

REINSURANCE AGREEMENT

between

CEDANT

and

REINSURER

Effective Date: ***DATE***

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ARTICLE I - PARTIES TO AGREEMENT

Whereas **LEGAL COMPANY NAME** of **DOMICILE**, further identified by the NAIC company code **#####**, hereinafter referred to as the “Cedant”, desires to retrocede on a Quota Share basis certain universal life, traditional life, and annuity insurance policies (the “Policies” or each a “Policy” further described in Schedule A);

Whereas **LEGAL COMPANY NAME** of **DOMICILE**, further identified by the NAIC company code **#####**, hereinafter referred to as the “Reinsurer”, desires to reinsure a Quota Share of such Policies;

Whereas this reinsurance agreement hereinafter referred to as the “Agreement”, is an indemnity Agreement solely between the Cedant and the Reinsurer, and performance of the obligations of each party under this Agreement will be rendered solely to the other party. In no instance will anyone other than the Cedant or Reinsurer have any rights under this Agreement, and the Cedant will be and remain solely liable to any insured, policy-owner or beneficiary under any Policy. In no way will the liability of the Reinsurer be increased by reason of the inability of the Cedant to collect from any other reinsurers, whether specific or general, any amounts which may be due from them, whether such inability arises from insolvency of such other reinsurers or otherwise.

Therefore, in consideration of the mutual covenants and agreements contained in this Agreement, the parties hereto agree as follows;

ARTICLE II - SCOPE OF REINSURANCE

1. Policies

The Cedant hereby cedes and the Reinsurer hereby reinsures, according to the terms and conditions of this Agreement, the risks under the policies (“Policies”, and each a “Policy”), as described in Schedule A issued by the Cedant as of the Effective Date **and subject to the following conditions:**

- a. **The Cedant underwrites the risk and issues the policy in accordance with its standard issue rules, underwriting practices and guidelines in effect as of the Effective Date applicable to the Policies and the policy is issued containing the Cedant’s standard suicide provision and contestable period.**
- b. **The policy is issued in a jurisdiction in which the Cedant is properly licensed.**

2. Coverages and Exclusions

- a. The Reinsurer will cover the Quota Share of the Policies as specified in Schedule A. All benefits and amounts regarding the Policies will be subject to the consideration of the Quota Share proportion.
- b. Riders are **[NOT]** reinsured under this Agreement.

3. Plan of Reinsurance

Reinsurance effected under this Agreement will be on a coinsurance basis.

ARTICLE III - DEFINITIONS

As used in this Agreement, a capitalized term has the meaning as set forth in its respective Article or subsection of an Article. Each of the following capitalized terms as used in this Agreement has the respective meaning set forth. Such meaning is to be equally applicable to both the singular and plural forms of the capitalized terms.

1. “Accounting Period” is as defined in Article XV, Reporting and Settlement.
2. “Compensatory Damages” is as defined in Article VIII, Benefits, Section 7, Extra-Contractual Damages.
3. “Business Day” is defined as any day other than Saturday, Sunday, or a day in which banking institutions in **INDIVIDUAL STATE(S)** or the United States are permitted or obligated by law to be closed.
4. “Effective Date” is the effective date of this Agreement and is **DATE**.
5. “Error” is as defined in Article XXV, Errors, Oversights and Other Failures.
6. “Punitive Damages” is as defined in Article VIII, Benefits, Section 7, Extra-Contractual Damages.
7. “Quota Share” is equal to a **###%** and is applied to amounts relating to the reinsurance under this Agreement.
8. “Statutory Penalties” is as defined in Article VIII, Benefits, Section 7, Extra-Contractual Damages.

ARTICLE IV - PLACING REINSURANCE IN EFFECT

To effect reinsurance with respect to the Policies in force on the Effective Date, the Cedant will pay to the Reinsurer on the date of execution of this Agreement the Initial Reinsurance Premium, defined in the Article VI, Reinsurance Premiums.

ARTICLE V - LIABILITY

The liability of the Reinsurer will begin simultaneously with that of the Cedant, provided however, that the Cedant will give notification of such reinsurance to the Reinsurer simultaneously with the reports and settlements described in Article XV, Reporting and Settlement. The reinsurance under this Agreement with respect to any Policy will be maintained in force without reduction as long as the liability of the Cedant under such Policy remains in force without reduction, unless reinsurance is terminated or reduced or as otherwise provided herein. The Reinsurer’s liability with respect to any Policy will terminate on the date the

Cedant's liability on such Policy is terminated unless determined otherwise by this Agreement, but will not extend beyond the effective date of termination of this Agreement.

Termination of the Reinsurer's liability is subject to payments in accordance with the provisions defined in the Article XIX Termination Accounting and Settlement.

ARTICLE VI - REINSURANCE PREMIUMS

1. Initial Reinsurance Premium

The Cedant will pay the Reinsurer an "Initial Reinsurance Premium" equal to the Statutory Reserve calculated as of the Effective Date with respect to the Policies.

2. Reinsurance Premiums

The Cedant will pay the Reinsurer "Reinsurance Premiums" on all Policies in effect under this Agreement in an amount equal to that Quota Share portion of the net premiums each Accounting Period which corresponds to the Policies and will be remitted to the Reinsurer at the end of each Accounting Period. The Reinsurer will treat any such Reinsurance Premiums as paid premium for annual statement purposes regardless of the mode of collection by the Cedant on the Policies.

