reinsurer shall, within thirty (30) Business Days after the end of each calendar month, furnish to Company any financial or other reports pertaining to the Policy Liabilities that may reasonably be required by Company for financial statement preparation or any other reasonable business purpose. In addition to Policy Liability data Company will require necessary information regarding premiums received and claims paid. The minimum statutory financial data required by Company is as set forth in Section 10.2 of the Services Agreement. Company and Reinsurer will cooperate with each other in good faith to develop a mutually acceptable format for such reports, including any ad hoc reports that may be required by Company. For the avoidance of doubt, the provision of information hereunder shall be as set forth under the Services Agreement.

ARTICLE VI

Other Covenants and Undertakings

6.1 Administrative Services. From and after the Coinsurance Effective Date, this Agreement and all of Company's obligations under and with respect to the Policies and the Wind-Up Policies shall be administered by Reinsurer in accordance with the terms and conditions of the Services Agreement, including the implementation of Article III hereof.

6.2 Reinsurer Timeframes and Milestones. In order to effectuate the parties' intent under this Agreement that all Policies and Wind-Up Policies, with the exception of the Canadian Policies, be novated to Reinsurer in accordance with Applicable Law and Article III, the parties have agreed to make all reasonable efforts to comply with the timeframes and milestones set forth in Schedule 2.1 and Schedule 4.3 of the Services Agreement.

6.3 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.

6.4 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.

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 any Governmental Authority body against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority binding upon Company; or (d) subject to the receipt of any required approvals and consents, violate any Applicable Law.

7.4 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with any 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 and the Wind-Up 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 and the Wind-Up Policies.

7.5 Consents and Approvals. Excluding consents and approvals required solely in connection with the reinsurance (both on an indemnity coinsurance and assumption basis) of the Policy Liabilities by all Governmental Authorities, including those Governmental Authorities located in jurisdictions of the parties' respective states of domicile, under Applicable Law, 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 or Governmental Authority other than as set forth in Schedule 7.5.

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 Illinois Department of Insurance for the years ended December 31, 2005, 2006 and 2007; and (b) the Quarterly Statement of Company as filed with the Illinois Department of Insurance for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008. Each such Annual Statement and Quarterly Statement complied

in all material respects with all Applicable Laws when so filed. No material deficiencies have been asserted by any 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 all jurisdictions where the Policies and the Wind-Up Policies were issued or Policyholders 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 Commonwealth of Pennsylvania and has all requisite power and authority to carry on 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 any Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority binding upon Reinsurer; or (d) subject to the receipt of any required approvals and consents, violate any Applicable Law.

8.4 Actions and Proceedings. There are no outstanding orders, decrees or judgments by or with any 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. Excluding consents and approvals required solely in connection with the reinsurance (both on an indemnity coinsurance and assumption basis) of the Policy Liabilities by all Governmental Authorities, including those Governmental Authorities, located in jurisdictions of the parties' respective states of domicile, under Applicable Law, the execution, delivery and performance of this Agreement do not require Reinsurer to obtain any consent, approval or action from, or make any filing with or give any notice to, any Person or Governmental Authority other than as set forth in Schedule 8.5.

8.6 Financial Statements.

(a) 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 Pennsylvania Department of Insurance for the years ended December 31, 2005, 2006 and 2007; and (ii) the Quarterly Statement of Reinsurer as filed with its domiciliary state insurance regulatory authority for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008. Each such Annual Statement and Quarterly Statement complied in all material respects with all Applicable Laws when so filed and was timely filed with all required Governmental Authorities. 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 8.6(a).

(b) Prior to the date hereof, Reinsurer has made available to Company true, correct and complete copies of (i) the audited GAAP balance sheet of Ultimate Parent and its subsidiaries on a consolidated basis as of December 31, 2007 and the related statement of income for the twelve months then ended, and (ii) the unaudited GAAP balance sheet of Ultimate Parent and its subsidiaries on a consolidated basis as of September 30, 2008 and the related statements of income and cash flows for the nine months then ended. Such financial statements were prepared in accordance with GAAP and present fairly in all material respects the financial position of Ultimate Parent as of the dates indicated and the results of its operations for the periods then ended; provided, however, that the unaudited June 30, 2008 statements lack footnotes and other presentation items and are subject to normal year-end adjustments.

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. Except as set forth on Schedule 8.7, Reinsurer is duly licensed to underwrite the same type of insurance provided under the Policies and the Wind-Up Policies in all jurisdictions where the Policies and the Wind-Up Policies were issued or Policyholders 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 prior to 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 and the Canadian Trust Agreement.

