

SERFF Tracking Number: NELLI-127092074 State: Arkansas
Filing Company: Philadelphia American Life Insurance Company State Tracking Number: 48593
Company Tracking Number: SLL.ASMP.CERT
TOI: ML01 Multi-Line - Assumption Agreement Sub-TOI: ML01.000 Multi-Line - Assumption Agreement
Product Name: SLL.ASMP.CERT
Project Name/Number: SLL.ASMP.CERT/SLL.ASMP.CERT

Filing at a Glance

Company: Philadelphia American Life Insurance Company

Product Name: SLL.ASMP.CERT SERFF Tr Num: NELLI-127092074 State: Arkansas
TOI: ML01 Multi-Line - Assumption Agreement SERFF Status: Closed-Approved-
Closed State Tr Num: 48593

Sub-TOI: ML01.000 Multi-Line - Assumption Agreement Co Tr Num: SLL.ASMP.CERT State Status: Approved-Closed

Filing Type: Form

Reviewer(s): Linda Bird
Author: Brian Hull Disposition Date: 05/09/2011
Date Submitted: 04/27/2011 Disposition Status: Approved-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: SLL.ASMP.CERT
Project Number: SLL.ASMP.CERT
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Individual
Individual Market Type:
Filing Status Changed: 05/09/2011
State Status Changed: 05/09/2011
Created By: Brian Hull
Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: Brian Hull

Filing Description:

Re: Philadelphia American Life Insurance Company ("PALIC")

Domiciliary State: Texas NAIC 67784, FEIN 74-1952955

Assumption from Arkansas Life and Health Insurance Guaranty Association ("ALHIGA") of Certain Life & Annuity Policies Originally Underwritten or Acquired by Signature Life Insurance Company of American, Domiciliary State: Illinois, NAIC 70980, FEIN 36-3467550

Form Number / Description

SLL.ASMP.CERT / Assumption Certificate – Life Insurance

SLA.ASMP.CERT / Assumption Certificate – Annuities

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Please find attached the above captioned forms for your review and approval. These forms will be mailed to affected policyholders after the later of your approval date or the closing date of the Assumption Reinsurance Agreement ("The Agreement"), a copy of which is enclosed for your information. The Certificate of Assumption is filed pursuant to applicable insurance statutes and the requirements as set forth under Article III, Section 3.1. titled "Form of Assumption Certificate" of the Agreement between ALHIGA and PALIC. The Agreement requires PALIC, with help from ALHIGA, obtain approval of the Assumption Certificates from the Department as soon as possible. An expedited review would be appreciated by PALIC and ALHIGA. We will not issue any new business on the forms being assumed.

As of the signing date of the Assumption Reinsurance Agreement, the affected life insurance and annuity contracts are specified in Exhibit A-1 (life insurance policies, 86 total), Exhibit A-2 (annuities not in payout, 122 total), and Exhibit A-3 (annuities in payout, 14).

Finally, we would like to request a waiver on the statutory requirement of providing the transferring policyholders "Notice of Transfer" forms. This request is made in consideration of the unique circumstances where your State's Guaranty Association (ALHIGA) is the current risk bearer and that the transferring policyholders realistically don't have a viable alternative. Mailing of the Notice of Transfer forms would unnecessarily complicate and prolong this important transition.

If you have any questions or need additional information, please do not hesitate to contact us by phone or e-mail. You can also contact ALHIGA regarding this assumption: Allan W. Horne, Esq., Administrator & Legal Counsel, Arkansas Life & Health Insurance Guaranty Association, Dover Dixon Horne PLLC, 425 West Capitol Avenue, Suite 3700, Little Rock, AR 72201. Thank you for your time and consideration, we look forward to your response.

Company and Contact

Filing Contact Information

Brian Hull, bhull@neweralife.com
200 Westlake Blvd. Ste. #1200 281-368-7278 [Phone]
Houston, TX 77079

Filing Company Information

Philadelphia American Life Insurance Company CoCode: 67784 State of Domicile: Texas
200 Westlake Park #1200 Group Code: 520 Company Type:
Houston, TX 77079 Group Name: State ID Number:
(281) 368-7200 ext. [Phone] FEIN Number: 74-1952955

Filing Fees

SERFF Tracking Number: NELL-127092074 State: Arkansas
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Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? Yes
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Philadelphia American Life Insurance Company	\$100.00	04/27/2011	46989018

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Linda Bird	05/09/2011	05/09/2011

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Linda Bird	05/04/2011	05/04/2011	Brian Hull	05/04/2011	05/04/2011

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Disposition

Disposition Date: 05/09/2011

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		No
Supporting Document	Assumption Reinsurance Agreement		Yes
Supporting Document	Cover Letter		Yes
Form (revised)	Assumption Certificate - Life		Yes
Form	Assumption Certificate - Life	Replaced	Yes
Form (revised)	Assumption Certificate - Annuity		Yes
Form	Assumptlion Certificate - Annuity	Replaced	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/04/2011
Submitted Date 05/04/2011
Respond By Date 06/06/2011

Dear Brian Hull,

This will acknowledge receipt of the captioned filing.

Objection 1

Comment: The assumption certificates are subject to Regulation 55s6 and must contain the address and general phone number of the Arkansas Insurance Department. Please review Regulation 55s6 and make the necessary corrections.

Please feel free to contact me if you have questions.

Sincerely,
Linda Bird

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Response Letter

Response Letter Status Submitted to State
 Response Letter Date 05/04/2011
 Submitted Date 05/04/2011

Dear Linda Bird,

Comments:

Thank you for your review of our filing.

Response 1

Comments: We have added the departments address and phone number near the bottom of each form.

Related Objection 1

Comment:

The assumption certificates are subject to Regulation 55s6 and must contain the address and general phone number of the Arkansas Insurance Department. Please review Regulation 55s6 and make the necessary corrections.

Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Assumption Certificate -SSL.ASM Life	P.CERT		Certificate	Initial			SLL.ASM P.CERT.pdf
Previous Version Assumption Certificate -SSL.ASM Life	P.CERT		Certificate	Initial			SLL.ASM P.CERT.pdf
Assumplion Certificate - Annuity	SLA.ASM P.CERT		Certificate	Initial			SLA.ASM P.CERT.p

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df

Previous Version

Assumption Certificate	SLA.ASM	Certificate	Initial	SLA.ASM
- Annuity	P.CERT			P.CERT.p
				df

No Rate/Rule Schedule items changed.

Thanks!

Sincerely,
Brian Hull

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Form Schedule

Lead Form Number: SLL.ASMP.CERT

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	SSL.ASMP.Certificate CERT	Assumption Certificate - Life	Assumption Certificate - Life	Initial			SLL.ASMP.C ERT.pdf
	SLA.ASMP.Certificate CERT	Assumptlion Certificate - Annuity	Assumptlion Certificate - Annuity	Initial			SLA.ASMP.C ERT.pdf

Assumption of Life Insurance Policy Issued By Signature Life Insurance Company

By

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

Assumption Certificate

[John Doe	Old Policy Number:	#####
1234 Any Street	New Policy Number:	#####
Anytown, City, Zip]	Insured:	John Doe

This is to certify that, effective as of 12:01 A.M. on January 1, 2011 ("Assumption Date"), Philadelphia American Life Insurance Company ("PALIC") has reinsured and assumed the covered obligations of the Arkansas Life and Health Insurance Guaranty Association (the "Association") associated with the above referenced Signature Life Insurance Company of America ("SLIC") policy (the "Policy") in accordance with the terms and conditions of an Assumption Reinsurance Agreement entered into by PALIC and the Association.

Subject to any applicable defenses, the obligations assumed and to be performed by PALIC are all of the contractual terms and conditions of the Policy, except that:

1. Your policy values as of the Assumption Date are as follows:
Death Benefit: _____
2. PALIC is not responsible for (i) claims incurred or benefits due prior to the Assumption Date, or (ii) any act, error or omission of SLIC, the liquidator of SLIC or any third party in connection with the Policy prior to the Assumption Date.

