Order D06-236

IN THE MATTER OF

AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS
Waco, Texas

PIONEER AMERICAN INSURANCE COMPANY
Waco, Texas

PIONEER SECURITY LIFE INSURANCE COMPANY
Waco, Texas

MULTI-STATE REGULATORY SETTLEMENT AGREEMENT

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Waco, Texas

MULTI-STATE REGULATORY SETTLEMENT AGREEMENT

This Multi-State Regulatory Settlement Agreement (the "Agreement") is entered into as of this 8th day of June 2006 (the "Execution Date"), by and between American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company, and Pioneer Security Life Insurance Company (collectively, the "Company"), the Georgia and Texas Departments of Insurance (the "Lead Regulatory Negotiators"), the insurance regulators of the States of Florida, Virginia and North Carolina (the "Lead Regulators"), and the insurance regulators of each of the remaining states and of the District of Columbia that adopt, approve, and agree to this Agreement (the "Participating Regulators").

I. DEFINITIONS

A. "Building Success Marketing System" is an exclusive marketing system offered by the Company and copyrighted in 1998 by the Company. The System includes both written materials and verbal sales techniques.

B. "Cash Compensation Period" means a period of twelve months from the "Effective Date".

C. "Company" refers to the American-Amicable Life Insurance Company of Texas, and includes, unless otherwise noted, Pioneer American Insurance Company and Pioneer Security Life Insurance Company.

D. "Compensation Eligible Policyholder" means a servicemember or a spouse or a dependent of a servicemember who was: (a) issued an Eligible Policy during

the period January 1, 2000 through the Effective Date; (b) who has not previously received a full refund from the Company; and (c) who, according to a formula developed and approved by the government parties, is due compensation greater than $5.00.

E. "Effective Date" means the date this Agreement is executed by the insurance regulators of those states which comprise 70% of Eligible Policies as set out in **Exhibit A**, or the date the Company, in its sole discretion, deems that an acceptable number of states have agreed to execute this Agreement.

F. "Eligible Policy" means a Company or affiliate product commonly known and marketed as "Horizon Life" or "Wealth Builder" upon which a death benefit has not been paid. An Eligible Policy consists of a term life contract (AA93-8757, PA93-8757, PS93-8757) with an "Annuity Accumulation Fund Rider (AAFR)" (AA8831, PA8831, PS8831). An Eligible Policy may or may not also include a "Twentieth Year Accumulation Value Additions Endorsement (Endorsement)" (AA8904, PA8904, PS8904), which guarantees a credit to the AAFR on the 20th policy anniversary (Twentieth Year Benefit) if the policy is still in force.

G. "Execution Date" means the date the Agreement is executed by the Company and the Lead Regulatory Negotiators, the Georgia and Texas Departments of Insurance.

H. "Government Parties" means the United States Department of Justice ("DOJ"), the United States Securities and Exchange Commission ("SEC"), and the Texas and Georgia Departments of Insurance, acting on their own behalf and on the behalf of the Participating Regulators.

I. "Lead Regulators" means the Florida, Virginia, North Carolina, and Illinois Departments of Insurance and their respective Commissioners of Insurance.

J. "Lead Regulatory Negotiators" means the Georgia and Texas Departments of Insurance and their respective Commissioners of Insurance.

K. "Participating Regulators" means the state insurance regulators (including the insurance regulator of the District of Columbia) that approve and execute this agreement.

L. "Servicemember" means any soldier, sailor, airman, marine, or otherwise any person serving in the United States Armed Forces.

II. BACKGROUND AND RECITALS

A. American-Amicable Life Insurance Company of Texas (hereinafter "American-Amicable"), Pioneer American Insurance Company (hereinafter "Pioneer American") and Pioneer Security Life Insurance Company (hereinafter "Pioneer Security") are each domiciled and charted by the State of Texas and maintain their home offices at 425 Austin Avenue, Waco, Texas, 76701 (hereafter, collectively, the Company"). The Company is licensed to market and sell life, health and accident insurance in Texas, Georgia and numerous other states.

B. The Company offers insurance products in a number of markets. One of these products is a seven-pay, 20-year term life contract combined with an accumulation fund which it denominates "Horizon Life," which the Company markets primarily to members of the United States Armed Forces at home and abroad.

C. The Lead Regulatory Negotiators and the Lead Regulators allege that the Company in the ordinary course of marketing and selling Horizon Life to members of the United States military violated insurance or consumer protection statutes in their respective jurisdictions.

