

SERFF Tracking Number: UTAC-126703737 State: Arkansas
 Filing Company: United Teacher Associates Insurance Company State Tracking Number: 46110
 Company Tracking Number: ASC-LOYAL-UTA
 TOI: LTC01 Long Term Care - Assumption Agreement Sub-TOI: LTC01.000 Long Term Care - Assumption Agreement
 Product Name: Assumption Reinsurance Filing Loyal - UTA
 Project Name/Number: Assumption Reinsurance Filing Loyal - UTA/ASC-LOYAL-UTA

Filing at a Glance

Company: United Teacher Associates Insurance Company
 Product Name: Assumption Reinsurance Filing SERFF Tr Num: UTAC-126703737 State: Arkansas
 Loyal - UTA
 TOI: LTC01 Long Term Care - Assumption Agreement SERFF Status: Closed-Approved State Tr Num: 46110
 Sub-TOI: LTC01.000 Long Term Care - Assumption Agreement Co Tr Num: ASC-LOYAL-UTA State Status: Closed
 Filing Type: Form Reviewer(s): Marie Bennett, Harris Shearer
 Authors: Jackie Cunningham, Alycia Sumbera, Joyce Kostakis, Melissa Garza, Melissa MacLaurin Disposition Date: 08/20/2010
 Date Submitted: 07/01/2010 Disposition Status: Approved
 Implementation Date Requested: On Approval Implementation Date:
 State Filing Description:

General Information

Project Name: Assumption Reinsurance Filing Loyal - UTA Status of Filing in Domicile: Authorized
 Project Number: ASC-LOYAL-UTA Date Approved in Domicile: 04/29/2010
 Requested Filing Mode: Review & Approval Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Group Market Size:
 Overall Rate Impact: Group Market Type:
 Filing Status Changed: 08/20/2010 Explanation for Other Group Market Type:
 State Status Changed: 08/20/2010
 Deemer Date: Created By: Melissa MacLaurin
 Submitted By: Melissa MacLaurin Corresponding Filing Tracking Number:
 Filing Description:
 July 1, 2010 Via Serff Filing
 Re: Assumption Reinsurance Agreement between United Teacher Associates Insurance Company; NAIC # 63479 and Loyal American Life Insurance Company; NAIC # 65722
 Assumption Certificate: ASC-LOYAL-UTA

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Requested Effective Date: January 1, 2010

Dear Insurance Commissioner:

United Teacher Associates Insurance Company is making this filing on behalf and at the request of Loyal American Life Insurance Company. Loyal American Life Insurance Company agreed to transfer to United Teacher Associates Insurance Company, the risk on LTC insurance policies upon state regulatory approval. The assumption certificate is the intended form of policy owner notification and will be mailed promptly upon approval.

This filing was approved in Loyal American Life Insurance Company's domicile state of Ohio on March 26, 2010 and in United Teacher Associates domicile state of Texas on April 29, 2010.

Attached, please find the following supporting documentation for your review and approval:

- Assumption Certificate (ASC-LOYAL-UTA)
- Assumption Reinsurance Agreement

Should you have any questions or concerns please do not hesitate to contact me at (512) 807-4794

Sincerely,

Melissa MacLaurin
Compliance Analyst
MMacLaurin@gafri.com

Company and Contact

Filing Contact Information

Melissa MacLaurin, Compliance Analyst mmaclaurin@gafri.com
11200 Lakeline Blvd Ste 100 512-807-4794 [Phone]
Austin, TX 78717

Filing Company Information

United Teacher Associates Insurance Company CoCode: 63479 State of Domicile: Texas
11200 Lakeline Blvd., Suite 100 Group Code: 84 Company Type: Insurance Company

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 P.O. Box 26580 Group Name: State ID Number:
 Austin, TX 78755-0580 FEIN Number: 58-0869673
 (800) 880-8824 ext. [Phone]

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
United Teacher Associates Insurance Company	\$0.00	07/01/2010	
United Teacher Associates Insurance Company	\$50.00	08/04/2010	38525918

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Marie Bennett	08/20/2010	08/20/2010

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Assumption Reinsurance Agreement	Note To Reviewer	Jackie Cunningham	08/05/2010	08/05/2010
Assumption Reinsurance Agreement	Note To Filer	Marie Bennett	08/04/2010	08/04/2010

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Loyal-UTA ASSUMPTION REINSURANCE AGREEMENT	Filed	Yes
Supporting Document	Loyal-UTA CERTIFICATE (ASC-LOYAL-UTA)	Approved	Yes
Supporting Document	Copy of Domicile Approval	Filed	Yes
Supporting Document	NAIC Transmittal	Filed	Yes

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Note To Reviewer

Created By:

Jackie Cunningham on 08/05/2010 08:43 AM

Last Edited By:

Marie Bennett

Submitted On:

08/20/2010 10:28 AM

Subject:

Assumption Reinsurance Agreement

Comments:

The Assumption Reinsurance Agreement and supporting documentation was mailed today, August 5, 2010, to the attention of Terry Scott. The filing fee for this SERFF Certificate of Assumption filing was submitted yesterday. Should you need to contact me, my email is jcunningham@gafri.com, or by phone at 816-246-6202.

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Note To Filer

Created By:

Marie Bennett on 08/04/2010 02:22 PM

Last Edited By:

Marie Bennett

Submitted On:

08/20/2010 10:28 AM

Subject:

Assumption Reinsurance Agreement

Comments:

We can only review and approve the policy endorsement via SERFF. The Reinsurance Assumption Agreement and supporting documentation needs to be filed (hard copy with filing fee) with our Legal Department.

Please contact Terry Scott @ (501) 371-2821 for filing requirements or terry.scott@arkansas.gov. If you have any questions, let me know. Also, there is a \$50.00 fee for the filing of the endorsement form.

Marie

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Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: Flesch Certification Bypass Reason: N/A Comments:		
Satisfied - Item: Loyal-UTA ASSUMPTION REINSURANCE AGREEMENT Comments: Attachment: Assumption_Reinsurance_Agreement UTA-LOYAL 12-3-09 rev.pdf	Filed	08/20/2010
Satisfied - Item: Loyal-UTA CERTIFICATE (ASC-LOYAL-UTA) Comments: Attachment: ASC-Loyal-UTA Certificate.pdf	Approved	08/20/2010
Satisfied - Item: Copy of Domicile Approval Comments: Attachments: Corrected Approval Ltr.PDF OHLH-126414656.pdf	Filed	08/20/2010

Item Status: Status

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Satisfied - Item: NAIC Transmittal Filed **Date:** 08/20/2010
Comments:
Attachment:
AR NAIC Transmittal.pdf

ASSUMPTION REINSURANCE AGREEMENT

THIS ASSUMPTION REINSURANCE AGREEMENT (the "Agreement") is made and entered into effective as of the 1st day of January, 2010 by and between **LOYAL AMERICAN LIFE INSURANCE COMPANY**, an Ohio domiciled life and health insurance company (the "Company") and **UNITED TEACHER ASSOCIATES INSURANCE COMPANY**, a Texas domiciled life and health insurance company (the "Assuming Company").

WHEREAS, the Company and the Assuming Company are parties to a certain indemnity reinsurance agreement dated June 1, 2009 (the "Indemnity Reinsurance Agreement") whereby the Assuming Company assumed all of the Company's Reinsured Liabilities (as defined in the Indemnity Reinsurance Agreement) with respect to certain long term care insurance policies identified by policy form and/or plan code on **Exhibit A** attached hereto and made a part hereof issued by the Company prior to and after the Reinsurance Effective Date (as defined in the Indemnity Reinsurance Agreement); and

WHEREAS, the Company desires to convert the existing indemnity reinsurance into assumption reinsurance by entering into a separate assumption reinsurance agreement with Assuming Company; and

WHEREAS, the Company desires to reinsure certain other long term care policies issued by the Company and identified on **Exhibit A** as the "Platinum Policies" on an assumption reinsurance basis under the assumption reinsurance agreement; and

WHEREAS, the Company and the Assuming Company have agreed that on the Effective Date, the Company shall cede to the Assuming Company and the Assuming Company shall assume from the Company the Insurance Liabilities under the Policies (as defined below), and the Assuming Company shall assume by novation such obligations, Insurance Liabilities and rights of the Company with respect to the Policies, subject to Applicable Law and the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and promises contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I **Definitions**

1.1. **Definitions.** The following terms shall have the respective meanings set forth below throughout this Agreement and the following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein:

"Administrative Services" shall mean any and all services that are necessary, required or appropriate for the administration of the Policies.