ARTICLE VII - EXPENSE ALLOWANCE

1. Expense Allowance

The Cedant will be allowed an "Expense Allowance" for the administration of the Policies. The Reinsurer will pay an Expense Allowance to the Cedant to cover the Reinsurer's Quota Share of actual commission, administrative expenses, and premium taxes paid by the Ceding Companies on the Policies and subject to a maximum **DESCRIBE MAXIMUM**.

The Reinsurer will bear no part of the expenses incurred in connection with the Policies, except as otherwise provided herein.

2. Dividends

The Reinsurer will [**NOT**] participate in or reimburse for dividends associated with the Policies.

ARTICLE VIII - BENEFITS

1. Benefits

“Benefits” will be defined as the Reinsurer’s Quota Share portion of the benefits defined in the actual policies of the Policies, and which have been incurred during the effective coverage of this Agreement and deemed payable under the terms of any Policy as well as the corresponding loss expense included within the Policies and which are paid by the Cedant (i.e. without deduction for Reserves) on the Policies. For further assurance, Benefits will mean the Reinsurer’s Quota Share portion of claims paid (*example, DEATHS, SURRENDERS*) under the terms of the Policies. Under no circumstances will Benefits be construed to be or include Statutory Reserves or Extra-Contractual Damages under this Agreement. The Reinsurer will pay the Cedant an amount equal to the Benefits paid by the Cedant for the current Accounting Period.

Benefits will be net of any other reinsurance the Cedant may have on the Policies.

It is expressly understood that all Benefits will be netted against the Reinsurance Premium and other amounts due the Reinsurer from the Cedant.

2. Policy Loans

The Reinsurer will not participate in policy loans on the Policies. Notwithstanding the preceding, the cash surrender values reimbursed by the Reinsurer to the Cedant pursuant to Section 4 below in the event of a surrender of a Policy will be reduced by the value of all outstanding loans in accordance with the terms of such Policy.

3. Cash Surrender Values

The Reinsurer will reimburse the Cedant for its Quota Share of cash surrender values paid by the Cedant to the policyholders in accordance with the terms of the Policy. Such amounts will be included in “Benefits” amounts.

4. Administration of Claims and Notice

The Cedant will have the sole responsibility for the settlement of claims with its claimants. The Cedant will perform the administration of all claims arising out of the Policies. The Cedant will maintain records to support its claim payments. The Reinsurer reserves the right to review those claim records, and proofs of such claim payments due or paid will be furnished to the Reinsurer upon request.

5. Payment of Benefits

The Reinsurer will accept the decision of the Cedant on payment of Benefits on a Policy. The Reinsurer will pay Benefits in a lump sum to the Cedant without regard to the form of claim settlement of the Cedant. Extra-Contractual Damages are not considered Benefits.

6. Contested Claims

The Cedant will advise the Reinsurer of its intention to contest, compromise, or litigate a claim involving a Policy. The Reinsurer will pay its Quota Share of the unusual expense of the contest in addition to its share of the claim itself, or it may choose not to participate in the contest. If the Reinsurer chooses not to participate, it will discharge its liability by payment of the full amount of its Quota Share of the liability on the Policy as if there had been no contest, compromise or

litigation. The Reinsurer will also pay its Quota Share of covered expenses incurred through the date it notifies the Cedant it declines to be a party to the contest.

The Reinsurer will not be liable for any part of any Compensatory or Punitive Damages assessed against the Cedant based on its alleged misconduct in the handling of claims or in other dealings with its policyholders.

7. Claim Expenses

The Reinsurer will pay its Quota Share of “Claim Expenses” defined as the reasonable legal expenses payable to third party legal service providers and claim investigation expenses incurred connected with the litigation or settlement of claims payable under this Agreement, unless the Reinsurer has discharged its liability pursuant to Section 7 above. If the Reinsurer has so discharged its liability, the Reinsurer will not participate in claim expenses incurred thereafter. In no event shall claim expenses include and the Reinsurer will not reimburse the Cedant for routine claim and administration expenses, including but not limited to, the Cedant’s home office expenses, compensation of salaried officers and employees, and any legal expenses other than expenses incurred by the Cedant for third party legal service providers. Claim investigation expenses do not include any of the following for purposes of this Agreement:

- a. expenses incurred in connection with a dispute or contest arising out of conflicting claims of entitlement to Policy proceeds or Benefits which the Cedant admits are payable;
- b. expenses, fees, settlements, or judgments arising out of or in connection with claims against the Cedant for Punitive or Compensatory Damages unless the Reinsurer had agreed to participate in the contested claim prior to the determination of the expenses resulting from such contested claim; and
- c. expenses, fees, settlements or judgments arising out of or in connection with claims made against the Cedant and based on alleged or actual bad faith, failure to exercise good faith, or tortious conduct in the handling of claims or in other dealings with its policyholders.

8. Extra-Contractual Damages

The Reinsurer will not participate in Punitive or Compensatory damages that are awarded against the Cedant as a result of an act, omission, or course of conduct committed solely by the Cedant, its agents, or representatives in connection with claims covered under this Agreement. The Reinsurer will, however, pay its share of Statutory Penalties awarded against the Cedant in connection with claims covered under this Agreement if the Reinsurer elected in writing to join in the contest of the coverage in question.

The parties recognize that circumstances may arise in which equity would require the Reinsurer, to the extent permitted by law, to share proportionately in Punitive and Compensatory Damages. Such circumstances are difficult to define in advance, but would generally be those situations in which the Reinsurer was an active party and, in writing, recommended, consented to, or ratified the act or course of conduct of the Cedant that ultimately resulted in the assessment of the Extra-Contractual Damages. In such situations, the Reinsurer and the Cedant will share such damages so assessed, in equitable proportions.