(b) All filings with the domiciliary Governmental Authorities of the parties required to consummate the Assumption Reinsurance Transactions contemplated under this Agreement and the Services Agreement shall have been made by the parties. All such required Governmental Authorities' approvals shall have been obtained and shall be in full force and effect and without conditions or limitations reasonably unacceptable to Company prior to the Execution Date hereof. There shall not have been any action taken by any 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 any 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 and the Wind-Up 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, (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) All filings with the domiciliary Governmental Authorities of the parties required to consummate the Assumption Reinsurance Transactions contemplated under this Agreement and the Services Agreement shall have been made by the parties. All required Governmental Authorities' approvals shall have been obtained and shall be in full force and effect and without conditions or limitations reasonably unacceptable to Reinsurer prior to the Execution Date hereof. There shall not have been any action taken by any 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 any 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 and the Wind-Up Policies or the business, property, prospects, results of operations or financial condition of Reinsurer.

ARTICLE X

Indemnification by Reinsurer

10.1 Indemnification by Reinsurer. From and after the Coinsurance Effective Date, Reinsurer shall indemnify and hold harmless Company and its Affiliates (and their respective directors, officers, employees, successors and permitted assigns) (collectively, the "Company Indemnitees") from and against all costs and expenses (including interest, penalties, reasonable attorneys' fees, necessary accountants' and actuaries' fees, and any other costs and expenses incident to any suit, action or proceeding), damages, charges, fines, losses, deficiencies, liabilities, obligations, claims and judgments sustained or incurred by, or asserted against any Company Indemnatee resulting from or arising out of: (a) any obligation to pay Policy Liabilities on or after each Governmental Authority Approval/Non-Disapproval Effective Date; (b) any breach or nonfulfillment by Reinsurer of, or any failure by Reinsurer to perform, any of the covenants, terms or conditions of or any of its duties or obligations under this Agreement; (c) any Policyholder whose Policy or Wind-Up Policy has been novated to Reinsurer under the terms of this Agreement and Applicable Law and who seeks indemnity, or payment of any benefits under a Policy or a Wind-Up Policy from Company, or (d) any breach, inaccuracy or falsity in any representation or warranty of Reinsurer under this Agreement.

10.2 Indemnification by Company. From and after the Coinsurance Effective Date, Company shall indemnify and hold harmless Reinsurer and its Affiliates (and their respective employees, officers, directors, successors and permitted assigns) (collectively the "Reinsurer Indemnitees"), from and against all costs and expenses (including interest, penalties, reasonable attorney's fees, necessary accountant's and actuaries fees, and any other costs and expenses incident to any suit, action or proceeding), damages, charges, fines, losses, deficiencies, liabilities, obligations, claims and judgments sustained or incurred by, or asserted against any Reinsurer Indemnatee resulting from or arising out of Company's failure to comply with any Applicable Law with respect to the Policies and the Wind-Up Policies prior to the Coinsurance Effective Date with respect to the Policies or Execution Date with respect to the Wind-Up Policies for which a Person seeks to hold Reinsurer liable after the Coinsurance Effective Date.

10.3 Responsibilities of Company and Reinsurer.

(a) As promptly as practicable after Company or Reinsurer becomes aware of circumstances which may lead to indemnification hereunder, Company or Reinsurer shall provide to the other written notice of the matter in reasonable detail. If such notice is not provided within the time required by the first sentence of this

Section 10.3, Company or Reinsurer nonetheless shall be entitled to indemnification by the other except to the extent that the other is actually prejudiced by the late receipt of such notice.

(b) Company or Reinsurer, as appropriate, shall be entitled to control the defense or prosecution of a claim or demand in the name of the other, with counsel reasonably satisfactory to the other. Such control of the defense shall be without prejudice to the right of the other to participate therein through counsel of its own choosing, which participation shall be at the other's sole expense. Whether or not Company or Reinsurer chooses to defend such claim, the parties hereto shall cooperate in the defense of such claim and shall furnish records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith.

(c) Neither Company nor Reinsurer shall settle or permit the settlement of any third-party claim or action without the prior written consent of the other, which consent shall not be unreasonably withheld.

10.4 Survival. This Article X shall survive the termination of this Agreement.

ARTICLE XI

Insolvency

11.1 Insolvency.

(a) With respect solely to any Policy Liabilities which Reinsurer has not assumed as its direct obligation pursuant to Article III herein, 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, or except where the Policies and the Wind-Up Policies specifically provide another payee of such reinsurance in the event of the insolvency of the ceding insurer. 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 and the Wind-Up 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.

(b) With respect to any Policy Liabilities which Reinsurer has assumed as its direct obligation pursuant to Article III herein, the obligations of Reinsurer under this Agreement shall be without diminution or in any way affected or diminished because of the insolvency of Company. In the event of such an insolvency and the appointment of a conservator, liquidator or statutory successor of Company, the reinsurance payable by Reinsurer pursuant to this Agreement shall be payable directly to the Policyholders under such novated Policies and Wind-Up Policies without diminution because of such insolvency or because such conservator, liquidator or statutory successor has failed to pay all or a portion of any claims, and such Policyholders shall have a direct right of action against Reinsurer for Policy Liabilities as if Reinsurer had originally issued the Policies and the Wind-Up Policies and Reinsurer shall assume responsibility for payment of the Policy Liabilities, at its own expense, in accordance with this Agreement.