Effective with the Assumption Date, all premium payments, claims, requests for service or other inquiries should be directed to Philadelphia American Life Insurance Company at the address listed below or at the following toll-free telephone number:

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY
P. O. Box 4884
Houston, Texas 77210-4884
1-800-552-7879 (Toll Free)

In Witness Whereof, PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY has issued this Assumption Certificate effective as of July 1, 2010. This Assumption Certificate was signed at the home office of PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY, Houston, Texas.



Mary D. Frazier, Secretary



Bill S. Chen, President

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR. 72201-1904
(501) 371-2600 or 1-800-282-9134

NOTICE: THIS CERTIFICATE OF ASSUMPTION BECOMES A PART OF YOUR POLICY AND SHOULD BE ATTACHED TO YOUR POLICY.

Assumption of Annuity Contract Issued By Signature Life Insurance Company

By

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

Assumption Certificate

[John Doe	Old Contract Number:	#####
1234 Any Street	New Contract Number:	#####
Anytown, City, Zip]	Insured:	John Doe

This is to certify that, effective as of 12:01 A.M. on January 1, 2011 ("Assumption Date"), Philadelphia American Life Insurance Company ("PALIC") has reinsured and assumed the covered obligations of the Arkansas Life and Health Insurance Guaranty Association (the "Association") associated with the above referenced Signature Life Insurance Company of America ("SLIC") annuity contract (the "Contract") in accordance with the terms and conditions of an Assumption Reinsurance Agreement entered into by PALIC and the Association.

Subject to any applicable defenses, the obligations assumed and to be performed by PALIC are all of the contractual terms and conditions of the Contract, except that:

1. Your contract values as of the Assumption Date are as follows:
Account Value: _____
2. PALIC is not responsible for (i) claims incurred or benefits due prior to the Assumption Date, or (ii) any act, error or omission of SLIC, the liquidator of SLIC or any third party in connection with the Contract prior to the Assumption Date.

Effective with the Assumption Date, all premium payments, claims, requests for service or other inquiries should be directed to Philadelphia American Life Insurance Company at the address listed below or at the following toll-free telephone number:

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NOTICE: THIS CERTIFICATE OF ASSUMPTION BECOMES A PART OF YOUR CONTRACT AND SHOULD BE ATTACHED TO YOUR CONTRACT.

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Assumption Reinsurance Agreement		
Comments:		
Attachment: Assumption Reinsurance Agreement.pdf		

	Item Status:	Status Date:
Satisfied - Item: Cover Letter		
Comments:		
Attachment: Cover Letter.pdf		

ASSUMPTION REINSURANCE AGREEMENT

among

ARKANSAS LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION

and

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

concerning
SIGNATURE LIFE INSURANCE COMPANY OF AMERICA
IN LIQUIDATION

DATED MAY 2, 2011

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EXHIBITS

- A-1 List of Affected Life Insurance Policies
- A-2 List of Affected Annuities (Not In Payout)
- A-3 List of Affected Annuities (In Payout)
- B Covered Obligations
- C-1 Method of Calculating Guaranty Assets
- C-2 Calculation of Guaranty Assets
- D-1 Form Assumption Certificate (Life Insurance)
- D-2 Form Assumption Certificate (Annuity)

ASSUMPTION REINSURANCE AGREEMENT

This Assumption Reinsurance Agreement ("Agreement") entered into on May 2, 2011 is by and between the Arkansas Life and Health Insurance Guaranty Association ("ALHIGA and "the Association") and Philadelphia American Life Insurance Company ("Reinsurer") concerning Signature Life Insurance Company of America, in Liquidation ("the Company").

RECITALS

A. On February 17, 2010, the Circuit Court for Pulaski County, Arkansas entered an Order of Liquidation ("Order") with a finding of insolvency and ordering that the Company, which had been placed in receivership for the purpose of rehabilitation on August 23, 2004, be liquidated (Case No. CV04-5233). Prior to the Order placing the Company in receivership, the Company was licensed to do business in the State of Arkansas.

B. The Order declared the Company to be insolvent and appointed State Insurance Commissioner Jay Bradford and his successors in office as Liquidator of the Company ("Receiver").

C. The Company is now and for some time has been unable to fulfill its contractual obligations.

D. As of the date of this Agreement, the Company has in effect certain life insurance and annuity contracts as specified on Exhibit A-1 (life insurance policies), Exhibit A-2 (annuities not in payout), and Exhibit A-3 (annuities in payout) (the policies on Exhibits A-1, A-2 and A-3, as adjusted to reflect changes from the date of Exhibits A-1, A-2 and A-3 to the Effective Date, are referred to as the "Affected Policies").

E. As a result of the Order and the fact that Company is unable to fulfill its contractual obligations, the Association has obligations, subject to statutory conditions and limitations on coverage and applicability, to certain holders of the Affected Policies ("Covered Obligations"). The Covered Obligations are more specifically described and defined on Exhibit B.

F. Reinsurer is a Texas domiciled life insurance company licensed in Arkansas. Reinsurer desires to reinsure and assume the Covered Obligations of the Affected Policies. Reinsurer is not reinsuring or assuming any obligations under the Affected Policies which are not Covered Obligations.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits to be received by the parties and the mutual covenants and agreements contained herein, the parties agree that the recitals set forth above are adopted and made part of this Agreement and further agree as follows:

ARTICLE I

Definitions

The following terms have the meanings set forth below or as indicated in the referenced sections:

- (a) The term "Accounting" has the meaning set forth in Article V.
- (b) The term "Affected Policies" has the meaning set forth in Recital D and Exhibits A-1, A-2 and A-3.
- (c) The term "Company" means Signature Life Insurance Company of America in Liquidation.
- (d) The terms "Closing" and "Closing Date" have the meanings set forth in Section 14.1.
- (e) The term "Covered Obligations" has the meaning set forth in Recital E and Exhibit B.
- (f) The term "Defenses" means (a) any known or unknown, actual or contingent, rights, defenses, offsets, counterclaims, and cross-claims, and (b) any and all rights, limitations, terms, conditions, and provisions provided for in this Agreement relative to the assumption of the Covered Obligations but does not include any statutory right that the Association may have to reduce interest rates or crediting rates on or after January 1, 2011.
- (g) The term "Effective Date" means January 1, 2011, commencing at 12:01 a.m. Central Standard Time.
- (h) The term "Guaranty Assets" means the consideration to be transferred to Reinsurer from the Association as set forth in Article IV and Exhibits C-1 and C-2.
- (i) The term "Records" means all of the Company's paper and computer files, books, correspondence, records, and other documents relating to the Affected Policies.

ARTICLE II

Reinsurance and Assumption of Affected Policies

2.1. Transfer and Ceding. Subject to the terms and conditions of this Agreement, the Association hereby transfers and cedes, and Reinsurer hereby reinsures and assumes, the Covered Obligations of such Association arising in connection with the Affected Policies on or after the Effective Date. For purposes of clarity, Reinsurer is not assuming Covered Obligations on account of surrenders or deaths occurring prior to the Effective Date and/or annuity payments payable prior to the Effective Date (collectively, the "Pending Claims Obligations"), which shall remain the liability of the Association. However, for further clarity, with respect to any Affected Policies that are annuities which have annuitized, Reinsurer is assuming the Covered Obligations

of such annuities other than the obligation with respect to annuity payments payable prior to the Effective Date.

2.2. Standard of Performance; Liability.

(a) From and after the Effective Date, Reinsurer shall be liable for the payment of the Covered Obligations and for handling all claims based upon the Covered Obligations incurred on or after the Effective Date in accordance with the terms of the Affected Policies, except for those claims for which the Association shall be liable as identified in this Section 2.2 and/or Section 2.6. Reinsurer shall be liable for and shall defend at its own expense actions on account of any act, error, or omission of Reinsurer occurring on or after the Closing Date.