"Affiliate" means, with respect to any Person, at the time in question, any other Person controlling, controlled by or under common control with such Person. "Control" (including the

terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, the holding of policyholders' proxies by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the Person. Except as provided otherwise in this Agreement, control is presumed to exist if any Person, directly or indirectly, owns, controls, holds with the power to vote, or holds shareholders' proxies representing ten percent (10%) or more of the voting securities of any other Person, or holds or controls sufficient policyholders' proxies, or is entitled by contract or otherwise, to appoint or elect the majority of the board of directors or comparable governing body of any other Person.

“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.

“Assuming Company Indemnitees” shall have the meaning ascribed to it in Section 8.2.

“Assumption Certificate” means the certificate to be issued by the Assuming Company to the Policyholder of any Policy that is reinsured on an assumption reinsurance basis under the terms and provisions of this Agreement, and which shall be in substantially the form as set forth on **Exhibit B** attached to this Agreement and made a part hereof, as modified by and approved by various Governmental Authorities.

“Assumption Effective Date” means the date, set forth in the Assumption Certificate issued by the Assuming Company with respect to a Policy, upon which the Policy shall be assumed by the Assuming Company on an assumption reinsurance basis, which shall be (a) January 1, 2010, or (b) such later date upon which all Required Assumption Approvals and Required Assumption Consents have been obtained in the state in which such Policy was issued or delivered, as required under Applicable Law.

“Books and Records” means the originals or copies of all customer lists, Policy information, Policy forms and rating plans, disclosure and other documents and filings, including statutory filings required under Applicable Law, administrative records, reinsurance records, claim records, sales records, underwriting records, financial records, Tax records and compliance records, that relate solely to the Policies, including, without limitation, any database, magnetic or optical media (to the extent not subject to licensing restrictions) and any other form of recorded, computer generated or stored information or process, but excluding (a) the Company's original certificates of incorporation, bylaws, corporate seals, licenses to do business, minute books and other corporate records relating to corporate organization or capitalization, (b) original Tax and corporate accounting records relating to the Policies, and (c) any records or documents that are subject to the attorney-client privilege or that are required by Applicable Law to be retained by the Company.

“Business Day” means any day other than Saturday, Sunday, a day on which banking institutions in the State of Texas are permitted or obligated by Applicable Law to be closed.

“Claim” shall have the meaning ascribed to it in Section 8.4.

“Claim Notice” shall have the meaning ascribed to it in Section 8.3.

“Closing” means the closing of the reinsurance transaction contemplated by this Agreement.

“Closing Date” means the date upon which the Closing occurs.

“Code” means the Internal Revenue Code of 1986, as amended.

“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 ascribed to it in Section 8.1.

“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 non-confidential 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.

“Effective Date” means the effective date of this Agreement, which shall be 12:01 a.m. CST on January 1, 2010.

“Extra Contractual Obligations” means any and all gross liabilities and obligations arising out of, in connection with, or relating to the Policies, whether incurred prior to, on, or after the Effective Date, exclusive of liabilities or obligations arising under the express terms and conditions of the Policies, but including, without limitation, any liability for fines, penalties, forfeitures, punitive, special, exemplary or other form of extra-contractual damages, which liabilities or obligations arise from any act, error or omission, whether or not intentional, negligent, in bad faith or otherwise, relating to (a) the design, marketing, sale, underwriting, production, issuance, rating, cancellation or administration of the Policies, (b) the investigation, defense, trial, settlement or handling of claims, benefits, dividends or payments under the Policies, including related reasonable attorneys’ fees and expenses, or (c) the failure to pay, the delay in payment, or errors in calculating or administering the payment benefits, dividends, claims or any other amounts due or alleged to be due under or in connection with the Policies.

“Governmental Authority” means any court, administrative or regulatory agency or commission, or other federal, state or local governmental authority or instrumentality having jurisdiction over any party hereto.

“Holding Company Act Approvals” shall have meaning ascribed to it in Section 2.3.

“Indemnified Party” shall have the meaning ascribed to it in Section 8.3.

“Indemnitor” shall have the meaning ascribed to it in Section 8.3.

“Indemnity Reinsurance Agreement” means that certain indemnity reinsurance agreement entered into between the Company and the Assuming Company dated June 1, 2009.

“Insurance Liabilities” means any and all liabilities and obligations arising out of, in connection with, or relating to the Policies, whether incurred prior to, on or after the Effective Date and whether or not included within the Reserves, including, but not limited to: (a) the Reserves; (b) all liabilities for unpaid claims, incurred but not reported claims, benefits, interest on payments arising out of, in connection with, or relating to the Policies; (c) all liabilities arising out of any changes to the terms and conditions of the Policies mandated by Applicable Law; (d) assessments and similar charges in connection with participation by the Company, whether voluntary or involuntary, in any guaranty association established or governed by any state or other jurisdiction, arising on account of Premiums; (e) assignments from assigned risk pools and similar residual markets arising on account of Premiums; (f) Commissions payable with respect to the Policies; (g) all liabilities for amounts payable for returns or refunds of Premiums; (h) all liabilities and obligations with respect to, and all Premiums, payments, fees, or other charges or amounts payable to, any reinsurers under the Ceded Reinsurance Agreements; (i) all Extra Contractual Obligations; (j) all Litigation arising out of, in connection with, or relating to the Policies, the Liabilities, or the Administrative Services; and (k) all other liabilities or obligations of any nature, whether known or unknown, absolute, accrued, or contingent or otherwise, and whether due or to become due, arising out of, in connection with, or relating to the Policies, the Liabilities, or the Administrative Services.

“LIBOR” means a rate per annum equal to the three month London Interbank Offered Rate as published in the Wall Street Journal, eastern edition.

“Litigation” means any action, cause of action (whether at law or in equity), arbitration, mediation, claim or complaint by any Person alleging potential liability, wrongdoing or misdeed of another Person, or any administrative or other similar proceeding, criminal prosecution or investigation by any Governmental Authority alleging potential liability, wrongdoing or misdeed of another Person.

“Loss” or “Losses” shall have the meaning ascribed to them in Section 8.1.

“Novation” means the substitution of the Assuming Company for the Company under the Policies with the result that the Assuming Company becomes directly liable to the Policyholder

as of the applicable Assumption Effective Date and the Company's liability to the Policyholder under the Policy is extinguished.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, Governmental Authority, business unit, division or entity.

"Platinum Policies" means those long term care policies issued directly by the Company which are identified on **Exhibit A**, and which are not 100% indemnity reinsured by the Assuming Company under the Indemnity Reinsurance Agreement.

"Policies" means all long term care insurance policies and contracts identified by policy form number and/or plan code on **Exhibit A** attached hereto and made a part hereof, together with all related binders, slips, certificates, endorsements, riders and amendments in connection therewith, that have been issued by and in the name of the Company prior to the Effective Date, including all renewals, reinstatements, or conversions of such policies and contracts in accordance with their terms.

"Policyholder" means with respect to each Policy, the person identified as the policyholder, insured, or assignee under the Policy.

"Premiums" means premiums, considerations, deposits and similar receipts with respect to the Policies.

"Producer" means any broker, agent, general agent, broker-dealer, producer, third party administrator, reinsurance intermediary, managing general agent, or other Person who marketed, produced or service the Policies.

"Producer Agreement" means any written agreement, contract, understanding or arrangement between the Company and any Person who (i) is a party to a Producer Agreement and (ii) is entitled to receive any Producer Payments for the solicitation, sale, marketing, production or servicing of the Policies.

"Producer Payments" means any expense allowance, commission, override commission, service fee or other compensation payable by the Company to a Producer pursuant to a Producer Agreement.

"Reinsurance Premium" shall have the meaning subscribed to it in Section 3.2(a).

"Required Assumption Approvals" shall mean the approvals of any Governmental Authorities that may be required under Applicable Law in connection with the reinsurance of the Policies on an assumption reinsurance basis pursuant to this Agreement, including the approval of the Assumption Certificates to be issued by the Assuming Company to the Policyholders of any Policies reinsured under this Agreement.