ARTICLE XII
Arbitration and Mini Dispute Resolution

12.1 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 New York.

12.2 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 12.2. If the respective parties at Company and Reinsurer responsible for preparing and reviewing the Reinsurance Consideration under Section 4.1(b) are unable to reach agreement within five (5) Business Days after provision of the Reinsurance Consideration 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 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 12.1 above.

ARTICLE XIII
DAC Election

Section 13.1 Joint DAC Tax Election

(a) Joint Election. Company and Reinsurer jointly agree to the DAC Tax Election pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations (the “Treasury Regulations”) issued under Section 848 of the Internal Revenue Code of 1986, as amended (the “Code”) whereby:

(i) 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); and

(ii) both parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency.

(b) Definition of Terms. As used in this Section 13.1, the terms “net positive consideration”, “specified policy acquisition expenses” and “general deductions limitation” are defined by reference to Treasury Regulation Section 1.848-2(g)(8) and Code Section 848.

(c) Exchange of Information. The method and timing of the exchange of this information shall be as follows:

(i) Company shall submit a schedule to Reinsurer by May 1 of each year of its calculation of the net consideration for the preceding calendar year.

(ii) Reinsurer shall, in turn, complete the schedule by indicating acceptance of Company’s calculation of net consideration or shall note in writing any discrepancies. Reinsurer shall return the completed schedule to Company by June 1 of each year.

(iii) If there are any discrepancies between Company’s and Reinsurer’s calculation of net consideration, the parties shall act in good faith to resolve these discrepancies in a manner that is acceptable to both parties by July 1 of each year.

(iv) Each party shall attach the final schedule to their respective U.S. federal income tax returns for each taxable year in which consideration is transferred under this Agreement. The schedule shall identify this Agreement and restate the election described in this Section 13.1 and shall be signed by both parties.

(d) Effective Date. This DAC Tax Election shall be effective on the Coinsurance Effective Date and shall effective for all years for which this Agreement remains in effect.

ARTICLE XIV
Confidentiality

14.1 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: (i) Reinsurer may, in accordance with Applicable Law, use all Confidential Information regarding a Policyholder, the Policy Liabilities or the Policies and Wind-Up Policies in order to perform the Administrative Services under the Services Agreement; and (ii) upon Reinsurer's novation of a Policy and a Wind-Up Policy as contemplated by Article III, all Confidential Information and books and records related to the applicable Policyholder and Policy and Wind-Up Policy shall be deemed the Confidential Information and sole property of Reinsurer and not of Company.

ARTICLE XV
Miscellaneous

15.1 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.

15.2 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.

15.3 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.

15.4 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: Larry Cohen
Telephone No. (847) 953-8484
Fax No. (773) 506-5225
E-Mail: Larry.cohen@combined.com

With a copy to:

Combined Insurance Company of America
1000 N. Milwaukee Avenue
Glenview, Illinois 60025
Attn: David Goldberg
Telephone No. (847) 953-8114
Fax No. (847) 953-1556
E-Mail: David.goldberg@combined.com

If to Reinsurer:

MedAmerica Insurance Company
One Blue Cross Place
165 Court Street
Rochester, NY 14647
Attn: William Naylor
Vice President of Finance and Capital Markets
Telephone No: (585) 238-4456
Fax No: (585) 453-6355
Email: Bill.Naylor@medamericaltc.com

With a copy to:

MedAmerica Insurance Company
One Blue Cross Place
165 Court Street
Rochester, NY 14647
Attn: Chadwick Roy,
Director, Capital Markets
Telephone No: (585) 238-4329
Fax No: (585) 453-6355
Email: Chad.Roy@medamericaltc.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.

15.5 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.

15.6 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.

15.7 Amendment. This Agreement may be modified or amended only by a writing duly executed by authorized officers of the parties hereto.

15.8 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.

15.9 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflict of laws of any jurisdiction.

15.10 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.

15.11 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.

15.12 U.S. Dollars; Canadian Dollars. With the exception of the Canadian Policies, any monetary amount described in this Agreement, including any schedules hereto, shall mean United States Dollars. The parties hereto agree and acknowledge that the Canadian Policies are subject to Canadian, and not, United States, Dollars and all payments made in connection with such Canadian Policies shall be made as between the parties in Canadian Dollars.

15.13 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 15.13.

15.14 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.

15.15 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

ARTICLE XVI

Funding for Canadian Policies

16.1 Security for Canadian Policies. This Article XVI shall apply solely to those Canadian Policies which have been issued by the Canadian branch of Company. References herein to "Company" shall be deemed to mean solely to the Canadian branch of Company.

(a) From and including the inception of this Agreement, it is understood and agreed that the following obligations shall apply if the status of Reinsurer is or becomes such that Company is unable, while any reinsurance liabilities resulting from this Agreement are outstanding, to take credit for such liabilities, assumed by Reinsurer, when submitting its annual statement to the Canadian authority under which Company is regulated.