(b) Reinsurer agrees to administer all claims on the Covered Obligations and to service and otherwise handle the Covered Obligations in accordance with applicable state laws and regulations and in a manner consistent with the level of policyholder and administrative services provided by Reinsurer to its other direct policyholders and insureds. Reinsurer acknowledges and agrees that, in addition to the foregoing, it shall (x) send out bills for all premiums not billed prior to the Closing Date, and remit to the applicable Association all premiums received for periods prior to Effective Date and retain for its own account all premiums received for periods after such date, and (y) process and administer all claims on the Covered Obligations which are submitted by the Company's policy and annuity holders prior to the Closing but not processed or paid by either the Company or the Association prior to the Closing. Any payments due under such policies on account of Pending Claims Obligations shall be the liability of the Association. Reinsurer shall process all such Pending Claims Obligations and report to the Association the Pending Claims Obligations that have been processed and the amounts due thereon (if any) no later than May 31, 2011. Unless the Association objects within 15 days after receipt of such report, Reinsurer will pay such Pending Claims Obligations, subject to reimbursement pursuant to Article V.

(c) Reinsurer is not reinsuring or assuming any liabilities under any of the Affected Policies that are not Covered Obligations under the Arkansas Insurance Code.

2.3. Defenses. Subject to the terms and conditions of this Agreement, Reinsurer shall succeed to all Defenses that the Association had, still has, or may have in connection with any benefits or claims for which Reinsurer is liable under Section 2.2, all of which Defenses are hereby assigned and transferred to Reinsurer. The Association retains any Defenses it had, still has or may have in connection with benefits or claims incurred prior to the Effective Date and those for which it is liable under this Agreement.

2.4. Policy Reinstatement. (a) Reinsurer agrees to assume the Company's and/or the Association's respective obligations, if any, to reinstate lapsed policies that were entitled to reinstatement on the Effective Date and that otherwise would be Affected Policies, subject to the underwriting criteria imposed by the lapsed policies. Upon reinstatement, the lapsed policies shall be included in the Affected Policies as to which Covered Obligations were reinsured and assumed under the terms and conditions of this Agreement. The Association agrees to transfer the appropriate amount of reserves to Reinsurer for any reinstated policies covered by the Association.

(b) Neither Reinsurer nor the Association shall regard a policy to be lapsed on account of any failure to pay premiums for the period from May 2, 2011 through the period ending 31 days after the date the premium billing referred to in section 2.2(b) is sent, unless the premium set forth in such billing is not paid within 31 days after the date such premium billing is sent or such longer period of time as may be contemplated by the policy or contract. In order to effect such payment, the policy or contract holder shall be allowed, in accordance with the terms of the policy, any means or methods provided in the policy to pay premium (e.g., deduction from cash values.)

2.5. Effect of Liquidation. Except as otherwise provided in this Agreement, Reinsurer shall pay benefits under the Affected Policies for the Covered Obligations directly to the policyholders or their designated beneficiaries or payees without any diminution due to the Liquidation Order or any subsequent liquidation of the Company.

2.6. The Association's Liabilities. The Association shall be liable for and shall defend any and all actions on account of any act, error, or omission occurring prior to the Closing Date. However, the Association shall not be liable for claims, causes of action or liabilities arising from or on account of any act, error or omission of Reinsurer.

ARTICLE III

Assumption Certificate

3.1. Form of Assumption Certificate. Reinsurer shall issue an assumption certificate to each holder of an Affected Policy in substantially the form of Exhibits D-1 (life insurance policies) or D-2 (annuity contracts). The assumption represented by the assumption certificates is limited to the extent of Covered Obligations and is subject to, as applicable, the terms and conditions of the Affected Policies, this Agreement and any Defenses that are now or may hereafter become available to the Association or Reinsurer. The value of the covered obligations transferred by the Association and assumed by Reinsurer are the values as of January 1, 2011. Reinsurer shall be responsible for obtaining any insurance department approval of this Agreement and the assumption certificates that may be required by the law of any state. Reinsurer shall make application for the insurance department approvals contemplated by the preceding sentence in accordance with Section 13.1 of this Agreement. The Association agrees that it will cooperate with Reinsurer to obtain such approvals; provided, however, that nothing contained herein or elsewhere in this Agreement shall relieve or excuse Reinsurer from its obligations to obtain such approvals.

3.2. Delivery of Assumption Certificates. Reinsurer shall mail the assumption certificates to each holder of an Affected Policy by first-class mail, postage prepaid, within 60 days following the later to occur of (x) the receipt of all insurance department approvals necessary for the delivery of the assumption certificate to the holder and (y) the Closing Date. Notwithstanding the foregoing, Reinsurer shall indemnify and hold harmless the other parties hereto from any damages, losses or expenses arising from an assumption certificate not being mailed to each of the holders of the Affected Policies within 60 days following (a) the Closing Date, or (b) the assumption certificate approval date, whichever is later. The text of any written communication to be mailed to holders of the Affected Policies in conjunction with the assumption certificates or with the explanation of this transaction shall be approved by the Association prior to mailing. If the Association does not disapprove any such proposed written communication within 15 days of receipt, the written communication may be used by Reinsurer. Promptly after mailing, Reinsurer shall deliver to the Association one copy of any such written communication.

ARTICLE IV

Transfer of Guaranty Assets

4.1. Guaranty Assets. On the Closing Date, the Association shall convey and deliver to Reinsurer its payment of Guaranty Assets, less the purchase price (net of the \$25,000 conversion fee), calculated as described on Exhibit C-1. The parties agree that the payments to be made to Reinsurer by the Association shall be made in cash or cash equivalent acceptable to Reinsurer.

4.2. Preparation of and Revisions to Exhibit C. The Association has prepared Exhibit C-2 so as generally to describe the Affected Policies and the Guaranty Assets applicable to the Affected Policies, all as of the date shown in Exhibit C-2 and in the manner set forth in Exhibit C-1.

4.3. Adjustments. Within 60 days after the Closing, the payments made to Reinsurer at the Closing shall be adjusted and paid to or by Reinsurer to reflect revisions to Exhibit C-2 as of the Closing Date to (x) reflect policies included on Exhibit C-2 that are not Affected Policies, and (y) to add policies to Exhibit C-2 that were not originally included but are Affected Policies. Any such payment shall include simple interest at the rate of 4% per annum from the Effective Date until paid.

4.4. Return of Guaranty Assets. If the Association is asked to pay benefits under an Affected Policy by a holder of the Affected Policy, a department of insurance or any other person or regulatory authority, the Association shall give Reinsurer notice of the request and an opportunity to assist the Association in formulating a response to such request. If the Association ultimately pays benefits under any Affected Policy, Reinsurer shall refund the Guaranty Assets attributable to that Affected Policy to the Association and be released from the related liabilities in connection with the said Affected Policy. In addition, Reinsurer shall deliver

to the Association simple interest on the applicable refunded Guaranty Assets at the rate of 4% per annum from the Closing Date until the date paid in all cases where the Association has paid benefits pursuant to this Section.

ARTICLE V

Accounting Procedures

5.1. Notice and Correction of Errors. If policies falling within the scope of this Agreement are omitted from Exhibits A-1, A-2 and/or A-3, if any error is discovered in the data as reflected in the various calculations and accountings to be accomplished in accordance with this Agreement and the exhibits hereto ("Accounting"), or if any additional data is discovered by a party hereto, and those errors or additional data require revision of all or any portion of the Accounting, then the party discovering the error or additional information shall immediately give written notice thereof to the Association and Reinsurer, as the case may be. Any payment required of a party because of such a revision shall be made promptly and in no event more than 30 days after the Association and Reinsurer agree to the amount of the payment to be made. Except as provided in Section 5.3, to be effective, notice must be delivered to the Association and Reinsurer, as the case may be within 180 days after the Closing Date.