“Required Assumption Consents” shall mean the consents of any Policyholder to the assumption of a Policy by the Assuming Company on an assumption reinsurance basis that may be required under Applicable Law in any jurisdiction in which the Policy was issued or, as applicable, where such Policyholder resides.

“Reserves” means the sum of all reserves and liabilities required to be maintained by the Company for the Policies calculated in a manner: (a) consistent with the reserve requirements, statutory accounting rules, regulations, practices and actuarial principles applicable to the Company under the Applicable Law of each state in which the Policies were issued or delivered; and (b) in accordance with SAP, sound actuarial principles and any valuation bases and methods of determining reserves by the Company as provided in the forms of the Policies, and (c) consistent with the methodologies and assumptions used by the Company in calculating reserves and liabilities for the Policies on its latest annual statutory financial statement filed with the applicable Governmental Authority in its state of domicile.

“SAP” means statutory accounting principles and procedures prescribed or permitted by the Texas Insurance Department.

“Tax” or “Taxes” means all taxes, charges, fees, levies or other assessments, including, without limitation, all net income, gross income, premium or privilege, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, estimated, severance, stamp, occupation, property or other taxes, customs duties, fees, assessments, or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any Governmental Authority (domestic or foreign) upon the Company.

ARTICLE II

Business Assumptively Reinsured

2.1. Assumption Reinsurance. From time to time after the date of this Agreement, and effective as of the applicable Assumption Effective Date, the Company hereby sells, cedes, transfers to, assigns and reinsures with the Assuming Company, and the Assuming Company hereby purchases, undertakes, reinsures and assumes, by means of assumption reinsurance, one hundred percent (100%) of the Insurance Liabilities of the Company under or with respect to the Policies. It is the intent of the parties to this Agreement to accomplish, as of the applicable Assumption Effective Date, a complete transfer of all of the Ceding Company’s Insurance Liabilities with respect to the Policies then being assumed by the Assuming Company, with the result that the Assuming Company, as transferee, in all respects and conditions, shall succeed the Company as the insurer under the terms and provisions of each of the Policies as though the Assuming Company has originally issued such Policies, and to transfer to the Assuming Company, as administrator, full and complete responsibility for all Administrative Services relating to the Policies in accordance with the terms and conditions of this Agreement and the Policies. Upon the Assumption Effective Date, all Reserves held by the Company or the Assuming Company under the Indemnity Reinsurance Agreement with respect to each such Policy assumed under this Agreement shall be and become the sole and exclusive property of the

Assuming Company. No consideration shall be due from the Assuming Company to the Company upon the assumption of any Policies reinsured under the Indemnity Reinsurance Agreement on an assumption reinsurance basis under the terms and provisions of this Agreement, and no additional Reserves shall be transferred by the Company to the Assuming Company in connection therewith. On the Closing Date, and Effective upon the Effective Date, all Reserves held by the Company with respect to the Platinum Policies will be transferred to, and become the property of the Assuming Company.

2.2. Effect of Reinsurance. The reinsurance effected by this Agreement shall have the effect of creating a Novation under all of the Policies assumed by the Assuming Company in accordance with each of the terms and conditions thereof, and subject to all rights, privileges, defenses, offsets, cross-actions and counterclaims to which the Company would have been 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 the Assuming Company shall be fully subrogated to all such rights, privileges, defenses, offsets, cross-actions and counterclaims. On the applicable Assumption Effective Date, the Assuming Company shall be the successor of the Company with respect to the Policy assumed, and such assumed Policy shall be the direct obligation of the Assuming Company, and the Company shall have no further rights or liability thereunder. The Policyholder and any persons insured under the Policy so assumed shall thereafter disregard the Company as a party to the Policy and treat the Assuming Company as if it had been originally obligated under the Policy. On and after the applicable Assumption Effective Date, the Policyholder and the insured or beneficiary under any assumed Policy shall have the right to file claims for benefits under the assumed Policy directly with the Assuming Company, and shall have a direct right of action against the Assuming Company therefor. Any payments for benefits made under any assumed Policy by the Company or by the Assuming on behalf of the Company under the Indemnity Reinsurance Agreement prior to the applicable Assumption Effective Date shall be deemed to have been made by the Reinsurer for purposes of determining any maximum benefits payable under any of the assumed Policies.

2.3. Conditions of Reinsurance: Required Assumption Approvals and Required Assumption Consents. This Agreement is subject to the approval of the Governmental Authorities in the states of domicile of the Company and the Assuming Company as a transaction between Affiliates in the same insurance holding company system, and each of the parties shall have the obligation to file this Agreement with the Governmental Authority in its respective state of domicile and obtain the approval of such Governmental Authority prior to the Closing (“Holding Company Act Approvals”). The parties will cooperate with each other in obtaining such Holding Company Act Approvals. Consummation of the reinsurance contemplated by this Agreement with respect to any Policy is subject to and contingent upon receipt by the Assuming Company of all Required Assumption Approvals and Required Assumption Consents with respect to such Coinsured Policy. The Assuming Company shall be responsible for obtaining all Required Assumption Approvals and for obtaining all Required Assumption Consents. Each party shall use its best efforts to assist the other party in obtaining the Required Assumption Approvals and the Required Assumption Consents. In the event the Assuming Company is unable to obtain any Required Assumption Approval or Required

Assumption Consent with respect to a Policy that has been reinsured by the Assuming Company under the Indemnity Reinsurance Agreement, the Policy will continue to be reinsured and administered by the Assuming Company under the terms and provisions of the Coinsurance Agreement. In the event the Assuming Company is unable to obtain any Required Assumption Approval or Required Assumption Consent with respect to any Platinum Policy, the Platinum Policy will be 100% indemnity reinsured and administered by the Assuming Company on the same basis, and subject to the same terms and conditions, set forth in the Indemnity Reinsurance Agreement. The Assuming Company shall, as it obtains the Required Assumption Approvals and the Required Assumption Consents, provide the Company with prompt notice of such approvals and the assumption of the Policies under the terms and provisions of this Agreement.

2.4. Certificates of Assumption. The Assuming Company shall, after the execution of this Agreement, use its best efforts to issue to each Policyholder of any Policy assumed under this Agreement an Assumption Certificate substantially in the form attached hereto as **Exhibit B**. The Assumption Certificates shall be effective on the applicable Assumption Effective Date, and shall be mailed to each Policyholder's last known address of record on the Books and Records of the Company furnished to the Assuming Company.

ARTICLE III **Closing and Consideration**

3.1. Closing. The Closing shall take place at 10 AM CST on the fifth (5th) Business Day (the "Closing Date") following the receipt by the Company and the Assuming Company of the last Holding Company Act Approval required under Section 2.3 at the offices of the Assuming Company, 11200 Lakeline Blvd., Suite 100, Austin, Texas 78717 or at such other time and place as the parties may mutually agree. At the Closing, the parties shall each provide evidence to the other of the receipt of the Holding Company Act Approval of the Governmental Authority in its respective state of domicile.

3.2 Reinsurance Premiums.

(a) In consideration of the Assuming Company's assumption of the Insurance Liabilities with respect to the Platinum Policies, the Company shall pay to the Assuming Company at the Closing the Reinsurance Premium (the "Reinsurance Premium") in cash in immediately available funds by wire transfer to an account designated by the Assuming Company in an amount equal to the Reserves held by the Company for the Platinum Policies as of the Effective Date.

(b) No later than five (5) Business Days prior to the Closing Date, the Company shall deliver to the Assuming Company and Purchaser the calculation of the Reinsurance Premium.

ARTICLE IV **Administration and Books and Records**

4.1. Appointment for Providing Administrative Services.

(a) Effective as of the Effective Date, the Company hereby appoints the Assuming Company on an exclusive basis to provide the Administrative Services, and the Assuming Company hereby accepts such appointment and agrees to perform such Administrative Services for so long as any Insurance Liabilities remain outstanding including, without limitation, the payment of all allowable claims for benefits under the Policies and the investigation, adjustment, appraisal, defense or settlement thereof, at the Assuming Company's sole cost and expense; billing and collection of Premiums under the assumed Policies; preparation of policy changes, endorsements, issuance of conversion policies, reinstatements, and such other administrative services as the Assuming Company, in its sole discretion, deems necessary, appropriate, or lawful in connection with the assumed Policies, as though such assumed Policies were originally issued as direct insurance obligations of the Assuming Company. The Assuming Company agrees that in providing the Administrative Services pursuant to this Agreement, it shall conduct itself in accordance with all reasonable commercial and professional standards of skill, diligence, care, effort and expertise that are at least equal in quality to the standards the Assuming Company exercises in carrying out its own insurance business; *provided, however*, that such standards must be in compliance with industry standards, the provisions of each Policy and Applicable Law.