(b) The Company agrees, in respect of its Canadian Policies falling within the scope of this Agreement, that when it files with Canadian regulatory authorities or sets up on its books reserves for outstanding losses it will forward to Reinsurer a statement showing Reinsurer's portion of such reserves. The term "outstanding losses" as used herein will also include related or allocated litigation and adjustment expenses, but excludes the reserve for incurred but not reported losses.

(c) The Reinsurer agrees, if requested to do so by Company, that it will provide funding:

- (i) for an amount of Canadian dollars equal to Reinsurer's portion of such reserves plus any margin as required by the relevant Canadian authority under which Company is regulated; and/or
- (ii) in a manner that provides a full and complete credit against any required minimum asset test, minimum capital test or its equivalent.

For purposes herein, the parties agree that the Canadian Trust Agreement set forth as Exhibit C shall satisfy Reinsurer's obligations under this Article XVI. However, in the event that additional funding is required of Reinsurer hereunder, Company may request such funding in the form of an outstanding cash advance.

(d) In the case of an outstanding cash advance (O.C.A.) for Reinsurer and to either:

- (i) deposit such funds in an interest-bearing account opened with a depository acceptable to Canadian regulatory authorities; and/or
- (ii) to arrange investment of such funds in similarly approved Government of Canada (or Provincial Government) short-term securities.

(e) Company undertakes to use and apply any amounts realized on such securities or funds which it may withdraw from such O.C.A. account for the following purposes only:

- (i) to pay Reinsurer's share or to reimburse Company for Reinsurer's share of any liability for surrenders and benefits or losses paid, reinsured by this Agreement;
- (ii) to make refund of any sum which is in excess of the actual amount required to pay Reinsurer's share of any liability reinsured by this Agreement;
- (iii) to credit to its own account, or to Reinsurer, the net interest earned on such funds or securities, as specified in paragraph (f) of this Article.

(f) Company agrees to credit Reinsurer with 80% (eighty percent) of the actual interest earned on O.C.A. funds or securities less non-resident withholding tax, as required by Canadian law, and shall be entitled to deduct the 20% (twenty percent) balance of said interest as a fee for the administration and handling of such funds or securities.

(g) The depository chosen for such funds shall have no responsibility whatsoever in connection with the propriety of amounts withdrawn by Company, nor as to the disposition of funds withdrawn, except to see that withdrawals made are effected only upon the order of properly authorized representatives of Company.

(h) This Article shall survive the expiration or termination of this Agreement for as long as there remain Policy Liabilities under the Canadian Policies for which no novation has been effected.

SIGNATURE PAGE TO FOLLOW

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.

MEDAMERICA INSURANCE COMPANY

By: _____
Name:
Title:
Date:

COMBINED INSURANCE COMPANY OF AMERICA

By: _____
Name:
Title:
Date:

EXHIBIT A

Form of Assumption Certificate

(Attached)

EXHIBIT B

Authorization Letter for Wind-Up Policies

(Attached)

EXHIBIT C

Form of Canadian Trust Agreement

(Attached)

EXHIBIT D

U.S. Trust Agreement

(Attached)

EXHIBIT E

Form of Parental Guarantee

(Attached)

Listing of Policy Form Numbers

Combined Policy Form Numbers

US
14401
14422
14475
14515
14753
14765
14766
14767
14775
14783
14784
14785
14787
14788

Canada*
24515
24519 (Futurebright)

* Equivalent forms exist
for French/Quebec

SCHEDULE 7.5

Company's Consents and Approvals

NONE

SCHEDULE 8.5

Reinsurer's Consents and Approvals

NONE

SCHEDULE 8.7

**Jurisdictions Where Reinsurer Is Not Duly Licensed to Underwrite
the Same Type of Insurance Provided Under the Policies and the Wind-Up Policies**

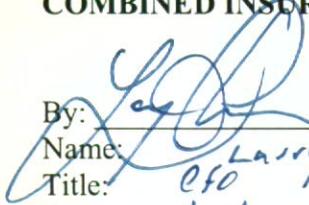
CANADA

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.

MEDAMERICA INSURANCE COMPANY

By: _____
Name:
Title:
Date:

COMBINED INSURANCE COMPANY OF AMERICA

By: 
Name: Larry Cohen
Title: CFO
Date: 2/25/09

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.

MEDAMERICA INSURANCE COMPANY

By: William J. Nayh
Name: William J. Nayh
Title: VP Finance
Date: 2/25/09

COMBINED INSURANCE COMPANY OF AMERICA

By: _____
Name:
Title:
Date:



January 22, 2009

Nancy J. Stepanski
Executive Vice President & Chief Operating Officer
Westmont Associates, Inc.
25 Chestnut Street, Suite 105
Haddonfield, New Jersey 08033

ALSO VIA EMAIL: Nancy@westmontlaw.com

RE: MedAmerica Insurance Company Indemnity and Reinsurance Agreement with
Combined Insurance Company of America

Dear Ms. Stepanski:

The Pennsylvania Insurance Department ("Department") has concluded its review of the referenced filing, which was received on January 21, 2009.