5.2. Final Accounting. A final accounting shall be prepared by Reinsurer with the cooperation of the Association which shall be distributed to the Association no later than 210 days after the Closing Date to reflect any adjustments or revisions made pursuant to Section 5.1 and any payments of Pending Claims Obligations by Reinsurer pursuant to Section 2.2(b). Any amounts paid shall include simple interest at the rate of 4% per annum from the Effective Date or, in the case of Pending Claims Obligations, from the date paid by Reinsurer, or, in the case of adjustments to amounts paid at the Closing, from the Closing Date, until paid by the party ultimately liable pursuant to the final accounting.

5.3. No Further Accounting. After the elapse of 180 days after the Closing Date, no party shall be entitled to a further revision or adjustment to the Accounting or any payments made thereunder, except if it is discovered that a policy that falls within the scope of this Agreement was omitted from Exhibits A-1, A-2, and/or A-3 and, therefore, Covered Obligations arising in connection therewith were not transferred as of Closing, in which case the Association shall be entitled to transfer said Covered Obligations to Reinsurer and Reinsurer shall be obligated to reinsure and assume the Covered Obligations, but only to the extent that Reinsurer is compensated for the then existing Covered Obligations calculated in accordance with Exhibit C-1 in an amount agreed to by Reinsurer and the Association.

ARTICLE VI

Premiums and Other Receipts

6.1. Transfer of Receipts. All premiums and other receipts on the Affected Policies (whether in the form of checks, drafts, money orders, postal notes or otherwise) received by any party or person for periods on or after the Effective Date shall be the sole property of Reinsurer. The Association shall deliver to Reinsurer all premiums and other receipts due Reinsurer under

this Section no later than 10 days after the premiums or other receipts are received by the Association. All premiums and other receipts delivered shall bear all necessary endorsements required to effect transfer to Reinsurer.

6.2. Bank Drafts. After the Closing Date, Reinsurer shall have all rights of the Association, if any, under outstanding bank draft authorizations from policyholders that authorize withdrawal from policyholders' bank accounts to pay premiums on the Affected Policies, to the extent permitted by the laws of the states in which the affected policyholders reside.

6.3. Collections. Reinsurer shall have the right and authority to collect for its own account all receivables and other items to be transferred by the Association to Reinsurer and to make any necessary endorsement without recourse and without warranties of any kind on any checks or other evidences of indebtedness received by Reinsurer on account of any such receivables or other items. The Association agrees to employ all reasonable efforts to secure the endorsements necessary to affect the transfers contemplated herein.

ARTICLE VII

Records

7.1. Access. (a) The Association agrees to deliver all Records relating to the Affected Policies in its possession to Reinsurer on the Closing Date without charge. Reinsurer agrees that after delivery, the Association shall be entitled, at any reasonable time, to inspect, audit, and copy any and all Records and all other records and files of Reinsurer relating to the Affected Policies. Reinsurer also agrees that the Association may retain the originals of any Records necessary to pursue claims against third parties until the claims are tried and a final nonappealable judgment is obtained or the claims are otherwise settled, but Reinsurer shall be entitled to receive copies of such Records.

(b) The Association shall cooperate with Reinsurer to facilitate any request by Reinsurer to obtain access to records relating to the Affected Policies in the possession of Receiver.

7.2. Delivery. Any and all Records relating to the Affected Policies coming into the possession of the Association after the Closing Date shall be delivered by the Association to Reinsurer without charge.

7.3. No Representation or Warranty. The Association makes no warranties or representations that the Records are accurate or complete. Reinsurer acknowledges that in entering into this Agreement it is not relying upon any representation and/or warranty made by the Association with respect to the accuracy or completeness of the Records.

ARTICLE VIII

Commissions

Neither Reinsurer nor the Association assumes hereby any legal obligation of the Company with respect to commissions, service fees, and/or producer compensation under third-party, independent contractor, producer agent or broker commission contracts or administrative contracts between the Company and third persons in connection with premiums paid or to be paid on the Affected Policies or administration for the Covered Obligations.

ARTICLE IX

Litigation

If any court of competent jurisdiction enjoins or otherwise orders or decrees (preliminary or otherwise) that Reinsurer or the Association shall not perform any or all of their obligations under this Agreement, the other party shall be relieved from performing any of its respective obligations hereunder, for however long the injunction, order, or decree is in effect, to the extent that performance of any obligation would violate the injunction, order, or decree. The parties, including the party against which the injunction, order, or decree is entered, shall make all reasonable efforts, each at its own expense or pro rata if joint action is taken, to have the injunction, order, or decree dissolved and set aside. If the injunction, order or decree enjoins a party from performing one or more of its material obligations hereunder, and if such injunction, order or decree is not set aside or dissolved within 45 days of its issuance, then the party for whose benefit the enjoined obligations were to be performed may terminate its future performance obligations under the Agreement to the extent the obligations are for the benefit of the enjoined party, and upon such termination, the enjoined party shall be released from its future performance obligations under the Agreement to the extent these obligations are for the benefit of the terminating party.

ARTICLE X

Termination

Except as otherwise provided in Article IX or by a written agreement signed by Reinsurer and the Association, no party may terminate this Agreement, which shall remain in full force and effect until all of the liabilities reinsured and assumed hereunder have been discharged or have otherwise expired.

ARTICLE XI

Representations and Warranties of the Association

The Association hereby represents and warrants :

11.1. Authority. The Association has all requisite power and authority necessary to execute and participate in this Agreement and to consummate the transactions contemplated by this Agreement and perform its obligations thereunder.

11.2. Validity. This Agreement is the legal, valid and binding obligation of the Association, enforceable against the Association in accordance with its terms.

ARTICLE XII

Representations and Warranties of Reinsurer

Reinsurer hereby represents and warrants that:

12.1. Organization and Existence. Reinsurer is a Texas domiciled life insurance company which is duly incorporated, has a validly existing license, and is in good standing under the corporate and insurance laws of the State of Texas. Reinsurer has all requisite corporate power and authority to carry on its business as it is now being conducted, and to own, lease, and operate its properties.

12.2. Corporate Authority. The execution of this Agreement and the consummation of the transactions contemplated by this Agreement have been approved by all necessary corporate action.

12.3. Qualification and Power. Reinsurer is duly qualified and in good standing to do business in every jurisdiction in which such qualification is necessary because of the nature of (a) its business, or (b) of the properties owned, leased, or operated by it, or (c) the obligations it is undertaking pursuant to this Agreement.

12.4. Validity; No Violation. This Agreement is a legal, valid and binding obligation of Reinsurer, enforceable against it in accordance with its terms and conditions. Neither the execution and delivery of this Agreement, nor Reinsurer's compliance with any of the provisions of this Agreement, will:

(a) conflict with or result in a breach of any provision of the Articles of Incorporation or Bylaws of Reinsurer, or result in a default (or give rise to any right of termination, cancellation, or acceleration) under any of the terms, conditions, or provisions of any note, lien, bond, mortgage, indenture, license, lease, agreement, consent order, or other instrument or obligation to which Reinsurer is a party or by which it may be bound;

(b) violate any judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to Reinsurer or to any of its properties or assets;

(c) cause, or give any person grounds to cause (with or without notice, the passage of time, or both), the maturity of any liability of Reinsurer to be accelerated or increased;
or

(d) conflict with or result in a violation of any applicable state insurance law or regulation.