D. The Company vigorously denies and does not admit to any wrongdoing or violation of any insurance or consumer protection law or regulation of the United States or any state, but is foregoing its right to an administrative hearing under the applicable laws and regulations of any state whose insurance regulatory official signs the Agreement and/or any applicable consent order and are entering into this Agreement in exchange for the releases granted herein.

E. The members of the National Association of Insurance Commissioners ("NAIC"), including the Participating Regulators, as the chief regulatory officials of their respective jurisdictions, have jointly agreed to designate the Texas and Georgia Departments of Insurance as the Lead Regulatory Negotiators, in consultation with other regulators, in order to negotiate this Agreement on behalf of and for the benefit of the Participating Regulators and the NAIC.

F. This Agreement was negotiated in an effort to conclude with finality all regulatory allegations involving the Horizon Life product and the marketing and sale of that product to members of the military prior to the Effective Date. By virtue of the terms and conditions set forth in this Regulatory Settlement Agreement, the Participating Regulators and the Company desire to resolve and have resolved all regulatory issues arising from or in any way relating to the subject matter herein described on the terms and conditions set forth herein.

G. Concurrently with the execution of this Agreement, the Company and the United States, acting through the DOJ, will execute a Consent Order for Permanent Injunction which will conclude with finality certain allegations asserted by the DOJ related to the Horizon Life product.

H. In addition to the execution of this Agreement, the Company will execute a Consent of Defendants to Entry of Final Judgment, which, if approved by the SEC, will be filed in United States District Court along with a Proposed Final Judgment. If approved by the District Court, the Final Judgment will be entered and will conclude with finality the allegations asserted by the SEC in its action against the Company involving sales of Horizon Life to members of the military prior to the Effective Date of this Agreement.

III. EXECUTION OF AGREEMENT

A. The Lead Regulatory Negotiators represent and warrant that they are authorized to negotiate this Agreement on behalf of the States of Georgia and Texas and on behalf of the insurance regulators of each of the other states of the United States and of the District of Columbia.

B. Shelby Land Peavy, President and Chief Executive Officer of the Company warrants that he is authorized to agree to and execute this Agreement on behalf of the Company.

C. By their signature and delivery of this Agreement, as described below, and by virtue of the execution of this Agreement by the Lead Regulatory Negotiators on behalf of and for the benefit of the Participating Regulators, each Participating Regulator acknowledges and agrees that: (1) they have read and understand the terms and

conditions of the Agreement and (2) the Lead Regulatory Negotiators have been actively involved in the evaluation and discussion of each form of relief which is included within the Agreement. By the signature and delivery of this Agreement, each Participating Regulator further acknowledges the sufficiency and fairness of this Agreement and agrees that the execution of said documents fairly, reasonably and adequately addresses the concerns of affected policyholders including past, present and future policy owners, and any holders, insureds, beneficiaries, payees and other parties in interest with respect to this Agreement.

D. Each Participating Regulator by way of signature of an authorized representative below gives its express assurance that under their applicable state laws, regulations and judicial rulings, they have the authority to enter into this Agreement. Each Participating Regulator shall execute and deliver this Agreement to either of the Lead Regulatory Negotiators within seventy-five (75) days following the receipt of this Agreement from the Lead Regulatory Negotiators. If a Participating Regulator finds that, under state law, regulation or procedure, the preparation and execution of a consent order is necessary to carry out the terms of this Agreement, such a consent order (the "Applicable Consent Order") shall be prepared by such Participating Regulator within seventy-five (75) days following the receipt of this Agreement from the Lead Regulatory Negotiators.

E. For purposes of this Agreement, an "Applicable Consent Order" shall be satisfactory to the Company if it: (1) acknowledges the authority of the Lead Regulatory Negotiators as described herein; (2) incorporates by reference and attaches via exhibit a copy of this Agreement; (3) expressly adopts and agrees to the provisions of this Agreement; and (4) includes other terms that may be required under law or regulations applicable to such consent orders generally in the state of the applicable Participating Regulator, provided the consent order does not require the Company to assume obligations beyond the scope of or in addition to those described in this Agreement. However, nothing in this Agreement shall be construed to require any state to execute and deliver an Applicable Consent Order if such State elects to sign this Agreement and not prepare a consent order.

F. If any changes in the terms of this Agreement are required by any Participating Regulator State to satisfy that state's particular statutory and/or regulatory requirements, such changes shall be incorporated into that state's State Amendment page and attached hereto and incorporated herein as to that state's requirements upon acknowledgment and agreement thereto by the Company. Those amendments shall have effect only for the amending state and shall have no effect on any other Participating Regulator State.