The Department has jurisdiction to review and approve reinsurance agreements that involve the entire book of business of a Pennsylvania domiciled insurer. In this instance, the ceding insurer is an Illinois domiciled insurer. Therefore, this Department does not have the statutory authority to review and approve the transaction.

Accordingly, the Pennsylvania Insurance Department has no objections to the referenced transaction.

Please feel free to contact me at (717) 783-2143 should you have any questions concerning this correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Brackbill, Jr.", is written over a horizontal line.

Robert E. Brackbill, Jr.
Chief
Company Licensing Division

Cc: MedAmerica Insurance Company Analysis File

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
 Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
 Company Tracking Number: MED-09-001
 TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
 Product Name: Long Term Care - Certificate of Assumption
 Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Filing at a Glance

Company: MedAmerica Insurance Company

Product Name: Long Term Care - Certificate of Assumption SERFF Tr Num: WESA-126025444 State: PennsylvaniaAH

TOI: H01 Health - Assumption Agreement	SERFF Status: Closed	State Tr Num: WESA-126025444
Sub-TOI: H01.000 Health - Assumption Agreement	Co Tr Num: MED-09-001	State Status: Approved
Filing Type: Form	Co Status:	Reviewer(s): Patty Sheldon
	Author: Westmont Associates	Disposition Date: 03/24/2009
	Date Submitted: 02/09/2009	Disposition Status: Approved
Implementation Date Requested: On Approval		Implementation Date:

General Information

Project Name: Submission of Certificate of Assumption
 Project Number: MED-09-001
 Requested Filing Mode:

Status of Filing in Domicile: Pending
 Date Approved in Domicile:
 Domicile Status Comments: PA is the state of domicile.
 Market Type: Individual
 Group Market Size:
 Group Market Type:
 Explanation for Other Group Market Type:
 State Status Changed: 03/24/2009
 Created By: Westmont Associates
 Corresponding Filing Tracking Number:

Explanation for Combination/Other:
 Submission Type: New Submission
 Overall Rate Impact:
 Filing Status Changed: 03/24/2009
 Company Status Changed:
 Deemer Date: 03/25/2009
 Submitted By: Westmont Associates

Filing Description:

Under the terms of an indemnity and reinsurance agreement, Combined Insurance Company of America will cede all of Long Term Care business to MedAmerica Insurance Company. MedAmerica Insurance Company will subsequently assume that business as its own with the exception of the New York and Florida business which will be assumed by MedAmerica Insurance Company's affiliates, MedAmerica Insurance Company of New York and MedAmerica Insurance Company of Florida respectively.

Enclosed is a copy of the letter of no objection from the Pennsylvania Department of Insurance (MedAmerica Insurance

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
 Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
 Company Tracking Number: MED-09-001
 TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
 Product Name: Long Term Care - Certificate of Assumption
 Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Company's state of domicile) regarding the transaction. Approval from the Illinois Department of Insurance (Combined Insurance Company of America's state of domicile) is pending.

Company and Contact

Filing Contact Information

(This filing was made by a third party - westmontassociatesinc)

Wesley Pohler, AVP wes@westmontlaw.com
 25 Chestnut Street (856) 216-0220 [Phone]
 Haddonfield, NJ 08033 (856) 216-0303[FAX]

Filing Company Information

MedAmerica Insurance Company	CoCode: 69515	State of Domicile: Pennsylvania
165 Court Street	Group Code: -99	Company Type:
Rochester, NY 14647	Group Name:	State ID Number:
(800) 544-0327 ext. [Phone]	FEIN Number: 34-0977231	

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:
 Per Company: Yes

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
MedAmerica Insurance Company	\$0.00	02/09/2009	

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
 Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
 Company Tracking Number: MED-09-001
 TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
 Product Name: Long Term Care - Certificate of Assumption
 Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Patty Sheldon	03/24/2009	03/24/2009

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Requested Letter	Supporting Document	Westmont Associates	02/10/2009	02/10/2009
Certificate of Assumption	Form	Westmont Associates	02/10/2009	02/10/2009

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status update	Note To Filer	Patty Sheldon	03/17/2009	03/17/2009
Request for status	Note To Reviewer	Westmont Associates	03/17/2009	03/17/2009
Request for Status	Note To Reviewer	Westmont Associates	03/06/2009	03/06/2009
Additional Information Needed	Note To Filer	Patty Sheldon	02/10/2009	02/10/2009

SERFF Tracking Number: WESA-126025444 *State:* Pennsylvania
Filing Company: MedAmerica Insurance Company *State Tracking Number:* WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement *Sub-TOI:* H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Disposition

Disposition Date: 03/24/2009

Implementation Date:

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
 Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
 Company Tracking Number: MED-09-001
 TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
 Product Name: Long Term Care - Certificate of Assumption
 Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Item Type	Item Name	Item Status	Public Access
Supporting Document	Transmittal Letter (A&H)		Yes
Supporting Document	Authorization to File (A&H)		Yes
Supporting Document	PA Letter		Yes
Supporting Document	Requested Letter		Yes
Form (revised)	Certificate of Assumption		Yes
Form	Certificate of Assumption		Yes

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Note To Filer

Created By:

Patty Sheldon on 03/17/2009 09:38 AM

Last Edited By:

Patty Sheldon

Submitted On:

03/24/2009 01:33 PM

Subject:

Status update

Comments:

The review of this filing will be completed by the middle of next week.