12.5. Financial Statements. True and complete copies of Reinsurer's (a) most recent quarterly financial statement, as certified by a duly authorized officer of Reinsurer and (b) most recent National Association of Insurance Commissioners Convention Blank Annual Statement, as filed with the various state insurance commissioners have been provided by Reinsurer to the Association on or before the date of execution of this Agreement (the "Financial Statements"). The Financial Statements are prepared in accordance with the accounting practices prescribed or permitted by the Texas Department of Insurance and the National Association of Insurance Commissioners in a manner consistent with prior periods and fairly present the financial results of Reinsurer's operations for the periods ended on the dates indicated.

12.6. Absence of Undisclosed Liabilities. Except for liabilities and obligations in the ordinary course of Reinsurer's business that are not material to its business or financial condition, Reinsurer has no liabilities or obligations of any nature (matured or unmatured, fixed or contingent) that it has not disclosed to the Association.

12.7. No Material Change. There has been no material adverse change to the financial condition of Reinsurer which has occurred since the date of the most recent Financial Statements supplied by it to the Association.

12.8. Survival of Representations and Warranties. The representations and warranties of Reinsurer contained in this Article XII and elsewhere in this Agreement shall survive the Closing until all of the liabilities reinsured and assumed under Article II have been discharged or have otherwise expired.

ARTICLE XIII

Approvals

13.1. Regulatory Approval. Consumation and closing of this Agreement is subject to the prior approval of the Arkansas Insurance Commissioner and the Circuit Court of Pulaski County, Arkansas.

13.2. Approval of Assumption Certificates. Within twenty (20) days after the Closing Date, Reinsurer shall file, to the extent required by law, copies of the Assumption Certificates described in Section 3.1 and a copy of this Agreement with the Arkansas Insurance Department and seek such Department's approval of such Assumption Certificates. The Reinsurer shall file those documents required by law in those jurisdictions where holders of Affected Policies reside, including notice of Reinsurer's assumption of Covered Obligations in that jurisdiction.

13.3. Cooperation. Each party shall assist and cooperate with the other parties by making all reasonable efforts to seek and obtain the foregoing and any other approvals the parties agree are necessary or advisable. Any expenses in connection with such approvals shall be borne by Reinsurer.

ARTICLE XIV

Closing

14.1. Time and Location. The closing of the transaction contemplated by this Agreement ("Closing") shall take place at the offices of the Association's attorney, Allan W. Horne, or by facsimile and/or overnight delivery of executed documents and shall take place contemporaneously with the execution and delivery of this Agreement. The Closing Date shall be May 2, 2011 (the "Closing Date").

14.2. Deliveries of Reinsurer. At the Closing, Reinsurer shall deliver or cause to be delivered to the Association the following documents:

(a) Copies of corporate resolutions authorizing the execution, delivery, and performance of this Agreement by Reinsurer, certified by its Secretary or an Assistant Secretary.

14.3. Deliveries of the Association. At the Closing, the Association shall deliver, as appropriate, or cause to be delivered to Reinsurer the following documents:

(a) The Guaranty Assets due from the Association as set forth on Exhibit C-2.

(b) The Records in accordance with Article VII.

ARTICLE XV

Miscellaneous Provisions

15.1. Amendment. This Agreement may be amended only by a writing executed by the Association and Reinsurer.

15.2. Assignment. No party may assign this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of the parties.

15.3. Broker Fees. Each party hereby represents and warrants that it has not taken any action that would impose on any other party hereto liability for payment of any broker, finder, or similar fee in connection with the origin, negotiation, execution, or performance of this Agreement.

15.4. Cooperation. Each party agrees that it will from time to time, upon the request of any other party and without further consideration, execute, acknowledge, and deliver in proper form any further instruments and take such other action as may reasonably be required in order to carry out effectively the intent of this Agreement.

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

15.6. Entire Agreement; Merger. This Agreement constitutes the entire understanding of the parties pertaining to the subject matter contained in this Agreement and supersedes all prior oral and written agreements, representations, and understandings of the parties.

15.7. Exhibits. All Exhibits are hereby incorporated by reference into this Agreement as if they were set forth at length in the text of this Agreement.

15.8. Expenses. Each party shall pay all of its own costs, fees, and expenses incurred or to be incurred in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

15.9. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Arkansas.

15.10. Headings. The captions and headings of the articles and sections of this Agreement are included for purposes of convenient reference only and shall not affect the construction or interpretation of this Agreement.

15.11. Notices. Any notice made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, if delivered personally or by facsimile transmission; on the day after transmittal, if sent by overnight delivery service; or on the third day after mailing, if mailed by certified mail, return receipt requested. Any notice must be properly addressed as follows:

- (a) Association:
Arkansas Life and Health Insurance
Guaranty Association
425 West Capitol Avenue, Suite 3700
Little Rock, AR 72201

Attn: Allan W. Horne

FAX: (501) 375-6484
- (b) Reinsurer:
Philadelphia American Life Insurance Company
11720 Katy Freeway, Suite 1700
Houston, TX 77079

Attn: Bill S. Chen, Ph. D., FSA

FAX: (281) 368-7286

Any party to this Agreement may change the address to which notice is to be delivered under this Section 15.11 by delivering written notice to that effect to each of the other parties in accordance with this section.

15.12. Severability. In the event that any provision or term of this Agreement shall be held by any court to be invalid, illegal or unenforceable, all the other provisions and terms shall

remain in full force and effect to the extent that their continuance is practicable and consistent with the original intent of the parties. In addition, if provisions or terms are held invalid, illegal or unenforceable, the parties will attempt in good faith to renegotiate this Agreement to carry out its original intent.

15.13. Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

15.14. Waiver of Compliance. The party for whose benefit a warranty, representation, covenant, or condition is intended may in writing waive any inaccuracies in the warranties and representations contained in this Agreement or waive compliance with any of the covenants or conditions contained herein and so waive performance of any of the obligations of the other parties and any defaults under this Agreement. A waiver shall not affect or impair, however, the waiving party's rights with respect to any other warranty, representation, or covenant or any default hereunder not specifically waived, nor shall any waiver constitute a continuing waiver.

15.15. Assignment; Assumption Reinsurance. Without the prior written consent of the Association during the one-year period commencing on the Closing Date, Reinsurer may not assign any or all of the Covered Obligations or enter into an assumption reinsurance agreement with respect to any or all of the Covered Obligations.

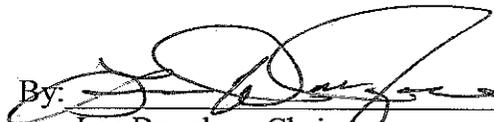
15.16. No Third Party Beneficiaries. Nothing contained herein, express or implied, is intended to confer any rights or remedies upon any persons other than the parties to this Agreement. In addition, nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third party to any party to this Agreement.

15.17. Hart-Scott-Rodino. The parties agree to cooperate to determine whether any notification is required under the Hart-Scott-Rodino Antitrust Improvement Act, 15 U.S.C. § 18a. In the event the parties mutually determine that a notification under such Act is required to be made, the parties will further cooperate to prepare and file the necessary notifications.

15.18. Policyholder Communications. Through and including the Closing Date, each of the parties shall obtain prior approval of the other parties, which approval shall not be unreasonably delayed or withheld, with respect to any disclosures to the general public, press releases, communication with the media or communications with a substantial portion of the holders of the Affected Policies. If a party seeks such approval from the other parties and either of the other parties does not disapprove of such proposed disclosure within 15 days, the disclosure is deemed approved by such other party. This Section shall not preclude any party's communication with the Court or response to a request by any holder of an Affected Policy for the verification of records or data concerning such person's Affected Policy. Communications after Closing regarding assumption certificates shall be handled as set forth in Section 3.2 of this Agreement.

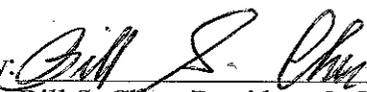
IN WITNESS WHEREOF, the Association and Reinsurer have caused their duly authorized representatives to execute this Agreement on the date above noted.