(b) Legally Required Actions. The Assuming Company shall give the Company timely notice of any actions the Company is required by Applicable Law or Governmental Authorities to take in connection with the Administrative Services or with respect to the Policies directly, without the Assuming Company acting on its behalf.

(c) Compensation to the Assuming Company for Providing Administrative Services. The Assuming Company agrees to perform the Administrative Services at its sole cost and expense and without any rights to reimbursement from the Company in consideration of the Company having entered into this Agreement, the Reinsurance Premium, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

4.2 Transfer of Books and Records. On or prior to the Closing Date, the Company shall deliver or cause to be delivered to the Assuming Company all Books and Records maintained by or under the control of the Company. On and after the applicable Assumption Effective Date, all notices, claims and correspondence received by the Company pertaining to the assumed Policies, including applications for reinstatements of lapsed Policies, will be forwarded promptly by the Company to the Assuming Company. All checks, drafts or money orders held or received by the Company for Premiums due under the assumed Policies shall be properly endorsed to the Assuming Company and forwarded promptly to the Assuming Company by the Company, or shall be deposited by the Company which shall, on a weekly basis, issue and forward its checks to the Assuming Company for the amount of Premiums received and deposited with respect to the assumed Policies, together with a listing of the items received in a format and with such detail that the Assuming Company can utilize to apply the Premiums to the correct accounts.

4.3 Notice of Regulatory Matters and Complaints. If, from and after the Effective Date, the Company or the Assuming Company receives notice of, or otherwise becomes aware of, any inquiry, investigation, audit or proceeding from or by any Governmental Authority, or any complaint from any Producer or Policyholder, relating to the Policies or the Administrative Services, the Company or the Assuming Company, as applicable, shall promptly notify the other party thereof in writing, whereupon the Assuming Company and the Company shall cooperate in good faith to resolve such matter in a mutually satisfactory matter, at the Assuming Company's sole cost and expense.

4.4 Litigation; Defense of Litigation.

a) Notice of Litigation With Respect to Policies. From and after the Effective Date, the Company or the Assuming Company, as applicable, shall notify the other party promptly in writing of any Litigation that is instituted or threatened under or with respect to any Policy or the Administrative Services, of which they are made aware.

b) Defense of Litigation. From and after the Effective Date, the Assuming Company shall defend, at its own cost and expense and in the name of the Company when necessary, any Litigation that is instituted or threatened under or with respect to any Policy or the Administrative Services; *provided, however,* that the Company may retain at its own cost and expense separate legal counsel to represent it in any such Litigation in which the Company is named as a party. The Assuming Company shall regularly report to the Company in writing on the status of all such Litigation, its Litigation strategy, and settlement plans, if any, and shall have the authority to control the defense of any such Litigation unless the Company notifies the Assuming Company that it reasonably believes that such Litigation (i) may cause a material adverse effect on the Company's or its Affiliates' assets, business, reputation, good will or licenses, or (ii) may expose the Company or its Affiliates to a criminal penalty, in which case, the Company and the Assuming Company shall mutually agree on a reasonable and appropriate response or course of action with respect to such Litigation and jointly control the defense of such Litigation, at the Assuming Company's sole cost and expense. The Assuming Company shall have the authority to settle all such Litigation, without the Company's prior consent if (i) the Assuming Company pays all settlement amounts with respect thereto, (ii) the settlement or judgment does not impose equitable remedies on the Company or its Affiliates or involve or impose any restriction, cost, liability, or condition on the Company or the Company's Affiliates or on any asset, business or license of the Company or the Company's Affiliates, and (iii) the Assuming Company obtains a complete release of, or a dismissal with prejudice of claims against, the Company with respect to such Litigation.

c) Cooperation in Defense of Litigation, Governmental Authority Proceedings and Complaints. From and after the Effective Date, the Assuming Company and the Company will cooperate with each other in connection with the defense or settlement of any Litigation that is instituted or threatened under or with respect to any Policy or the Administrative Services and any Governmental Authority inquiry, investigation, audit or proceeding or any complaint from any Producer or Policyholder

relating to the Policies or the Administrative Services, at the Assuming Company's sole cost and expense.

4.5 Producer Payments. On and after the applicable Assumption Effective Date, the Assuming Company shall assume the liability of the Company for Producer Payments for premiums collected and received by the Assuming Company for any periods after the applicable Assumption Effective Date. The Assuming Company shall be entitled to exercise all rights of the Company relating to the assumed Policies under the terms of the Producer Agreements, including without limitation, any rights to suspend or terminate Producer Payments which relate to the assumed Policies to any Producer for any reason or cause set forth in the Producer Agreement, and effective as of the applicable Assumption Effective Date, the Company hereby transfers and assigns to the Assuming Company all of its rights under such Producer Agreements, but only to the extent such rights thereunder relate to the Assumed Policies. The Assuming Company shall have the right to appoint any Producer as an agent of the Assuming Company for the purpose of providing services to any of the Policyholders of the Assumed Policies. The Assuming Company further agrees to honor all properly executed assignments of Producer Payments by Producers, and to provide directly to all Producers customary reports of Producer Payments paid and an annual report of earnings at year end.

ARTICLE V

Other Covenants and Undertakings

5.1. Payment of Insurance Liabilities by the Company. Without limitation to the indemnification and other rights and remedies provided to the Company hereunder, if the Company, on or after the Effective Date, finds it necessary to pay any Insurance Liabilities, then the Company shall promptly provide written notification of such payment to the Assuming Company. Upon submitting a notification for reimbursement pursuant to this Section 5.1, the Company shall provide the Assuming Company with reasonable written documentation supporting such request for reimbursement. The Assuming Company shall, within thirty (30) days of receipt of such written notification, reimburse the Company for such payment or expense.

5.2. Privacy. The Assuming Company recognizes that, in the performance of its obligations under this Agreement, it may obtain from the 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 Applicable Law and not to disclose such information without the individual's written authorization unless such disclosure is otherwise permitted by Applicable Law.

5.3. Regulatory Approvals. Notwithstanding any provision to the contrary contained in this Agreement, this Agreement is subject to, and shall not become effective until, the Company and the Assuming Company have received all Holding Company Act Approvals and Required Assumption Approvals and other licenses, permits, authorizations, consents, orders, or approvals, and have made any and all registrations, declarations or filings, required by Applicable Law for the Closing.

5.4. Duration and Termination. This Agreement shall commence on the Effective Date and continue until the later of (i) the date on which the Company and the Assuming Company have no further liabilities or obligations that constitute Insurance Liabilities hereunder, or (ii) the date on which no further Administrative Services are required.

ARTICLE VI

Representations and Warranties of the Assuming Company

The Assuming Company hereby represents and warrants to the Company as follows:

6.1. Licensing. The Assuming Company is (i) duly licensed as a life and health insurer in each of the jurisdictions listed on **Exhibit C** attached hereto and made a part hereof, and/or is authorized as necessary so that the Company can take full reserve credit on its statutory financial statements filed by the Company in any state with respect to the reinsurance ceded to the Assuming Company under Article II hereof, and (ii) duly licensed and/or authorized as required by Applicable Law for it to provide the Administrative Services.

6.2. Survival. All representations and warranties of the Assuming Company contained in this Agreement will be true, accurate and complete at the time of the Closing and will remain true, accurate, and complete for the duration of this Agreement.

ARTICLE VII

Conditions Precedent to Closing

7.1. The Company's Conditions Precedent. The obligation of the Company to cede the Insurance Liabilities as contemplated by Article II hereunder at the Closing is subject to the satisfaction or, at the Company's sole option, waiver of, the following conditions prior to Closing:

(a) (i) The representations and warranties of the Assuming Company contained in this Agreement shall be true and correct in all material respects, and (ii) the Assuming 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 the Assuming Company on or prior to the Closing.