Patty Sheldon

A & H Policy Forms Examiner II

Accident and Health Bureau

Office of Insurance Product Regulation
and Market Enforcement

Phone: 717-525-5040

E-mail: psheldon@state.pa.us

SERFF Tracking Number: WESA-126025444 *State:* Pennsylvania
Filing Company: MedAmerica Insurance Company *State Tracking Number:* WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement *Sub-TOI:* H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Note To Reviewer

Created By:

Westmont Associates on 03/17/2009 08:17 AM

Last Edited By:

Patty Sheldon

Submitted On:

03/24/2009 01:33 PM

Subject:

Request for status

Comments:

Please provide us with an updated status.

SERFF Tracking Number: WESA-126025444 *State:* Pennsylvania
Filing Company: MedAmerica Insurance Company *State Tracking Number:* WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement *Sub-TOI:* H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Note To Reviewer

Created By:

Westmont Associates on 03/06/2009 08:04 AM

Last Edited By:

Patty Sheldon

Submitted On:

03/24/2009 01:33 PM

Subject:

Request for Status

Comments:

Good morning.

Please provide me with an updated status for this submission.

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Amendment Letter

Amendment Date:

Submitted Date: 02/10/2009

Comments:

Thank you. Please find attached the correspondence you requested.

Wes

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Requested Letter

Comment: As per your request, please find attached the letter regarding the policies which is on company letterhead.
MAPA Certification.PDF

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Note To Filer

Created By:

Patty Sheldon on 02/10/2009 09:29 AM

Last Edited By:

Patty Sheldon

Submitted On:

03/24/2009 01:33 PM

Subject:

Additional Information Needed

Comments:

Wesley Pohler, AVP,

Please submit, on Company Letterhead (under the Supporting Documentation Tab on SERFF), a listing of all the policy form numbers that the MedAmerica Insurance Company will assuming and that THIS Certificate of Assumption will then be made a part of.

If you have any questions, please feel free to contact me.

Thank you,

Patty Sheldon

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
 Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
 Company Tracking Number: MED-09-001
 TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
 Product Name: Long Term Care - Certificate of Assumption
 Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Amendment Letter

Amendment Date:
 Submitted Date: 02/10/2009

Comments:

Thank you - attached is a revised form.

Changed Items:

Form Schedule Item Changes:

Form Schedule Item Changes:

Form Number	Form Type	Form Name	Action	Form Action Other	Previous Filing #	Replaced Form #	Readability Score	Attachments
177CertAssuCertificate mption- CICA- 0109PA		Certificate of Initial Assumption						Certificate of Assumption - Policy with logo 02 05 09.pdf

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
 Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
 Company Tracking Number: MED-09-001
 TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
 Product Name: Long Term Care - Certificate of Assumption
 Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Form Schedule

Lead Form Number: 177CertAssumption-CICA-0109PA

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	177CertAssumption-CICA-0109PA	Certificate	Certificate of Assumption	Initial			Certificate of Assumption - Policy with logo 02 05 09.pdf



**ENDORSEMENT
CERTIFICATE OF ASSUMPTION**

[Insureds Name]
[Insureds Address]
[Insureds Address]

Policy Number: [XXX-XX-XXX]

MedAmerica Insurance Company (“We”, “Our” or “Us”), and Combined Insurance Company of America (“Combined”) have entered into an Indemnity and Assumption Reinsurance Agreement. This Agreement takes effect on the Assumption Effective Date (as shown below). This is to certify that under the Agreement, We will assume from Combined all contractual liabilities and obligations which relate to your long-term care insurance policy and any riders or endorsements thereto (“Policy”). Combined shall be released from any further liability under the Policy. Other than Our becoming your insurer, all the terms and conditions of your coverage remain the same.

We are pleased to inform you that MedAmerica will perform the administrative functions for your Policy. You should send all premium payments, claims and other correspondence to Us at Our address:

MedAmerica Insurance Company
P.O. Box 41090
Rochester, NY 14604-9954
1-(800)-399-1159

Payment of your next premium to Us will mean that you consent to Us becoming your insurer. It will also mean that you agree to release Combined from any further liability under your Policy. The Assumption Effective date shall be December 31 of the calendar year in which you make your next premium payment. Should you have any questions, feel free to call Us at the telephone number above.

By signature of the officer below, We welcome you to Our family of insureds. We look forward to serving you in the years ahead.

MEDAMERICA INSURANCE COMPANY

Christopher D. Perna
President

THIS ENDORSEMENT BECOMES A PART OF YOUR POLICY. PLEASE ATTACH IT TO YOUR POLICY.