“Punitive Damages” are those damages awarded as a penalty, the amount of which is neither governed nor fixed by statute.

“Compensatory Damages” are those amounts awarded to compensate for the actual damages sustained, and are not awarded as a penalty, nor fixed in amount by statute.

“Statutory Penalties” are those amounts awarded as a penalty, but are fixed in amount by statute.

9. Assistance and Advice

On any claim on a Policy, the Reinsurer will, at the request of the Cedant, advise and assist the Cedant in its determination of the liability and in the best procedure to follow with respect to a claim of doubtful validity, provided that the Reinsurer will not be liable to the Cedant or to any third party for claims arising out of such advice and assistance provided that this shall not reduce the Reinsurer’s obligations to pay amounts otherwise owing under this Agreement including, without limitation, claims.

ARTICLE IX - EXPENSE AND RISK CHARGE

The Reinsurer may receive all underwriting profits plus investment income or a portion of it. The following might not apply:

1. Expense and Risk Charge

At the end of each Accounting Period, the Cedant will pay the Reinsurer an “Expense and Risk Charge” equal to ###% times the *Reserves* at the end of the current Accounting Period. *E&R may also be based upon premium.*

2. Minimum Expense and Risk Charge

The Expense and Risk Charge is subject to a minimum amount (“Minimum Expense and Risk Charge”) of \$#### per Accounting Period.

ARTICLE X - STATUTORY PROFIT (LOSS)

The “Statutory Profit(Loss)” will be calculated each Accounting Period on a [*inception; year; per Accounting Period*] to date basis as the Reinsurance Premium plus the Investment Income less the Expense Allowance less the Benefits less Claim Expenses less the Statutory Reserve at the end of the Accounting Period plus the Statutory Reserve at the beginning of the Accounting Period.

ARTICLE XI - LOSS CARRY FORWARD

The Loss Carry Forward is initially set equal to zero. In subsequent Accounting Periods, the Loss Carry Forward will be determined as the inception to date Statutory Loss. The Loss Carry Forward will accrue interest at a rate equal to 3 months LIBOR as of the last Business Day of the quarter + 300 bps.

ARTICLE XII - RESERVES

“Statutory Reserves” are defined as the Reinsurer’s Quota Share of statutory reserves which the Cedant is required to maintain on the Policies in accordance with the laws of those states where

the Policies are issued. The Cedant will calculate Statutory Reserves for this Agreement by the same methods the Cedant uses for its statutory quarterly or annual statements.

ARTICLE XIII - REPORTING AND SETTLEMENT

1. Accounting Periods

An "Accounting Period" is defined to be a calendar **quarter** with the accounting to be reported on a calendar year basis with quarterly settlements. The initial Accounting Period will run from the Effective Date through **DATE**. The final Accounting Period will run from the end of the preceding Accounting Period until the termination date of this Agreement.

2. Reports

The Cedant will submit accounting reports (Schedules B and C) to the Reinsurer not later than 20 Business Days after the end of each Accounting Period. Such reports will include, but not be limited to, information on Reinsurance Premiums, Expense Allowance, Benefits, and Statutory Reserves on the Policies for the Accounting Period. The Cedant will make its best efforts to supply the actual data, and if the data cannot be supplied within the time limits, the Cedant will produce best estimates that will be tried up later.

Within 20 Business Days of the end of the calendar year, the Cedant will supply the Reinsurer an actuarial opinion certifying the adequacy of the Statutory Reserves.

In addition, at least annually, the Cedant will provide to the Reinsurer a copy of the Cedant's most recent statutory statement as soon as it is available.

3. Settlement

With respect to the Policies and within 20 Business Days after the end of each Accounting Period, a settlement will be calculated as follows:

Reinsurance Premiums; minus
Expense Allowance; minus
Benefits, minus
Claim Expenses
Equals: Settlement

If the amount computed is positive, then the Cedant will pay such amount to the Reinsurer. If the amount computed is negative, then the Reinsurer will pay absolute value of such amount to the Cedant.

4. Management Meetings

If one of the following conditions is met:

- i. there is a Statutory Loss of more than **\$150,000** for each of two consecutive Accounting Periods;
- ii. reports due under this Agreement are late in three consecutive Accounting Periods provided the Reinsurer has provided written notice to the Cedant of the late filings; or
- iii. there is a cumulative Statutory Loss over four (4) Accounting Periods that exceeds **\$400,000**. then the Cedant will be available for monthly management meetings with the Reinsurer to review the Cedant's financial progress.

5. Amounts Due

Except as otherwise specifically provided in this Agreement, all amounts due to be paid to either the Reinsurer or the Cedant will be determined on a net basis as of the last day of the Accounting Period.

6. Delayed Payment and Recalculations

If there is a delayed settlement or a recalculation of an amount due, there will be an interest charge computed at the interest rate prescribed below for the period commencing with the 26th day after the end of the Accounting Period to which the charge applies.

The annual interest rate for delayed settlement will be equal to the yield of 3 month LIBOR as quoted at closing on the 26th day after the end of the Accounting Period to which the charge applies, plus **300** basis points.

7. DAC Tax

If the Policies include for U.S. Federal Income Tax purposes Specified Insurance Contracts pursuant to Section 848 of the Internal Revenue Code or the Final Income Tax Regulations thereunder, the Cedant and the Reinsurer, with respect to this Agreement, agree to make the election provided in Section 1.848-2(g)(8) of the Final Income Tax Regulations issued December 28, 1992 under Section 848 of the Internal Revenue Code of 1986. The specifics of this election are set forth in Schedule G.