(b) All filings with Governmental Authorities required by Applicable Law to consummate the reinsurance transaction contemplated under Article II of this Agreement shall have been made and all required approvals and consents shall have been obtained and shall be in full force and effect and without conditions or limitations reasonably unacceptable to the Company. 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 or the business, property, prospects, results of operations or financial condition of the Company.

(d) No act, event, change, occurrence or condition shall have occurred after the date hereof which has had or could reasonably be expected to have a material adverse effect on the Assuming Company.

7.2. The Assuming Company's Conditions Precedent. The obligation of the Assuming Company to reinsure the Liabilities as contemplated by Article II hereunder at the Closing is subject to the satisfaction or, at the Assuming Company's sole option, waiver of, the following conditions prior to Closing:

(a) The 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 the Company on or prior to the Closing.

(b) All filings with Governmental Authorities required by Applicable Law to consummate the reinsurance transaction contemplated under Article II of this Agreement shall have been made and all required approvals and consents shall have been obtained and shall be in full force and effect and without conditions or limitations reasonably unacceptable to the Assuming Company. There shall not have been any action taken by any Governmental Authority prohibiting or matting 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 or the business, property, prospects, results of operations or financial condition of the Assuming Company.

(d) No act, event, change, occurrence or condition shall have occurred after the date hereof which has had or could reasonably be expected to have a material adverse effect on the Company.

ARTICLE VIII **Indemnification**

8.1. Indemnification by the Assuming Company. From and after the Effective Date, the Assuming Company shall indemnify and hold harmless the Company and its Affiliates (and their respective directors, officers, employees, successors and permitted assigns) (collectively, the "Company Indemnitees") from and against any and 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 (each a "Loss" and collectively the "Losses") sustained or incurred by, or asserted against any of the Company Indemnitees resulting

from or arising out of: (a) the Insurance Liabilities; (b) the performance of, or failure to perform, the Administrative Services, or any other act, error, or omission of the Assuming Company, its Affiliates, or the Assuming Company Indemnitees, with respect to the Policies or the Administrative Services, whether or not such performance, failure to perform, act, error or omission (i) is willful, intentional, negligent or otherwise, or (ii) conforms to industry standards or any standards of performance set forth herein or otherwise agreed to by the parties hereto; (c) any directions of the Assuming Company given in connection with the Administrative Services pursuant to this Agreement and followed by the Company; (d) any breach or non-fulfillment by the Assuming Company of, or any failure by the Assuming Company to perform, any of the covenants, terms or conditions of, or any of its duties or obligations under, this Agreement; (e) any breach, inaccuracy or falsity in any representation or warranty of the Assuming Company under this Agreement; (f) a violation of Applicable Law by the Assuming Company, its Affiliates, or any of the Assuming Company Indemnitees; or (g) any enforcement of this indemnity.

8.2. Indemnification by the Company. From and after the Effective Date, the Company shall indemnify and hold harmless the Assuming Company and its Affiliates (and their respective directors, officers, employees, successors and permitted assigns) (collectively, the “Assuming Company Indemnitees”) from and against any and all Losses sustained or incurred by, or asserted against any of the Assuming Company Indemnitees resulting from or arising out of: (a) any breach or non-fulfillment by the Company of, or any failure by the Company to perform, any of the covenants, terms or conditions of, or any of its duties or obligations under, this Agreement, or (b) any enforcement of this indemnity.

8.3. Notice of Claims. Any party seeking indemnification under this Agreement (the “Indemnified Party”) shall give to the party from which indemnification is sought (the “Indemnitor”) a notice (a “Claim Notice”) describing in reasonable detail the facts giving rise to any claim for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provisions of this Agreement or any other agreement, document or instrument executed or delivered hereunder or in connection herewith upon which such claim is based; provided, however, that a Claim Notice in respect of any action at law or suit in equity by or against a third Person as to which indemnification will be sought shall be given promptly after the action or suit is commenced; and provided further that failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it shall have been prejudiced by such failure.

8.4. Third-Party Claims. The Indemnitor shall have twenty (20) Business Days after receipt of any Claim Notice or information necessary to make the Claim Notice complete, relating to any third Person claim, action or suit (collectively, a “Claim”) to notify the Indemnified Party of its election to conduct and control the defense, compromise or settlement of such Claim. Unless the Indemnitor gives the foregoing notice, the Indemnified Party shall have the right to conduct and control, through counsel of its own choosing, the defense, compromise or settlement of such Claim, and in any such case the Indemnitor shall cooperate in connection with such Claim and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably

requested by the Indemnified Party in connection therewith; *provided, however*, that, should the Indemnitor fail to timely give notice as provided above in this Section 8.4, (a) the Indemnitor may, in any event, participate, through counsel chosen by it and at its own expense, in the defense of any such Claim, and (b) if the Indemnitor has acknowledged and agreed in writing that it has an obligation to provide indemnification under this Agreement for any Loss incurred in connection with or arising from such Claim, the Indemnitor shall have the right to assume control of the defense, compromise or settlement of such Claim from the Indemnified Party at any time by giving written notice of such election to the Indemnified Party. If the Indemnitor timely gives notice as provided above in this Section 8.4 or assumes control of the defense, compromise or settlement of any Claim, and in any such case, the Indemnified Party shall cooperate in connection with such Claim and shall furnish such records, information and testimony and attend such conferences, discovery, proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnitor in connection therewith; *provided, however*, that the Indemnified Party may participate, through counsel chosen by it and at its own cost and expense, in the defense of any such Claim, as to which the Indemnitor has so elected to conduct and control the defense thereof; and provided further, that the Indemnitor shall not, without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld) pay, compromise or settle any such Claim (a) in any case where the Indemnitor has not acknowledged its obligation to provide indemnification to the Indemnified Party under this Agreement, or (b) seeking any relief other than monetary damages; and provided further that the Indemnitor shall, at any time prior to the settlement or commencement of trial with respect to any Claim, tender the defense, compromise and settlement of such Claim to the Indemnified Party should the Indemnitor reasonably determine, based upon the information furnished to it by the Indemnified Party or obtained by the Indemnitor in the course of defending the Claim, that the Indemnitor is not obligated to provide indemnification to the Indemnified Party under this Agreement.

8.5. Interest. In the case of any payments made or costs or damages incurred and paid by a party, interest on the amount thereof shall accrue beginning the date any Loss is paid by the Indemnified Party or a date thirty (30) days after written notice of the claim is given, whichever is later, provided that such notice is accompanied by documentation describing the basis of such claim in reasonable detail for evaluation; provided, however, that the Indemnified Party shall only be entitled to receive such interest to the extent that it is determined that such party is entitled to indemnification hereunder. Interest shall accrue until the Loss is paid in full at a rate computed at LIBOR on the date that such interest begins to accrue.

8.6. Survival. This Article VIII shall survive the termination of this Agreement.

ARTICLE IX

Insolvency

9.1. Insolvency. The Assuming Company hereby agrees that, as to all reinsurance made, ceded, renewed or otherwise becoming effective hereunder, the reinsurance shall be payable by the Assuming Company on the basis of the liability of the Company with respect to the Insurance Liabilities under the Policies, without diminution because of the insolvency of the Company, directly to or on behalf of the insureds under any Policy immediately upon demand.

ARTICLE X **Arbitration**

10.1. Agreement to Arbitrate. It is the intention of the parties that customs and usages of the business of insurance shall be given full effect in the interpretation of this Agreement. All disputes between the Company and the Assuming Company arising out of or relating to this Agreement, including the formation and validity thereof, on which an amicable understanding cannot be reached will be decided by arbitration between the parties. Notwithstanding any other provision of this Article X, if either the Company or the Assuming Company seeks, consents to, or acquiesces in the appointment of or otherwise becomes subject to any trustee, receiver, liquidator or conservator (including any state insurance regulatory agency or authority acting in such a capacity), the other party shall not be obligated to resolve any claim, dispute or cause of action under this Agreement by arbitration. Notwithstanding any other provision of this Article X, nothing contained in this Agreement shall require arbitration of any issue for which equitable or injunctive relief, including specific performance, is sought.