G. This Agreement and its attachments and/or any Applicable Consent Order constitute the entire agreement of the parties with respect to the matters referenced herein and, except for state-specific requirements as provided for in Section II.F of this Agreement, may not be amended or modified except by an amendment signed by all parties hereto; provided, however that the Company and the insurance departments of the states that are parties hereto may mutually agree to any reasonable extensions of time that might become necessary in order to carry out the provisions of this Agreement.

H. This Agreement may be signed in multiple counterparts, each of which shall constitute a duplicate original, but which taken together shall constitute but one and the same instrument.

I. This Agreement may be terminated at the sole option of the Company if within 75 days after the Execution Date (the "Opt In Period"), states which comprise 70% of Eligible Policyholders as set out in **Exhibit A**, do not become Participating Regulators. The Company may, however, at its sole discretion, waive this termination option if the Company determines that an acceptable number of states have agreed to execute this Agreement. The Company may extend the Opt In Period by an additional 60 days at its sole discretion. Should it wish to terminate the Agreement, the Company must provide written notice to the Lead Regulatory Negotiators within ten business days of the expiration of the Opt In Period.

IV. GENERAL MATTERS

A. In the event that any portion of this Regulatory Settlement Agreement is held invalid under any particular state's law as it is relevant to a Participating Regulator's state, such invalid portion shall be deemed to be severed only in that state and all

remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.

B. The Lead Regulatory Negotiators and the Company may mutually agree to any reasonable extensions of time that might become necessary to carry out the provisions of this Agreement.

C. Except for the provisions related to an order to enforce the terms of this Agreement by any of the Participating Regulators, the terms of this Agreement shall be governed by and interpreted according to the laws of the State of Texas without regard to existing principles of conflicts of laws.

D. All of the terms of the Agreement shall be binding upon, and shall inure to the benefit of, the Company, each Participating Regulator, and the successors and assigns of each of the foregoing.

E. The Company shall maintain records of any progress in completing administrative acts required by this Agreement, and shall submit reports of such progress to the Lead Regulatory Negotiators and the SEC on a monthly basis. The first such report shall be due within 60 days after the Effective Date, and a Final Report shall be due within 60 days after the expiration of the Cash Compensation Period as defined in **Section I (B).** The Final Report, among other matters, will include: (1) the total amount of cash compensation paid; (2) the total number of individuals who received cash compensation, including a breakdown of cash compensation paid by state as determined at the date of sale; (3) the identity and total number of individuals who were not located, by state of last known address; and, (4) the unclaimed amounts, by state, eligible for escheatment.

F. If the Company defaults with respect to any material obligation under this Agreement and such default is not remedied within 30 business days following the Company's receipt of written notice specifying such default (during which period the insurance regulator of the state in which such default occurred and the Company shall make reasonable efforts to resolve any disputes involving the default), either of the Lead Regulatory Negotiators may seek judicial enforcement of this Agreement.

V. COMPENSATION RELIEF

A. *In Force Eligible Policies: Contract Relief*

1. The Company, within 60 days after the Effective Date, shall provide a cash surrender value for the Twentieth Year Accumulation Value Addition Endorsement ("Endorsement") for each In Force Eligible Policy that includes an Endorsement. This cash surrender value is in addition to and independent of the cash surrender value based on premium allocations to the term life insurance policy and the benefit shall be paid in cash upon surrender or lapse or expiration of the term life policy regardless of forfeiture options to the contrary.

2. The cash surrender values for the Endorsement will be calculated as the difference between: 1) AAFR fund values calculated using an interest rate and AAFR planned contributions at issue to produce twentieth year fund values equivalent to twentieth year AAFR fund values based upon AAFR planned contributions at issue accumulated at 6.5% plus the Twentieth Year Benefit; and 2) AAFR fund values based upon AAFR planned contributions at issue accumulated at 6.5%. The resulting cash value factors per $1000 of the base term face amount, which shall be fixed at this level regardless of changes in the AAFR current credited interest rate, are illustrated in **Exhibit E.**

3. The Company shall notify, by regular mail, each owner of an Eligible Policy of the additional cash surrender value and shall inform the owner that in the event premiums for the Term Life Insurance Policy remain unpaid on the last day of the grace period such premiums will no longer be paid from funds accumulated under the Annuity Accumulation Fund unless the owner affirmatively and in writing reelects that option. If the owner is a "Compensation Eligible Policyholder", the notice shall also include a check payable to the policy owner for the cash compensation benefit calculated pursuant to **Section V (B).**