8. Financial Statement Accounting

Each party to this Agreement acknowledges to the other that it is responsible for ensuring that the accounting and tax treatment it has adopted for this Agreement and the transactions contemplated thereunder complies with all relevant accounting, tax and regulatory standards applicable to it. Each party must consult with its own accounting, tax and legal advisers to determine the proper accounting, tax and regulatory treatment for this Agreement and the transactions contemplated hereunder.

9. Currency

The currency for reporting and settlements will be United States dollars.

ARTICLE XIV - OFFSET AND RECOUPMENT

1. Offset

The Reinsurer and the Cedant will have recoupment rights and will have the rights of offset as described hereunder. It is recognized and mutually intended that the rights of offset under this Agreement are broad and extend to mutual debts and credits owed between the named parties to this Agreement.

The Cedant and the Reinsurer will have and may exercise, at any time and from time to time, the right to offset any amounts due from one party to the other party hereto under the terms of this Agreement ***or under any other agreement between the parties.***

If one of the parties to this Agreement is placed in liquidation, receivership or rehabilitation or is otherwise declared impaired or insolvent, offset will be allowed as set forth above, and any

amount or amounts due or to become due under this Agreement or under any other agreement accruing from obligations incurred or loss events or occurrences taking place prior to the appointment of a liquidator, receiver or rehabilitator or to a declaration of impairment or insolvency, or after such appointment or declaration, will be deemed mutual in time and capacity and such debts and credits will be offset against one another whether the balances due or to become due are on account of premiums or losses including, but not limited to, paid losses and loss reserves or otherwise.

Any debts or credits, matured or unmatured, liquidated or unliquidated, regardless of when they arose or were incurred, in favor of or against either the Cedant or the Reinsurer *with respect to all Agreements* between the Cedant and the Reinsurer are deemed mutual debts or credits, as the case may be, and will be set off, and only the balance will be allowed or paid.

This provision will not be affected by the insolvency of either party to this Agreement.

2. Recoupment

All net amounts due either party under this Agreement, for any Accounting Period, will be netted regardless of the insolvency, rehabilitation or receivership of either party. In particular, amounts due under this Agreement to one party before or after the insolvency of the other party may be recouped and only the net balance due will be paid.

ARTICLE XV - DURATION

1. Duration

Except as otherwise provided herein, this Agreement will be unlimited in duration.

2. Recapture and Termination

- a. The Cedant will have the right to recapture the Policies at anytime after *Date* by giving 90 days prior written notice. Unless agreed to by the Reinsurer, recapture will apply to all Policies in force at the time of recapture. After the effective date of any recapture, the Reinsurer will no longer share in the experience on the Policies, including profits and/or losses.
- b. Either party may terminate the Agreement if the other party fails to make payments in accordance with the Article XV, Reporting and Settlement. Upon written notice by the offended party that it intends to terminate, the other party will have 30 days from the receipt of written notice to make the payment before termination is effective. In such event of termination and the offending party is the Cedant, then the Cedant will include with any termination settlement to the Reinsurer, an amount equal to the Loss Carry Forward, if any, determined as of the effective date of termination.
- c. The Reinsurer may terminate with immediate effect, and with no prior written notice needed, upon the event of any of the following:
 - a. Any portion or all of the Policies is transferred by the Cedant without Reinsurer's consent;

- b. The Cedant's surplus falls below one hundred and fifty percent (150%) of the company action level RBC or the Cedant is aware of any risk based capital issues by any regulatory authority;
- c. The Cedant is made the subject of regulatory action; or
- d. The Cedant has a material change in ownership to be defined as a change in ownership or control requiring disclosure in any published financial statement.

In the events of 2c(i), 2c(iii) when the regulatory action is due to fraud or disreputable actions, and 2c(iv) above, the Cedant will include with any termination settlement to the Reinsurer, an amount equal to the Loss Carry Forward, if any, determined as of the effective date of termination.

- d. This Agreement will automatically terminate when there is no liability remaining on the Policies.

3. Effective Date of Termination

The effective date of termination will be the date provided pursuant to any notice of termination given under this Agreement or any such other date as will be mutually agreed to in writing. The termination of this Agreement or of the reinsurance in effect under this Agreement will not extend to or affect any of the rights or obligations of the Cedant and the Reinsurer applicable to any Accounting Period prior to the effective date of termination.

ARTICLE XVI - TERMINATION ACCOUNTING AND SETTLEMENT

A termination accounting and settlement will be calculated as of the effective date of termination and will include the following:

- i. The parties will settle the settlement as provided in Article XV, Reporting and Settlement; plus
- ii. The Reinsurer will pay to the Company an amount equal to the Statutory Reserves; plus
- iii. In the event of automatic termination as described in Article XVIII, Duration Section 2d, then the Cedant is not required to pay the amount equal to the Loss Carry Forward.
- iv. If the Agreement terminates in accordance with Article XVIII, Duration, Section 2a or 2c, then the Cedant will pay the Reinsurer an amount equal to the Loss Carry Forward, if any, accumulated with interest.

Amounts due to either party must be paid by the owing party to the other within 30 days.

In the event that, subsequent to the termination accounting and settlement, a change is made with respect to any amount taken into account pursuant to Article XV, Reporting and Settlement, a supplementary accounting will take place pursuant to this Article. Any amount owed to the Reinsurer or to the Cedant by reason of such supplementary accounting will be paid promptly upon the completion thereof.