10.2. Method. The parties intend this Article X to be enforceable in accordance with the Federal Arbitration Act (9 U.S.C. Section 1, et seq.), including any amendments to that Act which are subsequently adopted, notwithstanding any other choice of law provision set forth in this Agreement. In the event that either party refuses to submit to arbitration as required herein, the other party may request a United States Federal District Court to compel arbitration in accordance with the Federal Arbitration Act. Both parties consent to the jurisdiction of such court to enforce this article and to confirm and enforce the performance of any award of the arbitrators. Arbitration shall be conducted before a three-person arbitration panel appointed as follows: to initiate arbitration, either party shall notify the other in writing in the manner set forth in this Agreement for sending notices to the parties of its desire to arbitrate, stating the nature of the dispute and the remedy sought, and designating an arbitrator. The party to which the notice is sent shall respond thereto in writing within thirty (30) days of its receipt of such notice. In such response, the party shall also assert any claim, defense and other dispute it may have against the party initiating arbitration, and which arises out of or relates in any way to this Agreement, and designate its arbitrator. If the second party fails to respond within the time period set forth in this Section 10.2, or fails to designate its arbitrator in its response, the party initiating arbitration shall appoint a second arbitrator. The two arbitrators shall select an umpire within thirty (30) days of the designation of the second arbitrator. If they are unable to agree upon the selection of the umpire within thirty (30) days of the appointment of the second arbitrator, the parties shall appoint the umpire pursuant to the ARIAS-US Umpire Selection Procedure. The arbitrators and umpire shall be either present or former executive officers of life or health insurance or reinsurance companies, be certified to act as arbitrators or umpires by ARIAS-US, shall not be under the control of either party and shall have no financial interest in the outcome of the arbitration. The arbitrators shall have the power to determine all procedural rules for the conduct of the arbitration, including but not limited to the production and inspection of documents, the examination of witnesses and any other matter relating to the conduct of the arbitration. The arbitrators and the umpire shall interpret this Agreement as an honorable engagement and not merely as legal obligations between the parties. They shall reach their decision from the standpoint of equity and the customs and practices of the insurance industry with a view to effecting the general purposes of this Agreement, and may abstain from following the strict rules of law; provided, however, that the arbitrators shall have no authority to award

equitable relief or punitive damages against or in favor of either party (except to reimburse a party for extra-contractual or punitive damages that either the Company or the Assuming Company has paid or is legally obligated to pay to third parties). Unless the arbitration panel orders otherwise, each party shall pay: (1) the fees and expenses of its own arbitrator; and (2) an equal share of the fees and expenses of the umpire and the other expenses of the arbitration. Each party shall pay its own legal fees in connection with the arbitration, unless the arbitrators award legal fees and expenses of the prevailing party as part of any award. Except as otherwise specifically provided herein, the arbitration shall be conducted in accordance with the Procedures for the Resolution of U.S. Insurance and Reinsurance Disputes, Regular Panel Version, April 2004. The arbitration shall be held in Austin, Texas, or at such other location as may be designated by the arbitrators. The decision, in writing, of the arbitrators shall be final and binding upon both of the parties. Judgment may be entered upon the final decision of the arbitrators in any court having jurisdiction. The arbitration will be conducted on a confidential basis and no matters discussed or disclosed by any party at the arbitration, or any decision or award of the arbitrators, will be admitted into evidence or otherwise disclosed or used before any court or other legal, regulatory or administrative body, authority or forum for any purpose except as and to the extent necessary for entry of final judgment on the award of the arbitrators in any court having jurisdiction.

ARTICLE XI **Confidentiality**

11.1. 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, each party will keep confidential and will not use or disclose the other party's Confidential Information 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) The parties acknowledge and agree that the Assuming Company may use all Confidential Information regarding a Policyholder, the Insurance Liabilities, or the Policies in order to perform the Administrative Services as contemplated by this Agreement and in accordance with Applicable Law.

ARTICLE XII **Miscellaneous**

12.1. Cooperation. Each party hereto shall cooperate with the other party 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.

12.2. 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 that 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.

12.3. Assignment; Subcontracting.

(a) This Agreement shall not be assigned by operation of law or otherwise by any party hereto without the prior written consent 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 permitted assigns.

(b) The Assuming Company shall not assign, delegate or otherwise subcontract the performance of any aspect of the Administrative Services to any third party other than an Affiliate of the Assuming Company without the prior written approval of the Company.

12.4. Notices. All notices, consents, demands, requests, approvals and other communications, which are required or may be given hereunder shall be in writing and shall be deemed to have been duly given when delivered: (a) by hand; (b) by United States certified first class mail as evidenced by a signed return receipt; (c) by Federal Express or similar overnight courier; or (d) by facsimile transmission of the entire document (with a confirming copy of such communication to be sent as provided in clauses (b) or (e) above) to the party for whom intended at the address or fax number set forth below (or at such other address or fax number for a party as shall be specified by like notice; provided, however, that any notice of change of address or fax number shall be effective only upon receipt:

Assuming Company: United Teacher Associates Insurance Company
11200 Lakeline Blvd., Suite 100
PO Box 26850
Austin, Texas 78717
Attention: Billy Hill, President
Fax: (512) 467-7040
Phone: (512) 531-1400

Company: Loyal American Life Insurance Company
11200 Lakeline Blvd., Suite 100
PO Box 26850
Austin, Texas 78717
Attention: Billy Hill, President
Fax: (512) 467-7040
Phone: (512) 531-1400

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.

12.5. Entire Contract. This Agreement is the entire contract between the parties hereto, and supersedes all oral discussions and written agreements between the parties with respect to the subject matter hereof.

12.6. 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, or a waiver of any other right or remedy, unless expressly provided in writing to the contrary.

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

12.8. 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.

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

12.10. 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.

12.11. No Third Party Beneficiaries. Except as otherwise expressly provided herein, a Person who is not a party to this Agreement shall not have any benefit under this Agreement nor have any third party beneficiary rights under this Agreement.

12.12. U.S. Dollars. Any monetary amount described in this Agreement, including any schedules hereto, shall mean United States Dollars.

12.13. Public Announcements. At all times, the Company and the Assuming Company 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 the Company and the Assuming Company 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.

12.14. 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.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the day and year first written above.

**UNITED TEACHER ASSOCIATES INSURANCE
COMPANY**

By: 
Name: Billy Hill
Title: President

**LOYAL AMERICAN LIFE INSURANCE
COMPANY**

By: 
Name: Bradley Wolfram
Title: Exec VP + Chief operating officer

POLICIES REINSURED

POLICY FORM SERIES

<u>FORM</u>	<u>PRODUCT CODE</u>	<u>COVERAGE ID</u>	<u>DESCRIPTION</u>
L-5440	LTC080H	TC08BD60H	LOYAL PLATINUM LTC (COMPREHENSIVE)
L-5440	LTC08QH	LTC08BD6QH	LOYAL PLATINUM LTC 20 PAY COMPREHENSIVE
L-5440	LTC08UH	LTC08BD6UH	LOYAL PLATINUM LTC PU@65 COMPREHENSIVE
L-5450	LTC080A	LTC08BD60A	LOYAL PLATINUM LONG TERM CARE (FACILITY)
L-6000	LTC020N	LTC02BD60N	LONG TERM CARE - NON-QUALIFIED
L-6000	LTC02PN	LTC02BD6PN	LONG TERM CARE - NON-QUALIFIED, 10 YR P
L-6000	LTC020Q06	LTC02BD61Q	LONG TERM CARE - QUAL CO 12 ONLY 2006
L-6000	LTC020Q	LTC02BD60Q	LONG TERM CARE - QUALIFIED
L-6000	LTC02PQ	LTC02BD6PQ	LONG TERM CARE - QUALIFIED, 10 YR PD
L-6000	LTC020QR	LTR02BD60Q	LONG TERM CARE - REPUBLIC MKT QUALIFIED
L-6000	LTC02PQR	LTR02BD6PQ	LONG TERM CARE - REPUBLIC MKT QUALIFIED
L-6000	LTC020N	LTC02BD60N	LONG TERM CARE - NON-QUALIFIED
L-6000	LTC020Q	LTC02BD60Q	LONG TERM CARE - QUALIFIED

EXHIBIT B

UNITED TEACHER ASSOCIATES INSURANCE COMPANY

11200 Lakeline Blvd., Suite 100

PO Box 26850

Austin, Texas 78717

Phone: (800)880-8824

NOTICE AND CERTIFICATE OF ASSUMPTION

[John Doe]
[1234 Ivanhoe Trail]
[Austin, TX 78748]

Policy #: [RC0000100]

This is to certify that, pursuant to the terms of an Assumption Reinsurance Agreement, the above policy and all endorsements thereto (herein called the "Policy") issued by **LOYAL AMERICAN LIFE INSURANCE COMPANY** was assumed by **UNITED TEACHER ASSOCIATES INSURANCE COMPANY**.