ARKANSAS LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION

By: 

Lee Douglass, Chairman

PHILADELPHIA AMERICAN LIFE
INSURANCE COMPANY

By: 

Bill S. Chen, President & CEO

Exhibit A-1

List of Affected Life Insurance Policies

See attached

SIGNATURE LIFE POLICY HOLDERS BY NUMBER
As of 12/31/2010

00279

001028

001011A

001055A

001109A

001143

001181A

001233A

001254A

1281A

001377A

001608A

001609A

001610A

001611A

001677A

002350

002352

008831

008869

009032

009351

010035

010044

010312

010360

010362

010547

010556

010557

010558

010559

010615

010926

010927

010940

010973

010999

012171

020012

020754

110197

2-1726

200762

200770

200831

203297

203789

204045

204367

204382

204546

205572

206022

206085

206102

206316

208711

205573

205919

205920

205921

210029

205922

210035

210052

210138

210141

210142

210143

AL005159

EB100043

EB100045

EB100065

FG0002-2

FG0002-3

001235A

203542

000002

000003

000005

000006

000017

000018

000068

020785

Exhibit A-2

List of Affected Annuities (Not In Payout)

See attached

Signature Life Annuities Not in Payout - As of 12/31/10					
<u>Annuity Number</u>	<u>Beginning Cash Value</u>	<u>Withdrawal</u>	<u>Interest Earned</u>	<u>Ending Cash Value</u>	
1001	\$63,795.03	\$ -	\$ 216.73	\$ 64,011.76	
1010	\$12,329.17	\$ -	\$ 41.89	\$ 12,371.06	
1015	\$49,381.44	\$ -	\$ 167.76	\$ 49,549.20	
1018	\$42,025.69	\$ -	\$ 142.77	\$ 42,168.46	
1019	\$3,270.28	\$ -	\$ 11.11	\$ 3,281.39	
1031	\$349.89	\$ -	\$ 1.19	\$ 351.08	
1032	\$1,182.77	\$ -	\$ 4.02	\$ 1,186.79	
1042	\$7,938.60	\$ -	\$ 26.97	\$ 7,965.57	
1045	\$2,046.97	\$ -	\$ 6.95	\$ 2,053.92	
1046	\$117.73	\$ -	\$ 0.40	\$ 118.13	
1047	\$8,323.50	\$ -	\$ 28.28	\$ 8,351.78	
1048	\$2,362.97	\$ -	\$ 8.03	\$ 2,371.00	
1049	\$17,074.84	\$ -	\$ 58.01	\$ 17,132.85	
1052	\$8,217.92	\$ -	\$ 27.92	\$ 8,245.84	
1056	\$23,708.07	\$ -	\$ 80.54	\$ 23,788.61	
1058	\$8,045.23	\$ -	\$ 27.33	\$ 8,072.56	
1065	\$8,103.23	\$ -	\$ 27.53	\$ 8,130.76	
1066	\$22,250.02	\$ -	\$ 75.59	\$ 22,325.61	
1078	\$40,265.38	\$ -	\$ 136.79	\$ 40,402.17	
1080	\$125,002.16	\$ -	\$ 424.66	\$ 125,426.82	
1087	\$7,975.03	\$ -	\$ 27.09	\$ 8,002.12	
1088	\$7,975.03	\$ -	\$ 27.09	\$ 8,002.12	
1089	\$7,975.03	\$ -	\$ 27.09	\$ 8,002.12	
1090	\$98,660.59	\$ -	\$ 335.18	\$ 98,995.77	
1093	\$2,157.59	\$ -	\$ 7.33	\$ 2,164.92	
1095	\$21,494.55	\$ -	\$ 73.02	\$ 21,567.57	
1098	\$303.84	\$ -	\$ 1.03	\$ 304.87	
1099	\$303.84	\$ -	\$ 1.03	\$ 304.87	
1100	\$45,967.04	\$ -	\$ 156.16	\$ 46,123.20	
1101	\$7,485.80	\$ -	\$ 25.43	\$ 7,511.23	
1105	\$390.53	\$ -	\$ 1.33	\$ 391.86	
1106	\$111.80	\$ -	\$ 0.38	\$ 112.18	
1107	\$4,047.44	\$ -	\$ 13.75	\$ 4,061.19	
1116	\$11,896.52	\$ -	\$ 40.42	\$ 11,936.94	
1127	\$7,316.65	\$ -	\$ 24.86	\$ 7,341.51	
1131	\$11,171.15	\$ -	\$ 37.95	\$ 11,209.10	
1132	\$6,382.01	\$ -	\$ 21.68	\$ 6,403.69	
1136	\$12,441.71	\$ -	\$ 42.27	\$ 12,483.98	
1147	\$16,659.69	\$ -	\$ 56.60	\$ 16,716.29	
1148	\$16,659.69	\$ -	\$ 56.60	\$ 16,716.29	
1149	\$16,659.69	\$ -	\$ 56.60	\$ 16,716.29	
1151	\$40,909.11	\$ -	\$ 138.98	\$ 41,048.09	
1152	\$27,249.98	\$ -	\$ 92.58	\$ 27,342.56	
1153	\$60,012.57	\$ -	\$ 203.88	\$ 60,216.45	
1154	\$70,316.50	\$ -	\$ 238.88	\$ 70,555.38	
1156	\$5,134.69	\$ -	\$ 17.44	\$ 5,152.13	
1157	\$242,944.35	\$ -	\$ 825.35	\$ 243,769.70	

1160	\$67,341.69	\$	-	\$	228.78	\$	67,570.47
1161	\$10,644.22	\$	-	\$	36.16	\$	10,680.38
1251	\$18,894.38	\$	-	\$	64.19	\$	18,958.57
1270	\$30,625.90	\$	-	\$	104.04	\$	30,729.94
1271	\$18,633.14	\$	-	\$	63.30	\$	18,696.44
1272	\$16,334.43	\$	-	\$	55.49	\$	16,389.92
1273	\$15,722.61	\$	-	\$	53.41	\$	15,776.02
1274	\$4,080.75	\$	-	\$	13.86	\$	4,094.61
1275	\$40,202.12	\$	-	\$	136.58	\$	40,338.70
1278	\$53,794.30	\$	-	\$	182.75	\$	53,977.05
1289	\$9,774.43	\$	-	\$	33.21	\$	9,807.64
1292	\$3,072.51	\$	-	\$	10.44	\$	3,082.95
1311	\$56,528.27	\$	-	\$	192.04	\$	56,720.31
1312	\$10,321.96	\$	-	\$	35.07	\$	10,357.03
1313	\$18,400.06	\$	-	\$	62.51	\$	18,462.57
1606	\$13,682.87	\$	-	\$	46.48	\$	13,729.35
1618	\$31,624.15	\$	-	\$	107.44	\$	31,731.59
1626	\$24,026.88	\$	-	\$	81.63	\$	24,108.51
1660	\$7,743.69	\$	-	\$	26.31	\$	7,770.00
1710	\$4,569.11	\$	-	\$	15.52	\$	4,584.63
1750	\$837.54	\$	-	\$	2.85	\$	840.39
1751	\$1,307.71	\$	-	\$	4.44	\$	1,312.15
1753	\$7,502.79	\$	-	\$	25.49	\$	7,528.28
1788	\$6.08	\$	-	\$	0.02	\$	6.10
1789	\$276.02	\$	-	\$	0.94	\$	276.96
1975	\$26,568.28	\$	-	\$	90.26	\$	26,658.54
2055	\$975.83	\$	-	\$	3.32	\$	979.15
2058	\$15,723.99	\$	-	\$	53.42	\$	15,777.41
2080	\$8,703.72	\$	-	\$	29.57	\$	8,733.29
2116	\$707.34	\$	-	\$	2.40	\$	709.74
2138	\$2,116.99	\$	-	\$	7.19	\$	2,124.18
2142	\$10,461.19	\$	-	\$	35.54	\$	10,496.73
2190	\$11,001.38	\$	-	\$	37.37	\$	11,038.75
2203	\$1,297.60	\$	-	\$	4.41	\$	1,302.01
2204	\$2,838.06	\$	-	\$	9.64	\$	2,847.70
2239	\$2,715.13	\$	-	\$	9.22	\$	2,724.35
2243	\$1,000.20	\$	-	\$	3.40	\$	1,003.60
2273	\$103,370.62	\$	-	\$	351.18	\$	103,721.80
2274	\$109,583.34	\$	-	\$	372.28	\$	109,955.62
2311	\$7,780.07	\$	-	\$	26.43	\$	7,806.50
2312	\$14,920.75	\$	-	\$	50.69	\$	14,971.44
2328	\$574.52	\$	-	\$	1.95	\$	576.47
2330	\$451.07	\$	-	\$	1.53	\$	452.60
2332	\$7,240.19	\$	-	\$	24.60	\$	7,264.79
2333	\$24,041.48	\$	-	\$	81.68	\$	24,123.16
2365	\$5,310.36	\$	-	\$	18.04	\$	5,328.40
2385	\$455.09	\$	-	\$	1.55	\$	456.64
2387	\$3,110.57	\$	-	\$	10.57	\$	3,121.14
2405	\$4,720.70	\$	-	\$	16.04	\$	4,736.74
2407	\$4,720.70	\$	-	\$	16.04	\$	4,736.74
2441	\$11,539.71	\$	-	\$	39.20	\$	11,578.91
2483	\$520.45	\$	-	\$	1.77	\$	522.22