ARTICLE XVII - INSOLVENCY

A party to this Agreement will be deemed “Insolvent” when it:

- a. applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor of its properties or assets; or
- b. is adjudicated as bankrupt or insolvent; or
- c. files or consents to the filing of a petition in bankruptcy, seeks reorganization to avoid insolvency or makes formal application for any bankruptcy, dissolution, liquidation or similar law or statute; or
- d. becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party’s domicile.

The portion of any risk or obligation assumed by the Reinsurer, when such portion is ascertained, will be payable on demand of the Cedant at the same time as the Cedant will pay its net retained portion of such risk or obligation, with reasonable provision for verification before payment, and the reinsurance shall be payable by the Reinsurer, on the basis of the liability of the Cedant under the Policies without diminution because of the insolvency of the Cedant.

If the Cedant becomes insolvent, reinsurance hereunder will be payable by the Reinsurer directly to the Cedant or its liquidator, receiver, or statutory successor on the basis of the liability of the Cedant under the Policy or Policies, with reasonable provision for verification, by any court of competent jurisdiction or by any conservator, liquidator or statutory successor of the Cedant having authority to allow such claims, without diminution because of such insolvency.

The Cedant’s conservator, liquidator, or statutory successor will give the Reinsurer written notice of the pendency of a claim against the Cedant which may involve the reinsurance afforded by this Agreement within a reasonable time after a claim is filed in the insolvency proceedings. The Reinsurer will have the right, at its sole discretion, to investigate the claim and interpose in the proceedings where the claim is to be adjudicated, at its own expense. A proportionate share of the expense thus incurred by the Reinsurer will be chargeable, subject to court approval, against the insolvent Cedant as part of the expense of liquidation to the extent of the benefit accruing to the Cedant solely as a result of the defense undertaken by the Reinsurer. Where two or more reinsurers are participating in the same claim and a majority in interest elects to interpose defense to such claim, the expense will be apportioned in accordance with the terms of this agreement as though such expense had been incurred by the Cedant.

It is understood that the insolvency clause will not modify Article XVI, Offset and Recoupment.

ARTICLE XVIII - CALCULATION DISPUTES

Any dispute or difference between the Cedant and the Reinsurer concerning any calculation made pursuant to this Agreement will be referred in writing to the actuaries of the relevant parties and such actuaries will be instructed to negotiate in good faith to attempt to resolve the dispute.

If the dispute has not been agreed or settled within 30 Business Days of it being referred to such actuaries, then the dispute will be referred to an actuary jointly appointed by those actuaries (or failing agreement on such appointment within 10 Business Days, to an actuary appointed by the

President of the Society of Actuaries) for resolution (the "Expert"). The Expert shall be a disinterested party working for an independent company such as, but not limited to, Milliman, Watson Wyatt, or Deloitte, with a proven actuarial industry experience relating to the risks reinsured hereunder.

The Expert will act as an expert and not an arbitrator and shall be required to report no later than 30 Business Days after being appointed.

The parties will have the right to make representations to the Expert.

The decision of the Expert will, in the absence of manifest error, be final and binding on the parties.

The parties will bear the Expert's costs equally.

Each party will, upon any request by the Expert, provide the Expert with such information as is within its possession or control and reasonably required by the Expert, save if to do so would breach any law, regulation or contractual obligation to which that party is subject.

ARTICLE XIX - ARBITRATION

It is the intention of the Reinsurer and the Cedant that the customs and practices of the insurance and reinsurance industry will be given full effect in the operation and interpretation of this Agreement. The parties agree to act in all things with the highest good faith. If the Reinsurer or the Cedant cannot mutually resolve a dispute which arises out of or relates to this Agreement, however, the dispute will be decided through arbitration. The arbitrators will base their decision on the terms and conditions of this Agreement plus, as necessary, on the customs and practices of the insurance and the reinsurance industry rather than solely on a strict interpretation of the applicable law; there will be no appeal from their decision, and any court having jurisdiction of the subject matter and the parties may reduce that decision to judgment.

To initiate arbitration, either the Cedant or the Reinsurer will provide written notice to the other party of its desire to arbitrate, stating the nature of its dispute and the remedy sought. The party to which the notice is sent will respond to the notification in writing within 10 Business Days of its receipt.

There will be three arbitrators who will be current or former disinterested officers of insurance or reinsurance companies other than the contracting companies, their subsidiaries or affiliates. Each of the contracting companies will appoint one of the arbitrators and these two arbitrators will select the third. If either party refuses or neglects to appoint an arbitrator within 45 Business Days, the other party may appoint the second arbitrator. If the two arbitrators do not agree on a third arbitrator within 45 Business Days of their appointment, each of the arbitrators will nominate three individuals. Each arbitrator will then decline two of the nominations presented by the other arbitrator. The third arbitrator will then be chosen from the remaining two nominations by drawing lots.

It is agreed that each of the three arbitrators should be impartial regarding the dispute and should resolve the dispute on the basis described in the first paragraph of this Article. Therefore at no

time will either the Cedant or the Reinsurer contact or otherwise communicate with any person who is to be or has been designated as a candidate to serve as an arbitrator concerning the dispute, except upon the basis of jointly drafted communications provided by both the Cedant and the Reinsurer to inform the arbitrators of the nature and facts of the dispute. Likewise, any written or oral arguments provided to the arbitrators concerning the dispute will be coordinated with the other party and will be provided simultaneously to the other party or will take place in the presence of the other party. Further, at no time will any arbitrator be informed that the arbitrator has been named or chosen by one party or the other.