4. The Notices to "In Force Compensation Eligible Policyholders" and to Owners of an "Eligible Policy, No Compensation," which have been approved by the Lead Regulatory Negotiators and are attached hereto as **Exhibits B** and **C**, respectively, will be mailed in accordance with Section V (C) and (D). If a particular jurisdiction requires changes in a policy to be evidenced by an endorsement, then the Company, in

addition to providing the notices required by this section, shall provide to the policy owner the documentation required by that jurisdiction.

5. The parties stipulate and acknowledge that the contract relief provided herein is for settlement purposes only and that the Company by agreeing to provide such relief does not admit that the Eligible Policy which was filed and/or approved by the jurisdictions in which it was sold is or was in anyway deficient, unlawful or otherwise improper.

B. *In Force and Terminated Eligible Policies: Cash Compensation*

1. In consideration of the releases herein provided, the Company agrees to pay $10 million in settlement of any and all claims the Government Parties may have against the Company in connection with the Horizon Life product and the marketing and sale of that product to members of the United States Military prior to the Effective Date. Such amount will be distributed to all Compensation Eligible Policyholders in accordance with the provisions of this section at the sole discretion of the Government Parties. As to the DOJ, such claims are limited to those expressly released in the Consent Order for Permanent Injunction the Company is to execute concurrently with this Agreement. As to the SEC, the settlement of such claims is governed by the Consent of Defendants to Entry of Final Judgment that the Company is to execute and by the Final Judgment as entered by the United States District Court.

2. Within ten days after the Effective Date, the Company shall make a Special Deposit in the amount of $10,000,000 in cash, investment grade securities, or other form of security acceptable to the Texas Insurance Commissioner, with the Texas Comptroller of Public Accounts in accordance with the Order Requiring Special Deposit, attached hereto and incorporated herein as **Exhibit D**. This sum shall remain with the State of Texas until such time as released by Order of the Texas Commissioner of Insurance. Upon certification of the Compensation Verification Protocol as described below, the Texas Commissioner of Insurance shall enter his Order releasing the Deposit, with interest, which shall be distributed to Compensation Eligible Policyholders in accordance with this Agreement.

3. For purposes of distributing the settlement proceeds provided by the Company pursuant to section V.C.2 above, the Government Parties have determined that

the Company shall calculate a cash compensation benefit for each Compensation Eligible Policyholder in accordance with a Cash Compensation Formula developed and approved by the Government Parties and set out in **Exhibit F**. The Company shall provide the results of the compensation calculations and any additional requested data to the Government Parties within 30 days of the Effective Date.

4. Subsequent to the calculation of the cash compensation benefit, but prior to its distribution, the Company shall submit the data required by the Compensation Verification Protocol, attached hereto as **Exhibit G**, to Actuarial Group, Inc., 1015 Tyrone Road, Suite 120, Tyrone, GA 30290 (hereafter, "AGI"). Within 30 days of receipt of the calculations, AGI will test the cash compensation benefit data and calculations for completeness and accuracy and shall certify the results. Upon AGI's certification of the data and the calculations and the approval of the Texas Commissioner of Insurance and the staff of the SEC, the cash compensation benefit shall be distributed in accordance with this section. Should either the data or the calculations fail to meet the Protocol; the deadlines for the distribution will be adjusted as agreed upon by the Lead Regulatory Negotiators and the Company. The expense of the services performed by AGI shall be borne solely by the Company in an amount not to exceed $15,000.

5. The Company shall provide written notice to each Compensation Eligible Policyholder of the cash compensation benefit, together with a check for the payment of such benefit. In Force Compensation Eligible policyholders shall receive the notice set out in **Exhibit B**. Terminated Compensation Eligible Policyholders shall receive the notice attached hereto as **Exhibit H**, which has been approved by the Lead Regulatory Negotiators.