Exhibit A-3

List of Affected Annuities (In Payout)

See attached

Signature Life Annuities in Payout as of 12/31/10					
Annuity Number	Beginning Cash Value	Withdrawal	Interest Earned	Ending Cash Value	
1021	\$ 21,491.88	\$ -	\$ 73.01	\$ 21,564.89	
1044	\$32,843.77	\$ 3,166.52	\$ 100.82	\$ 29,778.07	
1060	\$47,572.75	\$ -	\$ 161.62	\$ 47,734.37	
1061	\$38,231.20	\$ -	\$ 129.88	\$ 38,361.08	
1094	\$6,613.67	\$ -	\$ 22.47	\$ 6,636.14	
1117	\$28,985.53	\$ 1,643.85	\$ 92.89	\$ 27,434.57	
1291	\$19,494.95	\$ 366.30	\$ 64.99	\$ 19,193.64	
1647	\$85,987.75	\$ 861.25	\$ 289.20	\$ 85,415.70	
1712	\$21,397.45	\$ -	\$ 72.69	\$ 21,470.14	
2057	\$13,866.70	\$ 550.44	\$ 45.24	\$ 13,361.50	
2064	\$24,317.61	\$ -	\$ 82.61	\$ 24,400.22	
2067	\$20,057.78	\$ 1,933.81	\$ 61.57	\$ 18,185.54	
2068	\$13,680.26	\$ 1,318.94	\$ 41.99	\$ 12,403.31	
2577	\$7,948.81	\$ 330.00	\$ 25.88	\$ 7,644.69	
14	\$ 382,490.11	\$ 10,171.11	\$ 1,264.86	\$ 373,583.86	
NOTES					
Ann 1044, 1060, 1061, 1094, 1117, 1712, 2064 ,2067 and 2068 paid yearly minimum required distributions.					
Annuities 1291, 2057 and 2577 paid monthly distributions.					
Annuity 1647 paid quarterly interest distribution.					

Exhibit B

Covered Obligations

Covered Obligations means the continuation and/or payment of the Account Values, Net Cash Surrender Values, required payments and other contractual terms and benefits under the Affected Policies covered by the Association, subject to applicable statutory limitations and exclusions. The applicable statutory limitations and exclusions may include, without limitation, one or more of the following: (i) a maximum of \$300,000 in account value of annuity benefits per life; and (ii) a maximum of \$300,000 in life insurance death benefits per life, net cash surrender and net cash withdrawal values per life for life insurance; provided that, for purposes of this Agreement, statutory limitations on the maximum rate used to credit interest under the Affected Policies shall not apply. The Covered Obligations being assumed by Reinsurer, as to each Affected Policy, are set forth in Exhibits A-1, A-2 and A-3.

Exhibit C-1

Method of Calculating Guaranty Assets

1. For each Affected Policy, the amount to be paid by the Association covering such Policy shall be the sum of
 - (i) the statutory reserves on such policy (taking into account the Covered Obligations as to such policy) as of the Effective Date. Such statutory reserves include mean reserves (and dividend accumulation) for life insurance and account values for annuity policies as of the Effective Date), minus
 - (ii) policy loans and uncollected and deferred premiums on such policy, plus
 - (iii) interest at 4% per annum on the difference between (i) and (ii) from January 1, 2011 to (but not including) the Closing Date.

2. For all Affected Policies, the amount to be paid by the Association to the Reinsurer is the sum of
 - (a) and (b) where
 - (a) is the sum of the amount calculated for all Affected Policies according to 1 (iii) described in the previous paragraph; and
 - (b) the conversion fee of \$25,000 plus interest at 4% from January 1, 2011 to the Closing Date.

Exhibit C-2

Calculation of Guaranty Assets

See attached

Exhibit D-1

Assumption of Life Insurance Policy Issued By Signature Life Insurance Company

By

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

Assumption Certificate

[John Doe	Old Policy Number:	#####
1234 Any Street	New Policy Number:	#####
Anytown, City, Zip]	Insured:	John Doe

This is to certify that, effective as of 12:01 A.M. on January 1, 2011 ("Assumption Date"), Philadelphia American Life Insurance Company ("PALIC") has reinsured and assumed the covered obligations of the Arkansas Life and Health Insurance Guaranty Association (the "Association") associated with the above referenced Signature Life Insurance Company of America ("SLIC") policy (the "Policy") in accordance with the terms and conditions of an Assumption Reinsurance Agreement entered into by PALIC and the Association.

Subject to any applicable defenses, the obligations assumed and to be performed by PALIC are all of the contractual terms and conditions of the Policy, except that:

1. Your policy values as of the Assumption Date are as follows:

Death Benefit: _____

2. PALIC is not responsible for (i) claims incurred or benefits due prior to the Assumption Date, or (ii) any act, error or omission of SLIC, the liquidator of SLIC or any third party in connection with the Policy prior to the Assumption Date.

Effective with the Assumption Date, all premium payments, claims, requests for service or other inquiries should be directed to Philadelphia American Life Insurance Company at the address listed below or at the following toll-free telephone number:

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

P. O. Box 4884

Houston, Texas 77210-4884

1-800-552-7879 (Toll Free)

In Witness Whereof, PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY has issued this Assumption Certificate effective as of January 1, 2011. This Assumption Certificate was signed at the home office of PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY, Houston, Texas.

Mary D. Frazier, Secretary

Bill S. Chen, President

NOTICE: THIS CERTIFICATE OF ASSUMPTION BECOMES A PART OF YOUR POLICY AND SHOULD BE ATTACHED TO YOUR POLICY.

Exhibit D-2

Assumption of Annuity Contract Issued By Signature Life Insurance Company

By

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

Assumption Certificate

[John Doe	Old Contract Number:	#####
1234 Any Street	New Contract Number:	#####
Anytown, City, Zip]	Insured:	John Doe

This is to certify that, effective as of 12:01 A.M. on January 1, 2011 ("Assumption Date"), Philadelphia American Life Insurance Company ("PALIC") has reinsured and assumed the covered obligations of the Arkansas Life and Health Insurance Guaranty Association (the "Association") associated with the above referenced Signature Life Insurance Company of America ("SLIC") annuity contract (the "Contract") in accordance with the terms and conditions of an Assumption Reinsurance Agreement entered into by PALIC and the Association.