The arbitration hearing will be held in a place and on the date fixed by the arbitrators. In no event will this date be later than 6 months after the appointment of the third arbitrator. As soon as possible, the arbitrators will establish pre-arbitration procedures as warranted by the facts and issues of the particular case. At least 10 Business Days prior to the arbitration hearing, each party will provide the other party and the arbitrators with a detailed statement of the facts and arguments it will present at the arbitration hearing. The arbitrators may consider any relevant evidence; they will give evidence such weight as they deem it entitled to after consideration of any objections raised concerning it. The party initiating the arbitration will have the burden of proving its case by a preponderance of the evidence. Each party may examine any witnesses who testify at the arbitration.

The cost of the arbitration will be shared equally by both parties unless the arbitrators decide otherwise.

This Article will survive termination of this Agreement.

ARTICLE XX - INSPECTION OF RECORDS

The Reinsurer or its duly authorized representatives will have the right to visit the offices of the Cedant to examine, audit, and verify any of the accounting, underwriting or claim files relating to Policies during regular business hours after giving 5 Business Days prior notice. All expenses of conducting the inspection will be borne solely by the party conducting the inspection other than those expenses incidental to cooperating with the audit and producing the requested materials.

The Cedant will place at the disposal of the Reinsurer at all reasonable times, and Reinsurer will have the right to inspect, including the right to make and take copies, through its authorized representatives, all books, records and papers of the Cedant in connection with any reinsurance hereunder or claims in connection herewith. The Cedant will keep all such books and records in connection with the Policies as would reasonably be expected of a prudent insurance company. The Cedant will provide the Reinsurer a reasonable work space to conduct its review. The Cedant will cooperate with and facilitate any such inspection and upon request of the Reinsurer will make available to Reinsurer such officers and employees of the Cedant as the Reinsurer may reasonably request to provide information concerning the Policies.

This right will survive the termination of this Agreement.

ARTICLE XXI - INTERPRETATION OF AGREEMENT

1. Entire Agreement

This Agreement will constitute the entire agreement between the Cedant and the Reinsurer respecting the Policies and there are no understandings between the parties other than as expressed in this Agreement and any prior oral or written agreements or understandings with respect to the Policies are hereby superseded. Furthermore, this Agreement may not be altered, modified or in any way amended except by instrument in writing duly executed by the authorized representatives of both parties.

2. Assignment

No right or obligation under this Agreement may be assigned by any party without the prior written consent of the other party. Consent will not be unreasonably withheld, provided the assignment or transfer does not have a material effect on the risks transferred or the economic results to the party requested to consent.

3. Amendments

This Agreement may be amended by mutual agreement of the parties. Any such amendments will be in writing and signed by authorized representatives of both parties.

In the event a regulatory entity or auditor requests a change in the agreement, Cedant and Reinsurer agree to work together to effect appropriate new or changed agreement language.

4. Severability

To the extent that this Agreement may be in conflict with any applicable law or regulation, this Agreement will be construed in a manner not inconsistent with such law or regulation. If any term or provision of this Agreement is found by an arbitration panel or a court of competent jurisdiction to be illegal or otherwise unenforceable, the same will not invalidate the whole of this Agreement, but such term or provision will be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties will be construed and enforced accordingly preserving to the fullest permissible extent the intent and agreements of the parties set forth herein.

5. Waiver

Neither the failure nor any delay on the part of the Cedant or the Reinsurer to exercise any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege shall preclude the further exercise of that right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege. No waiver of any right, remedy, power or privilege with respect to any occurrence shall be construed as a waiver of that right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and signed by the party granting the waiver.

6. Headings

Any headings used in this Agreement are for convenience of reference only and will not limit or otherwise affect the meaning of the language herein.

7. Schedules and Exhibits

Schedules A, B, C, and D, attached at the end of this Agreement, and any future schedules and exhibits added to this Agreement through a written amendment, are a part of this Agreement.

8. Governing Law

This Agreement will be construed in accordance with the laws of the state of **STATE** and the laws of the United States applicable therein, without giving effect to the conflicts of law principles thereof.

ARTICLE XXII - GENERAL PROVISIONS

1. Reinsurance Conditions

The reinsurance hereunder is subject to the same limitations and conditions as the insurance under the Policies, except as otherwise provided herein.

2. Administration of Policies

The Cedant will administer the Policies and will perform all accounting for the Policies and will keep records sufficient to reasonably demonstrate the liability of the Reinsurer under this Agreement.

3. Current Practices

The Cedant will not materially change, alter, or otherwise compromise its underwriting, claims paying or administrative practices with respect to the Policies without the prior written consent of the Reinsurer. Upon receipt of written notice of such change, the Reinsurer shall inform the Cedant in writing whether the Reinsurer will include such change under this Agreement, or will terminate the reinsurance hereunder in respect of that portion of the Policies that is directly affected by such change.

4. Ownership of Assets

The Reinsurer will retain the ownership of all of the assets held in relation to the Statutory Reserves on the Policies.

5. Net of Other Reinsurance

If reinsurance of Benefits under a Policy has been ceded to more than one reinsurer, the reduction in the Reinsurer's reinsurance will be in proportion to the reduction in the total reinsurance. After the proportion has been determined, the rules above will be used.

6. Adjustment

If the amount of any of the Cedant's Policies under this Agreement is changed because of a misstatement of any material fact, the Reinsurer will share in the change proportionately to the amount reinsured hereunder and all proportional adjustments with the Cedant.