C. *Delivery of Notices; Address Searches; Undelivered or Non-Negotiated Checks.*

1. Delivery of Exhibit B and C Notices and Cash Compensation Checks. The Company will mail Exhibit B and C notices to the last known valid permanent home address of the policyholder within 30 days of certification of the Compensation Verification Protocol, unless extended as herein provided. If the Company is unable to find what appears to be a valid address for a policyholder, or if a notice mailed to a policyholder is returned to the Company as undeliverable, the

Company will make a thorough search of its Home Office records including use of the policyholder's military address, email address, phone number, and the Internet-based search engine, Accurint, in an effort to obtain a valid current address. If an apparent current address is located, the notice will be mailed or, in the case of a returned notice, re-mailed to that address. If, after a second attempt, an Exhibit B notice letter is returned, the check will be reversed and an equal amount shall be credited to the policyholder's Annuity Accumulation Fund.

2. *Delivery of Exhibit H Notice and Cash Compensation Checks.* The Company will mail Exhibit G notices to the last know valid permanent home address of the terminated policyholder within 30 days of certification of the Compensation Verification Protocol, unless extended as herein provided. If the Company is unable to find what appears to be a valid address for a policyholder, or if a notice mailed to a policyholder is returned to the Company as undeliverable, the Company will make use of the policyholder's military address, e-mail address, phone number, and the Internet-based search engine, Accurint in an effort to obtain a valid current address. If an apparent current address is located, the notice will be mailed or, in the case of a returned notice, re-mailed to that address. If a notice is re-mailed, the policyholder will have 180 days from the postmark of the re-mailed notice to cash or deposit the check. If a second notice is mailed but is returned as undeliverable, the check will be reversed and the details of the cash compensation benefit will be entered into the Log of Unclaimed Benefits for use in the Escheatment Procedure.

3. *Non-Negotiated Checks.* For In Force policyholders, Cash Compensation Benefit checks that remain non-negotiated after a period of 180 days from the last mailing shall be reversed and credited to the policyholder's Annuity Accumulation Account. For terminated policyholders, Cash Compensation Benefit checks that remain non-negotiated after a period of 180 days from date of issue shall be entered into the log of Unclaimed Cash Compensation Benefits for use in the Escheatment Procedure.

4. *Handling of Telephone and/or Mail Inquiries.* In order to respond to telephone or mail inquiries generated by the delivery of the notices set out herein, the Company will assign experienced Customer Service Representatives ("CSRs") within its

Customer Service Center to handle calls coming in on the toll-free number contained within the notices. The CSRs will be thoroughly versed in the terms of the settlement, and will be prepared to assist callers or otherwise respond to their inquiries.

5. *Evidence of Good Faith.* The use of the foregoing procedures will be deemed to represent a diligent good faith effort to locate Compensation Eligible Policyholders and Owners of Eligible Policies for the purpose of compliance with this Agreement.

D. *Escheatment of Unclaimed Compensation Benefit Amounts*

1. Any Cash Compensation Benefits for terminated policyholders which were not distributed or for which checks were not negotiated as reflected in the Log of Unclaimed Cash Compensation Benefits shall escheat to the appropriate state or states in accordance with their escheat procedures. For those individuals for which a proper domicile for escheatment purposes can not be determined, the unclaimed Cash Compensation Benefits shall escheat to the State of Texas.

2. The Log of Unclaimed Cash Compensation Benefits shall reflect the state to which funds escheated for each policyholder identified therein.

VI. INJUNCTIVE RELIEF RELATING TO SALES OF COMPANY PRODUCTS IN THE MILITARY MARKET

A. *Incorporation in Consent Order.* Upon the effective date, the Company agrees to be restrained or mandatorily enjoined, as the case may be, by the substantive provisions set out in Section V (B)-(F) below and further agree that such terms may be set out in any Consent Order required by this Agreement.

B. *Access to Military Personnel*

1. Neither the Company nor any of its agents shall offer for sale, solicit, negotiate the sale of, or sell any Company product on the premises of any U.S. military base, installation, or reservation for a period of five years from the Effective Date. After such time, the Company may apply to the appropriate military authority for an on-base solicitation permit if such application is permitted by applicable law or regulation.

2. For a period of five years from the Effective Date of this Agreement, the Company shall immediately terminate the appointment of any agent upon:

(a) the Company, the Department of Defense, or any applicable state insurance regulator's determining that the agent has solicited, negotiated the sale of, or sold any Company product on the premises of any U.S. military base, installation, or reservation.

(b) the Company's receiving notice that a military or civilian tribunal has finally adjudged an agent to be in violation of military law or regulation regarding the solicitation, negotiation, sale, or funding of any Company product.

(c) the Company's receiving notice that an insurance regulator has finally adjudged an agent to be in violation of the insurance laws or regulations regarding the solicitation, negotiation, or sale of any Company product.