Subject to any applicable defenses, the obligations assumed and to be performed by PALIC are all of the contractual terms and conditions of the Contract, except that:

3. Your contract values as of the Assumption Date are as follows:

Account Value: _____

4. PALIC is not responsible for (i) claims incurred or benefits due prior to the Assumption Date, or (ii) any act, error or omission of SLIC, the liquidator of SLIC or any third party in connection with the Contract prior to the Assumption Date.

Effective with the Assumption Date, all premium payments, claims, requests for service or other inquiries should be directed to Philadelphia American Life Insurance Company at the address listed below or at the following toll-free telephone number:

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

P. O. Box 4884

Houston, Texas 77210-4884

1-800-552-7879 (Toll Free)

In Witness Whereof, PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY has issued this Assumption Certificate effective as of January 1, 2011. This Assumption Certificate was signed at the home office of PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY, Houston, Texas.

Mary D. Frazier, Secretary

Bill S. Chen, President

NOTICE: THIS CERTIFICATE OF ASSUMPTION BECOMES A PART OF YOUR CONTRACT AND SHOULD BE ATTACHED TO YOUR CONTRACT.



P.O. Box 4884, HOUSTON, TX 77210-4884

April 27, 2011

Arkansas Department of Insurance

Via SERFF

Re: **Philadelphia American Life Insurance Company** ("PALIC")
Domiciliary State: Texas NAIC 67784, FEIN 74-1952955
Assumption from **Arkansas Life and Health Insurance Guaranty Association** ("ALHIGA") of Certain Life & Annuity Policies
Originally Underwritten or Acquired by **Signature Life Insurance Company of American**, Domiciliary State: Illinois, NAIC 70980,
FEIN 36-3467550

<u>Form Number</u>	<u>Description</u>
SLL.ASMP.CERT	Assumption Certificate – Life Insurance
SLA.ASMP.CERT	Assumption Certificate – Annuities

Dear Madam/Sir:

Please find attached the above captioned forms for your review and approval. These forms will be mailed to affected policyholders after the later of your approval date or the closing date of the Assumption Reinsurance Agreement ("The Agreement"), a copy of which is enclosed for your information. The Certificate of Assumption is filed pursuant to applicable insurance statutes and the requirements as set forth under Article III, Section 3.1. titled "Form of Assumption Certificate" of the Agreement between ALHIGA and PALIC. The Agreement requires PALIC, with help from ALHIGA, obtain approval of the Assumption Certificates from the Department as soon as possible. An expedited review would be appreciated by PALIC and ALHIGA. We will not issue any new business on the forms being assumed.

As of the signing date of the Assumption Reinsurance Agreement, the affected life insurance and annuity contracts are specified in Exhibit A-1 (life insurance policies, 86 total), Exhibit A-2 (annuities not in payout, 122 total), and Exhibit A-3 (annuities in payout, 14).

Finally, we would like to request a waiver on the statutory requirement of providing the transferring policyholders "Notice of Transfer" forms. This request is made in consideration of the unique circumstances where your State's Guaranty Association (ALHIGA) is the current risk bearer and that the transferring policyholders realistically don't have a viable alternative. Mailing of the Notice of Transfer forms would unnecessarily complicate and prolong this important transition.

If you have any questions or need additional information, please do not hesitate to contact us by phone or e-mail. You can also contact ALHIGA regarding this assumption: **Allan W. Horne, Esq., Administrator & Legal Counsel, Arkansas Life & Health Insurance Guaranty Association, Dover Dixon Horne PLLC, 425 West Capitol Avenue, Suite 3700, Little Rock, AR 72201.** Thank you for your time and consideration, we look forward to your response.

Sincerely,

Brian Hull, AIRC
Product Development and Compliance
(281) 368-7278 Direct
(800) 368-7200 Ext. 7278
(281) 368-7205 Fax
bhull@neweralife.com

SERFF Tracking Number: NELL-127092074 State: Arkansas
 Filing Company: Philadelphia American Life Insurance Company State Tracking Number: 48593
 Company Tracking Number: SLL.ASMP.CERT
 TOI: ML01 Multi-Line - Assumption Agreement Sub-TOI: ML01.000 Multi-Line - Assumption Agreement
 Product Name: SLL.ASMP.CERT
 Project Name/Number: SLL.ASMP.CERT/SLL.ASMP.CERT

Superseded Schedule Items

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.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/22/2011	Form	Assumptlion Certificate - Annuity	05/04/2011	SLA.ASMP.CERT.pdf (Superceded)
03/22/2011	Form	Assumption Certificate - Life	05/04/2011	SLL.ASMP.CERT.pdf (Superceded)

Assumption of Annuity Contract Issued By Signature Life Insurance Company

By

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

Assumption Certificate

[John Doe	Old Contract Number:	#####
1234 Any Street	New Contract Number:	#####
Anytown, City, Zip]	Insured:	John Doe

This is to certify that, effective as of 12:01 A.M. on January 1, 2011 ("Assumption Date"), Philadelphia American Life Insurance Company ("PALIC") has reinsured and assumed the covered obligations of the Arkansas Life and Health Insurance Guaranty Association (the "Association") associated with the above referenced Signature Life Insurance Company of America ("SLIC") annuity contract (the "Contract") in accordance with the terms and conditions of an Assumption Reinsurance Agreement entered into by PALIC and the Association.

Subject to any applicable defenses, the obligations assumed and to be performed by PALIC are all of the contractual terms and conditions of the Contract, except that:

1. Your contract values as of the Assumption Date are as follows:
Account Value: _____
2. PALIC is not responsible for (i) claims incurred or benefits due prior to the Assumption Date, or (ii) any act, error or omission of SLIC, the liquidator of SLIC or any third party in connection with the Contract prior to the Assumption Date.

Effective with the Assumption Date, all premium payments, claims, requests for service or other inquiries should be directed to Philadelphia American Life Insurance Company at the address listed below or at the following toll-free telephone number:

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY
P. O. Box 4884
Houston, Texas 77210-4884
1-800-552-7879 (Toll Free)

In Witness Whereof, PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY has issued this Assumption Certificate effective as of July 1, 2010. This Assumption Certificate was signed at the home office of PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY, Houston, Texas.



Mary D. Frazier, Secretary



Bill S. Chen, President

NOTICE: THIS CERTIFICATE OF ASSUMPTION BECOMES A PART OF YOUR CONTRACT AND SHOULD BE ATTACHED TO YOUR CONTRACT.

Assumption of Life Insurance Policy Issued By Signature Life Insurance Company

By

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

Assumption Certificate

[John Doe	Old Policy Number:	#####
1234 Any Street	New Policy Number:	#####
Anytown, City, Zip]	Insured:	John Doe

This is to certify that, effective as of 12:01 A.M. on January 1, 2011 ("Assumption Date"), Philadelphia American Life Insurance Company ("PALIC") has reinsured and assumed the covered obligations of the Arkansas Life and Health Insurance Guaranty Association (the "Association") associated with the above referenced Signature Life Insurance Company of America ("SLIC") policy (the "Policy") in accordance with the terms and conditions of an Assumption Reinsurance Agreement entered into by PALIC and the Association.

Subject to any applicable defenses, the obligations assumed and to be performed by PALIC are all of the contractual terms and conditions of the Policy, except that:

1. Your policy values as of the Assumption Date are as follows:
Death Benefit: _____
2. PALIC is not responsible for (i) claims incurred or benefits due prior to the Assumption Date, or (ii) any act, error or omission of SLIC, the liquidator of SLIC or any third party in connection with the Policy prior to the Assumption Date.

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Mary D. Frazier, Secretary



Bill S. Chen, President

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