This change is effective the later of 12:01 AM CST on January 1, 2010.

All of the terms and conditions of the Policy remain unchanged, except that **UNITED TEACHER ASSOCIATES INSURANCE COMPANY** shall be the insurer. All premium payments, notices, claims and suits or actions of the Policy shall hereafter be made to **UNITED TEACHER ASSOCIATES INSURANCE COMPANY** as though it had issued the Policy originally.

Inquiries concerning the Policy shall be directed to **UNITED TEACHER ASSOCIATES INSURANCE COMPANY** at the address indicated above. The Certificate should be attached to and made part of the Policy.

IN WITNESS WHEREOF, UNITED TEACHER ASSOCIATES INSURANCE COMPANY has caused this Notice and Certification of Assumption to be signed by its duly authorized officer.

UNITED TEACHER ASSOCIATES INSURANCE COMPANY

By: Billy Hill Jr.
Name: Billy Hill, Jr.
Title: President

Please attach this form to your policy.

UNITED TEACHER ASSOCIATES INSURANCE COMPANY

11200 Lakeline Blvd., Suite 100

PO Box 26580

Austin, Texas 78717

Phone: (800)880-8824

[John Doe]

[Address]

Policy #: [RC0000100]

Dear _____

United Teacher Associates Insurance Company has assumed all obligations and liabilities under the above policy previously issued to you by Loyal American Life Insurance Company. Enclosed is a Notice and Certificate of Assumption that evidences this assumption.

This assumption in no way affects your insurance coverage, your rights and obligations under the policy, or the surety's rights and obligations under the policy, except that United Teacher Associates Insurance Company is now the insurer in place of Loyal American Life Insurance Company.

This assumption does not require any action by you.. If you wish to object to this transfer of your policy, you must send us a letter so stating and returning the enclosed Notice and Certificate of Assumption no later than January 31, 2010. If you take no action, you will be deemed to have accepted and consented to the direct assumption of the policy by United Teacher Associates Insurance Company and the release of Loyal American Life Insurance Company.

Very truly yours,

By: Billy Hill Jr.
Name: Billy Hill, Jr.
Title: President

UNITED TEACHER ASSOCIATES INSURANCE COMPANY
JURISDICTIONS IN WHICH LICENSED

The Assuming Company is licensed in all states of the United States (except New York) and the District of Columbia, Puerto Rico, and the U.S. Virgin Islands

UNITED TEACHER ASSOCIATES INSURANCE COMPANY

[11200 Lakeline Blvd., Suite 100

PO Box 26850

Austin, Texas 78717

Phone: (800)880-8824]

NOTICE AND CERTIFICATE OF ASSUMPTION

[John Doe]
[1234 Ivanhoe Trail]
[Austin, TX 78748]

Policy #: [RC0000100]

This is to certify that, pursuant to the terms of an Assumption Reinsurance Agreement, the above policy and all endorsements thereto (herein called the "Policy") issued by **LOYAL AMERICAN LIFE INSURANCE COMPANY** was assumed by **UNITED TEACHER ASSOCIATES INSURANCE COMPANY**.

This change is effective the later of 12:01 AM CST on January 1, 2010.

All of the terms and conditions of the Policy remain unchanged, except that **UNITED TEACHER ASSOCIATES INSURANCE COMPANY** shall be the insurer. All premium payments, notices, claims and suits or actions of the Policy shall hereafter be made to **UNITED TEACHER ASSOCIATES INSURANCE COMPANY** as though it had issued the Policy originally.

Inquiries concerning the Policy shall be directed to **UNITED TEACHER ASSOCIATES INSURANCE COMPANY** at the address indicated above. The Certificate should be attached to and made part of the Policy.

IN WITNESS WHEREOF, UNITED TEACHER ASSOCIATES INSURANCE COMPANY has caused this Notice and Certification of Assumption to be signed by its duly authorized officer.

UNITED TEACHER ASSOCIATES INSURANCE COMPANY

By:

Billy Hill Jr.

Name: Billy Hill, Jr.

Title: President

Please attach this form to your policy.



Texas Department of Insurance

Financial, Company Licensing & Registration, Mail Code 305-2C
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
512-322-3507 telephone • 512-322-3550 fax • www.tdi.state.tx.us

April 29, 2010

Joyce Kostakis
Compliance Manager
United Teachers Associates Insurance Company
PO Box 26580
Austin, TX 78714-9104

RE: LOYAL AMERICAN LIFE INSURANCE COMPANY
Partial Reinsurance by UNITED TEACHERS ASSOCIATES INSURANCE
COMPANY

Dear Ms. Kostakis:

This letter evidences the submission and review of the captioned transaction pursuant to the provisions of TEX. INS. CODE art. 3.10/5.75-1. The effective date of such agreement is January 1, 2010. The Assumption Certificate Form No. ASC-Loyal-UTA was approved by the Life/Health Division. The Commissioner of Insurance will take no further action on this transaction at this time.

You should have received a copy of the approved Assumption Certificate from the Life/Health Division. If you have not, please contact that division at (512) 322-3409.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Hunt", enclosed within a hand-drawn oval.

Jeff Hunt
Admissions Officer

JH/TM



Texas Department of Insurance

Financial, Company Licensing & Registration, Mail Code 305-2C
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
512-322-3507 telephone • 512-322-3550 fax

Memorandum

To: File

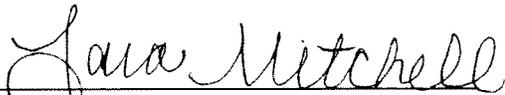
From: Tara Mitchell
Insurance Specialist

Date: April 29, 2010

Subject: Partial reinsurance agreement between LOYAL AMERICAN LIFE
INSURANCE COMPANY with and into UNITED TEACHERS
ASSOCIATES INSURANCE COMPANY

The attached documents have been filed regarding the partial reinsurance of long term care insurance business LOYAL AMERICAN LIFE INSURANCE COMPANY, Cincinnati, Ohio with and into UNITED TEACHERS ASSOCIATES INSURANCE COMPANY, Austin, Texas. The effective date of such agreement is January 1, 2010. This transaction was approved by the Life Group Division on April 22, 2010, Form No. ASC-Loyal-UTA.

The records of this Agency have been updated to reflect this change.


Tara Mitchell



Texas Department of Insurance

Financial, Company Licensing & Registration, Mail Code 305-2C
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
512-322-3507 telephone • 512-322-3550 fax • www.tdi.state.tx.us

April 29, 2010

Joyce Kostakis
Compliance Manager
United Teachers Associates Insurance Company
PO Box 26580
Austin, TX 78714-9104

RE: GREAT AMERICAN LIFE INSURANCE COMPANY
Partial Reinsurance by UNITED TEACHERS ASSOCIATES INSURANCE
COMPANY

Dear Ms. Kostakis:

This letter evidences the submission and review of the captioned transaction pursuant to the provisions of TEX. INS. CODE art. 3.10/5.75-1. The effective date of such agreement is January 1, 2010. The Assumption Certificate Form No. ASC-GALIC-UTA was approved by the Life/Health Division. The Commissioner of Insurance will take no further action on this transaction at this time.

You should have received a copy of the approved Assumption Certificate from the Life/Health Division. If you have not, please contact that division at (512) 322-3409.

Very truly yours,

A handwritten signature in black ink, appearing to read "JEFF HUNT", enclosed within a hand-drawn oval.