7. Policy Changes

The Cedant must provide written notification to the Reinsurer of any change which affects the original terms or conditions of any Policy not later than 10 Business Days after the change takes effect. The Reinsurer will provide written notification to the Cedant as to the Reinsurer's acceptance or rejection of the change within 10 Business Days of after receipt of change. If the Reinsurer accepts such change, the Reinsurer will share in any increase or decrease in the liability of the Cedant on such Policy in proportion to their respective liabilities under this Agreement except as provided in a formal exchange program as described below. A reduction in reinsurance which is not caused by the implementation of a formal exchange program will not be applied to force the Cedant to reassume more than its regular retention limits at the time of the

reduction, and form of the policy or policies for which reinsurance is being terminated. If the Reinsurer rejects any such change, the Reinsurer's liability under this Agreement will be determined as if no such change has occurred.

The Cedant must also provide written notification to the Reinsurer of any prospective rate increase or decrease not later than 30 Business Days before the rate increase or decrease takes effect.

Failure to provide such timely notification, provided that the policy change or rate change does not adversely affect the Reinsurer, will not be considered a material breach of this Agreement.

If reinsurance of a Policy has been ceded to more than one reinsurer, the reduction in the Reinsurer's reinsurance will be in proportion to the reduction in the total reinsurance. After the proportion has been determined, the rules above will be used.

8. Internal and External Replacements

An internal replacement of any Policy, pursuant to a program of internal or external replacement, will be considered a reinsured Policy under the terms of this Agreement, with effect from the date of such replacement.

An internal replacement will include all Policies which under a program initiated by the Cedant after the Effective Date are, within 6 months of being surrendered, covered under a new policy written by the Cedant or an affiliate.

An external replacement program will consist of a program entered into by the Cedant with a non-affiliated Cedant to replace the Policies for a contract with another reinsurer.

9. Reinstatements

If a Policy that was reduced, terminated, or lapsed is reinstated by the Cedant under its regular rules, the reinsurance for such Policy will be reinstated automatically to the amount that would be in force if the Policy had not been reduced, terminated, or lapsed. The Cedant will pay to the Reinsurer its proportionate share of all amounts collected from or charged to the insured with respect to such reinstatement.

10. Policy Loans

The Reinsurer does **[NOT]** participate in policy loans.

11. Errors, Oversights and Other Failures

If through unintentional error, oversight, omission, or misunderstanding (collectively referred to as "Errors"), the Reinsurer or the Cedant fails to comply with the terms of this Agreement and if, upon discovery of the Error by either party, the other is promptly notified, each thereupon will be restored to the position it would have occupied if the Error had not occurred, including interest.

If it is not possible to restore each party to the position it would have occupied but for the Error, the parties will endeavor in good faith to promptly resolve the situation in a manner that is fair and reasonable, and most closely approximates the intent of the parties as evidenced by this Agreement.

Also, in the absence of willful misconduct or fraudulent intent, no breach by either party of any provision of this Agreement and no failure of any representation made by either party to be true and accurate shall give the other party a right to avoid this Agreement, but rather the remedy will be restricted to damages caused by such breach or failure, in addition to any right such party may have under the terms of this Agreement to terminate the Agreement as provided herein.

However, the Reinsurer will not provide reinsurance for policies that do not satisfy the parameters of this Agreement, nor will the Reinsurer be responsible for negligent or deliberate acts or for repetitive Errors in administration by the Cedant. If either party discovers that the Cedant has failed to cede reinsurance as provided in this Agreement, or failed to comply with its reporting requirements, the Reinsurer may require the Cedant to audit its records for similar Errors and to take the actions necessary to avoid similar Errors in the future.

12. Anti-Money Laundering

The Cedant undertakes to ensure that it complies with all applicable anti-money laundering regulations or rules promulgated, now or hereafter. The Cedant will be solely responsible for any and all fines and/or penalties levied or assessed (whether on it or the Reinsurer) by reason of the Cedant's failure to discharge its duties under all present and future anti-money laundering laws and regulations.

The Reinsurer similarly undertakes to ensure that it complies with all applicable anti-money laundering legislation and relevant regulations.

ARTICLE XXIII - REPRESENTATIONS

The Cedant represents and warrants to the Reinsurer that it is a corporation duly organized, validly existing and in good standing under the laws of **DOMICILE**. The Reinsurer represents and warrants to the Cedant that it is an insurance company duly organized, validly existing and in good standing under the laws of **DOMICILE**.

Each Party represents and warrants to the other Party that:

1. Authorization

The Party has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Party of this Agreement, and the performance by the Party of its obligations under this Agreement, have been duly authorized by all necessary corporate action. This Agreement, when duly executed and delivered by the Party, subject to the due execution and delivery by the other Party, will be a valid and binding obligation of the Party, enforceable against the Party in accordance with its terms.

2. No Conflict or Violation

The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby in accordance with the respective terms and conditions hereof will not (a) violate any provision of the Articles of Incorporation or Bylaws of the Party, or (b) violate any order, judgment, injunction, award or decree of any court, arbitrator or governmental or regulatory body against, or binding upon, or any agreement with, or condition imposed by, any governmental or regulatory body, foreign or domestic, binding upon the Party.

3. Approvals of Governmental Authorities

No consent, waiver, license, approval, order or authorization of, or registration, filing or declaration with, or notices to, any person, entity or governmental authority is required to be obtained, made or given by or with respect to the Party in connection with (i) the execution and delivery of this Agreement by the Party, or (ii) the consummation by the Party of the transactions contemplated hereby.