SERFF Tracking Number: WESA-126025444 *State:* Pennsylvania
Filing Company: MedAmerica Insurance Company *State Tracking Number:* WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement *Sub-TOI:* H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: WESA-126025444 State: Pennsylvania
Filing Company: MedAmerica Insurance Company State Tracking Number: WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement Sub-TOI: H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Supporting Document Schedules

Review Status:

Satisfied -Name: Transmittal Letter (A&H) 02/06/2009
Comments:
Letter attached.
Attachment:
PA- 02 05 09.pdf

Review Status:

Satisfied -Name: Authorization to File (A&H) 02/06/2009
Comments:
Attached is the letter of authorization.
Attachment:
Letter of Authorization MedPA to Westmont.pdf

Review Status:

Satisfied -Name: PA Letter 02/06/2009
Comments:
Attached is the letter from the PA DOI.
Attachment:
Letter PA.pdf

Review Status:

Satisfied -Name: Requested Letter 02/10/2009
Comments:
As per your request, please find attached the letter regarding the policies which is on company letterhead.
Attachment:
MAPA Certification.PDF

February 6, 2009

Pennsylvania Department of Insurance
1326 Strawberry Square
Harrisburg, PA 17120

Re: MedAmerica Insurance Company
Certificate of Assumption Form Filing
Form # 177CertAssumption-CICA-0109PA
NAIC# 69515
FEIN# 34-097723
Indemnity and Reinsurance Agreement with
Combined Insurance Company of America

To Whom It May Concern:

Under the terms of an indemnity and reinsurance agreement, Combined Insurance Company of America will cede all of Long Term Care business to MedAmerica Insurance Company. MedAmerica Insurance Company will subsequently assume that business as its own with the exception of the New York and Florida business which will be assumed by MedAmerica Insurance Company's affiliates, MedAmerica Insurance Company of New York and MedAmerica Insurance Company of Florida respectively.

Enclosed is a copy of the letter of no objection from the Pennsylvania Department of Insurance (MedAmerica Insurance Company's state of domicile) regarding the transaction. Approval from the Illinois Department of Insurance (Combined Insurance Company of America's state of domicile) is pending

The long term care business written by Combined Insurance Company of America was written under policy number(s) 14401, 14422, 14515, and 14785. As of December 31, 2007 there were 488 policies in force in Pennsylvania totaling premium of \$440,000.

Enclosed you will find Certificate of Assumption #177CertAssumption-CICA-0109PA for your review and approval. Please note the area of the form where the toll free number will be entered. MedAmerica Insurance Company is in the process of obtaining the number to be entered onto the Certificate of Assumption.

Your approval of the enclosed certificate of assumption would be most appreciated.

Sincerely,

Nancy Stepanski

Nancy J. Stepanski
Executive Vice President &
Chief Operating Officer

NJS/jdw

Enclosure

Cc: B. Naylor
F. Marro, Esq.
S. Riley, Esq.



February 6, 2009

RE: MedAmerica Insurance Company
NAIC Company Code: 69515
FEIN: 34-0977231
Letter of Authorization for Form and Rate Filings

To Whom It May Concern:

In accordance with the applicable statutes and regulations of your state, Westmont Associates, Inc. is hereby authorized to file form and rate filings on behalf of MedAmerica Insurance Company.

William Naylor
Vice President of Finance and Capital Markets



January 22, 2009

Nancy J. Stepanski
Executive Vice President & Chief Operating Officer
Westmont Associates, Inc.
25 Chestnut Street, Suite 105
Haddonfield, New Jersey 08033

ALSO VIA EMAIL: Nancy@westmontlaw.com

RE: MedAmerica Insurance Company Indemnity and Reinsurance Agreement with
Combined Insurance Company of America

Dear Ms. Stepanski:

The Pennsylvania Insurance Department ("Department") has concluded its review of the referenced filing, which was received on January 21, 2009.

The Department has jurisdiction to review and approve reinsurance agreements that involve the entire book of business of a Pennsylvania domiciled insurer. In this instance, the ceding insurer is an Illinois domiciled insurer. Therefore, this Department does not have the statutory authority to review and approve the transaction.

Accordingly, the Pennsylvania Insurance Department has no objections to the referenced transaction.

Please feel free to contact me at (717) 783-2143 should you have any questions concerning this correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Brackbill, Jr.", is written over a horizontal line.

Robert E. Brackbill, Jr.
Chief
Company Licensing Division

Cc: MedAmerica Insurance Company Analysis File

This is to certify that MedAmerica Insurance Company shall be assuming from Combined Insurance Company of America all policies bearing the following form numbers:

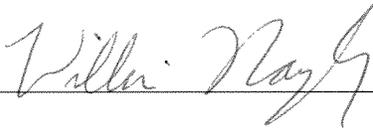
14401,

14422,

14515; and,

14785

Upon the assumption of all such policies this Certificate of Assumption shall be made a part of each such policy.