Jeff Hunt
Admissions Officer

JH/TM



Texas Department of Insurance

Financial, Company Licensing & Registration, Mail Code 305-2C
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
512-322-3507 telephone • 512-322-3550 fax

Memorandum

To: File

From: Tara Mitchell
Insurance Specialist

Date: April 29, 2010

Subject: Partial reinsurance agreement between GREAT AMERICAN LIFE
INSURANCE COMPANY with and into UNITED TEACHERS
ASSOCIATES INSURANCE COMPANY

The attached documents have been filed regarding the partial reinsurance of long term care insurance business GREAT AMERICAN LIFE INSURANCE COMPANY, Cincinnati, Ohio with and into UNITED TEACHERS ASSOCIATES INSURANCE COMPANY, Austin, Texas. The effective date of such agreement is January 1, 2010. This transaction was approved by the Life Group Division on April 22, 2010, Form No. ASC-GALIC-UTA.

The records of this Agency have been updated to reflect this change.

A handwritten signature in cursive script that reads "Tara Mitchell".

Tara Mitchell

SERFF Tracking Number: OHLH-126414656

State: Ohio

Filing Company: UNITED TEACHER ASSOCIATES INSURANCE
COMPANY

State Tracking Number: OHLH-126414656

Company Tracking Number:

TOI: H01 Health - Assumption Agreement

Sub-TOI: H01.000 Health - Assumption Agreement

Product Name: ASSUMPTION LONG TERM CARE

Project Name/Number: /

SERFF Tracking Number: OHLH-126414656

State: Ohio

Filing Company: UNITED TEACHER ASSOCIATES INSURANCE
COMPANY

State Tracking Number: OHLH-126414656

Company Tracking Number:

TOI: H01 Health - Assumption Agreement

Sub-TOI: H01.000 Health - Assumption Agreement

Product Name: ASSUMPTION LONG TERM CARE

Project Name/Number: /

Disposition

Disposition Date: 03/26/2010

Implementation Date:

Status: FILED

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: OHLH-126414656

State: Ohio

Filing Company: UNITED TEACHER ASSOCIATES INSURANCE State Tracking Number: OHLH-126414656
COMPANY

Company Tracking Number:

TOI: H01 Health - Assumption Agreement

Sub-TOI: H01.000 Health - Assumption Agreement

Product Name: ASSUMPTION LONG TERM CARE

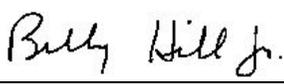
Project Name/Number: /

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Assumption/Merger Explanatory Summary	FILED	Yes
Supporting Document	Assumption/Merger State of Domicile Approval	FILED	Yes
Supporting Document	Assumption/Merger Affected Form List	FILED	Yes
Supporting Document	Assumption/Merger Officer Certification	FILED	Yes
Supporting Document	COVER LETTER	FILED	Yes
Form	NOTICE AND CERTIFICATE OF ASSUMPTION	FILED	Yes

Life, Accident & Health, Annuity, Credit Transmittal Document

1.	Prepared for the State of	Arkansas					
2.	Department Use Only						
	State Tracking ID						
3.	Insurer Name & Address	Domicile	Insurer License Type	NAIC Group #	NAIC #	FEIN #	State #
	United Teacher Associates Insurance Company PO Box 26580 Austin, Texas 78755-0580	Texas	L, H	084	63479	58-0869673	
4.	Contact Name & Address	Telephone #	Fax #		E-mail Address		
	Melissa MacLaurin PO Box 26580 Austin, Texas 78755-0580	866-459-4272 ext 4794	512-451-0357		mmaclaurin@gafri.com		
5.	Requested Filing Mode	<input checked="" type="checkbox"/> Review & Approval <input type="checkbox"/> File & Use <input type="checkbox"/> Informational <input type="checkbox"/> Combination (please explain): _____ <input type="checkbox"/> Other (please explain): _____					
6.	Company Tracking Number	ASC-LOYAL-UTA					
7.	<input checked="" type="checkbox"/> New Submission <input type="checkbox"/> Resubmission	Previous file # _____					
8.	Market	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Franchise Group <input type="checkbox"/> Small <input type="checkbox"/> Large <input type="checkbox"/> Small and Large <input type="checkbox"/> Employer <input type="checkbox"/> Association <input type="checkbox"/> Blanket <input type="checkbox"/> Discretionary <input type="checkbox"/> Trust <input type="checkbox"/> Other: _____					
9.	Type of Insurance (TOI)	LTC01 Long Term Care – Assumption Agreement					
10.	Sub-Type of Insurance (Sub-TOI)	LTC01.000 Long Term Care – Assumption Agreement					
11.	Submitted Documents	<input type="checkbox"/> FORMS <input type="checkbox"/> Policy <input type="checkbox"/> Outline of Coverage <input type="checkbox"/> Certificate <input type="checkbox"/> Application/Enrollment <input type="checkbox"/> Rider/Endorsement <input type="checkbox"/> Advertising <input type="checkbox"/> Schedule of Benefits <input checked="" type="checkbox"/> Other Rates <input type="checkbox"/> New Rate <input type="checkbox"/> Revised Rate <input checked="" type="checkbox"/> FILING OTHER THAN FORM OR RATE: Please explain: __Assumption Reinsurance Agreement_____ SUPPORTING DOCUMENTATION <input type="checkbox"/> Articles of Incorporation <input type="checkbox"/> Third Party Authorization <input type="checkbox"/> Association Bylaws <input type="checkbox"/> Trust Agreements <input type="checkbox"/> Statement of Variability <input type="checkbox"/> Certifications <input type="checkbox"/> Actuarial Memorandum <input checked="" type="checkbox"/> Other __Assumption Reinsurance Agreement_____					

12.	Filing Submission Date	07/01/2010
13.	Filing Fee (If required)	Amount _____ Check Date _____ Retaliatory <input type="checkbox"/> Yes <input type="checkbox"/> No Check Number _____
14.	Date of Domiciliary Approval	04/29/2010
15.	Filing Description:	
<p>Re: Assumption Reinsurance Agreement between United Teacher Associates Insurance Company; NAIC # 63479 and Loyal American Life Insurance Company; NAIC # 65722 Assumption Certificate: ASC-LOYAL-UTA Requested Effective Date: January 1, 2010</p> <p>Dear Insurance Commissioner:</p> <p>United Teacher Associates Insurance Company is making this filing on behalf and at the request of Loyal American Life Insurance Company. Loyal American Life Insurance Company agreed to transfer to United Teacher Associates Insurance Company, the risk on LTC insurance policies upon state regulatory approval. The assumption certificate is the intended form of policy owner notification and will be mailed promptly upon approval.</p> <p>This filing was approved in Loyal American Life Insurance Company's domicile state of Ohio on March 26, 2010 and in United Teacher Associates domicile state of Texas on April 29, 2010.</p> <p>Attached, please find the following supporting documentation for your review and approval:</p> <ul style="list-style-type: none"> •Assumption Certificate (ASC-LOYAL-UTA) •Assumption Reinsurance Agreement <p>Should you have any questions or concerns please do not hesitate to contact me at (512) 807-4794</p> <p>Sincerely,</p> <p>Melissa MacLaurin Compliance Analyst MMacLaurin@gafri.com</p>		

16.	Certification (If required)	
<p>I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and the filing complies with all applicable statutory and regulatory provisions for the state of <u>Arkansas</u>.</p> <p>Print Name <u>Billy Hill</u> Title <u>Vice President</u></p> <p>Signature <u></u> Date: <u>07/01/2010</u></p>		

17.	Form Filing Attachment	
This filing transmittal is part of company tracking number		ASC-LOYAL-UTA
This filing corresponds to rate filing company tracking number		

	Document Name	Form Number		Replaced Form Number
	Description			Previous State Filing Number
01	Assumption Reinsurance Agreement	ASC-LOYAL-UTA	<input checked="" type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
02			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
03			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
04			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
05			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
06			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
07			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
08			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
09			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
10			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	

LH FFA-1

18.		Rate Filing Attachment		
This filing transmittal is part of company tracking number		ASC-LOYAL-UTA		
This filing corresponds to form filing company tracking number				
Overall percentage rate indication (when applicable)				
Overall percentage rate impact for this filing		%		
	Document Name	Affected Form Numbers		Previous State Filing Number
	Description			
01			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
02			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
03			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
04			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
05			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
06			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
07			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
08			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
09			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	
10			<input type="checkbox"/> New <input type="checkbox"/> Revised Request +____% -____% <input type="checkbox"/> Other _____	

LH RFA-1