The Cedant represents and warrants to the Reinsurer that:

4. Prudent Practices

The Cedant conducts its underwriting, administrative, and managerial procedures in a prudent and reasonable manner as can be expected of an insurance company.

5. Cedant Data and Disclosures

The Cedant acknowledges directly or indirectly providing the Reinsurer with, among other items, the following written documents prior to the execution of this Agreement by the Reinsurer:

- *Excel Spreadsheet:*
- *Excel Spreadsheet:*
- *Excel Spreadsheet:*

The Cedant represents and warrants that any assumptions made in compiling these documents were based upon informed judgment and are consistent with sound actuarial and accounting principles. Further, the Cedant represents and warrants that, to the best of its knowledge, all factual information contained in these documents was, as of the date of their making, correct, accurate, complete and accurate in all material respects. The Cedant is not aware of any material omissions, errors, changes or discrepancies regarding the Cedant data or of any non-public changes in the Cedant's executive management, administration, legal, regulatory, or financial conditions since the date such Cedant data was delivered to the Reinsurer which would materially affect the reinsurance contemplated under this Agreement. The Cedant acknowledges that the Reinsurer has relied on these documents and the foregoing representations and warranties in entering into this Agreement.

All data and other information the Cedant provides to the Reinsurer throughout the term of this Agreement will be, to the Cedant's knowledge as of the date such data and information is given, materially true, correct, complete and accurate.

The Cedant and the Reinsurer acknowledge their respective responsibility for independently forming their own conclusions regarding:

- a. the compliance of this Agreement with the laws and regulations of any particular jurisdiction; and
- b. the tax, statutory, and Generally Accepted Accounting Principles impacts of this Agreement on the Cedant or the Reinsurer.

ARTICLE XXIV - NOTICES

All notices hereunder will either be personally delivered, sent by overnight express mail, or sent certified mail, postage prepaid, at the following addresses:

to the Cedant:

CONTACT NAME

COMPANY NAME

STREET ADDRESS

CITY, STATE, ZIP CODE

Phone:

Facsimile:

Email:

to the Reinsurer:

CONTACT NAME

COMPANY NAME

STREET ADDRESS

CITY, STATE, ZIP CODE

Phone:

Facsimile:

Email:

Notices will be effective on the date of receipt.

ARTICLE XXV - EXECUTION

In witness whereof, the parties have caused this Agreement to be executed by their duly authorized officers hereto in [duplicate/triplicate] in any number of counterparts, and by each of the parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

CEDANT

By: _____

Witness: _____

Name: _____
Please print

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

REINSURER

By: _____

Witness: _____

Name: _____
Please print

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

SCHEDULE A - REINSURANCE PROVIDED AND POLICIES

Reinsurance on a Quota Share basis of the Cedant's net liability on **DESCRIBE BLOCK AND PLAN CODES.**

SCHEDULE B - SETTLEMENT REPORT

For Period Ending _____

Reinsurance Premiums _____

Minus: Expense Allowance _____

Minus: Benefits _____

Minus: Claim Expenses _____

Equals: Settlement due to the Reinsurer
(to the Cedant) \$

Policies

Volume

Inforce at end of the Accounting Period _____

SCHEDULE C - STATUTORY PROFIT/(LOSS)

For Period Ending _____

- | | |
|--|-------|
| 1. Reinsurance Premiums | _____ |
| 2. Expense Allowance | _____ |
| 3. Benefits | _____ |
| 4. Claim Expenses | _____ |
| 5. Statutory Reserve at the end of the Accounting Period | _____ |
| 6. Statutory Reserve at the beginning of the Accounting Period | _____ |
| 7. Statutory Profit/(Loss) for current Accounting Period
[1. + 2. - 3. - 4. - 5. + 6. = 7.] | _____ |
| 8. Loss Carry Forward (LCF) at the beginning of the Accounting Period | _____ |
| 9. Interest on LCF (item 8., above) | _____ |
| 10. Net Statutory Profit/(Loss)
[if 7. > 0, 7. - 8. - 9. = 10., 0] | _____ |

SCHEDULE D - DAC TAX ADJUSTMENT

The Cedant and the Reinsurer hereby agree to the following pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations issued December 1992, under Section 848 of the Internal Revenue Code of 1986, as amended. This election will be effective on the Effective Date and for all subsequent taxable years for which this Agreement remains in effect.

1. The term "party" will refer to either the Cedant or the Reinsurer as appropriate.
2. The terms used in this Schedule are defined by reference to Regulation Section 1.848-2 in effect December 1992.
3. The party with the net positive consideration for this Agreement for each taxable year will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(1).
4. Both parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency or as otherwise required by the Internal Revenue Service.
5. The Cedant will submit a schedule to the Reinsurer by May 1 of each year of its calculation of the net consideration for the preceding calendar year. This schedule of calculations will be accompanied by a statement signed by an officer of the Cedant stating that the Cedant will report such net consideration in its tax return for the preceding calendar year.
6. The Reinsurer may contest such calculation by providing an alternative calculation to the Cedant in writing within 20 Business Days of the Reinsurer's receipt of the Cedant's calculation. If the Reinsurer does not so notify the Cedant, the Reinsurer will report the net consideration as determined by the Cedant in the Reinsurer's tax return for the previous calendar year.
7. If the Reinsurer contests the Cedant's calculation of the net consideration, the parties will act in good faith to reach an agreement as to the correct amount within 30 of the date the Reinsurer submits its alternative calculation. If the Cedant and the Reinsurer reach agreement on an amount of net consideration, each party will report such amount in their respective tax returns for the previous calendar year.