William Naylor

Vice President of Finance and Capital Markets

Date: 2/10/09

SERFF Tracking Number: WESA-126025444 *State:* Pennsylvania
Filing Company: MedAmerica Insurance Company *State Tracking Number:* WESA-126025444
Company Tracking Number: MED-09-001
TOI: H01 Health - Assumption Agreement *Sub-TOI:* H01.000 Health - Assumption Agreement
Product Name: Long Term Care - Certificate of Assumption
Project Name/Number: Submission of Certificate of Assumption/MED-09-001

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Certificate of Assumption	02/06/2009	Certificate of Assumption - Policy with logo 02 05 09.pdf



**ENDORSEMENT
CERTIFICATE OF ASSUMPTION**

[Insureds Name]
[Insureds Address]
[Insureds Address]

Policy Number: [XXX-XX-XXX]

MedAmerica Insurance Company (“We”, “Our” or “Us”), and Combined Insurance Company of America (“Combined”) have entered into an Indemnity and Assumption Reinsurance Agreement. This Agreement takes effect on the Assumption Effective Date (as shown below). This is to certify that under the Agreement, We will assume from Combined all contractual liabilities and obligations which relate to your long-term care insurance policy and any riders or endorsements thereto (“Policy”). Combined shall be released from any further liability under the Policy. Other than Our becoming your insurer, all the terms and conditions of your coverage remain the same.

We are pleased to inform you that MedAmerica will perform the administrative functions for your Policy. You should send all premium payments, claims and other correspondence to Us at Our address:

MedAmerica Insurance Company
P.O. Box 41090
Rochester, NY 14604-9954
[(XXX)-XXX-XXXX]

Payment of your next premium to Us will mean that you consent to Us becoming your insurer. It will also mean that you agree to release Combined from any further liability under your Policy. The Assumption Effective date shall be December 31 of the calendar year in which you make your next premium payment. Should you have any questions, feel free to call Us at the telephone number above.

By signature of the officer below, We welcome you to Our family of insureds. We look forward to serving you in the years ahead.

MEDAMERICA INSURANCE COMPANY

Christopher D. Perna
President

THIS ENDORSEMENT BECOMES A PART OF YOUR POLICY. PLEASE ATTACH IT TO YOUR POLICY.



Illinois Department of Financial and Professional Regulation
Division of Insurance

ROD R. BLAGOJEVICH
Governor

MICHAEL T. McRAITH
Acting Secretary

MICHAEL T. McRAITH
Director
Division of Insurance

February 17, 2009

Mr. Richard Goodwin
Counsel
Combined Insurance Company of America
1000 Milwaukee Avenue
Glenview, Illinois 60025

Dear Mr. Goodwin:

The Division has received and reviewed the coinsurance and assumption reinsurance agreement between Combined Insurance Company of America and MedAmerica Insurance Company effective December 31, 2008. Please be advised that the agreement is approved pursuant to 215 ILCS 5/174.

If you have any questions or comments regarding this notice, please contact Alesia Schmidt, LAH Financial Analyst, at Alesia.Schmidt@illinois.gov or (217) 782-1777.

Sincerely,

A handwritten signature in cursive script that reads "Michael T. McRaith".

Michael T. McRaith
Director
Division of Insurance

MTM: ALS

April 30, 2009

Arkansas Department of Insurance
Health Section
Policy and Form Review

Re: MedAmerica Insurance Company
Certificate of Assumption Form Filing
Form # 177CertAssumption-CICA-0409AR
NAIC# 69515
FEIN# 34-097723
Indemnity and Reinsurance Agreement with
Combined Insurance Company of America

To Whom It May Concern:

Under the terms of an indemnity and reinsurance agreement, Combined Insurance Company of America is ceding all of Long Term Care business to MedAmerica Insurance Company. MedAmerica Insurance Company plans to assume that business as its own with the exception of the New York and Florida business which will be reinsured and/or assumed by MedAmerica Insurance Company's affiliates, MedAmerica Insurance Company of New York and MedAmerica Insurance Company of Florida respectively.

Enclosed are copies of the letter of no objection from the Pennsylvania Department of Insurance (MedAmerica Insurance Company's state of domicile) and the approval letter from the Illinois Department of Insurance (Combined Insurance Company of America's state of domicile) regarding this transaction. Also enclosed are copies of the Pennsylvania and Illinois approvals of the Certificate of Assumption filings.

The long term care business written by Combined Insurance Company of America was written under policy numbers 14515 and 14785. As of December 31, 2008 there are 261 policies in force in your jurisdiction totaling premium of \$246,589.32.

Enclosed you will find Certificate of Assumption #177CertAssumption-CICA-0409AR for your review and approval.

Your approval of the enclosed certificate of assumption would be most appreciated.

Sincerely,

Nancy Stepanski

Nancy J. Stepanski
Executive Vice President &
Chief Operating Officer

NJS/jdw

Enclosure

Cc: B. Naylor
F. Marro, Esq.
S. Riley, Esq.