(d) the Company, the Department of Defense, or any applicable state insurance regulator's determining that the agent has solicited, negotiated, or sold any Company product in a jurisdiction in which the agent is not licensed.

(e) the Company, the Department of Defense, or any state insurance regulator's determining that the agent has committed any acts while representing the company which violate any other terms of this agreement which are applicable to agents.

3. The Company and its agents shall discontinue the collection, compilation, distribution, or use of any military personnel membership listings for any purpose related to the solicitation, negotiation, or sale of any Company product.

4. For a period of two years from the Effective Date of this Agreement, neither the Company nor its agents shall participate in any graduation or other supporting or achievement events for any U.S. Noncommissioned Officer (NCO) Academies, "Sergeant Schools," or other such professional development schools by which the U.S. Armed Forces promote military personnel from enlisted to noncommissioned officer or officer status while representing the Company.

5. Neither the Company nor its agents shall sponsor any Morale, Welfare, and Recreation Event (MWR) in connection with representing the Company unless and until the Company receives prior written approval from the applicable MWR officer and

a copy of such approval is provided to the base or installation's Staff Judge Advocate (SJA) office.

C. *Funding Mechanism for Military Personnel*

1. The Company shall comply with all applicable federal, state, and military laws, rules, and regulations relating to the payment for and purchase of Company products including, but not limited to, the following:

(a) neither the Company nor its agents shall possess, complete, submit, or process or assist in the submission or processing of any DD Form 2558 (Authorization to Start, Stop of Change Allotment).

(b) the Company and its agents shall discontinue the use of Treasury Form 1199A unless and until such time as Department of Defense regulations provide otherwise.

(c) Neither the Company nor its agents shall obtain or attempt to obtain, possess or use any personal identification number (PIN) of a Servicemember to arrange for the premium payment of an insurance policy; neither the Company nor its agents shall otherwise assist a Servicemember with the online access and use of the "My Pay" system or any electronic debit system prior to complying with DOD Reg. 1344.7 and completion of related forms, if applicable.

(d) Neither the Company nor its agents shall establish any account or fictitious account in the name of its applicant/insured servicemember at a depository institution for the purpose of receiving funds for the payment of premium.

(e) the Company shall not accept any application for life insurance or issue a policy of life insurance on the life of an enlisted member of the U.S. Army with the rank of E-1, E-2, or E-3 without first obtaining for the Company's files a completed copy of DA Form 2056 (Commercial Insurance Solicitation Record) which confirms that the applicant has received counseling as required by Army Regulation 210-7.

D. *Product Design and Approval*

1. Four months after the effective date, neither the Company nor any of its agents shall offer the Horizon Life Policy. To the extent the Company already has agreed to discontinue the sale of Horizon Life in a particular jurisdiction during the pendency of

this matter, the Company agrees that it will not sell Horizon Life in that jurisdiction. The "phase out" pertains only to jurisdictions in which Horizon Life is still being sold.

2. After the Effective Date, during the "phase out" period, any Horizon Life policy issued in those jurisdictions where Horizon Life is permitted to be sold will not include the Automatic Premium Payments provision.

3. Any Company Product sold in the military market after the Effective Date of this Agreement:

(a) Shall not provide for or require the automatic payment of premiums from any side fund;

(b) Shall not provide for a premium deposit fund that fails to comply with the law or regulations of any Participating Regulator in which the contract is sold;

(c) Shall provide for an unconditional and absolute right of the insured to cancel without penalty ("Free Look") for a period not less than ninety days from the date the policy is delivered; and

(d) Shall calculate interest to any side fund contribution from the date the contribution was received to the date the contribution is withdrawn.

E. *Marketing Practices*

1. Neither the Company nor its agents shall offer or give anything, of value, directly or indirectly, greater than $5.00 in any 12 month period, or an amount specified by DOD Regulations, to any servicemember who has direct command authority over or direct responsibility for servicemembers with a rank of E-1 through E-4.

2. Neither the Company nor its agents shall participate in or assist with any class, seminar, or other training for service members regarding personal finance when such class, seminar, or other training occurs on a military base, installation, or reservation.

3. Neither the Company nor its agents shall participate in or assist with any class, seminar, or other training for servicemembers regarding personal finance off of a military reservation where the amount of any inducement to attend such class, seminar, or training exceeds the amount permitted by Applicable Law.

4. The Company and its agents shall:

(a) clearly and conspicuously disclose the fact that the product being sold is life insurance and disclose the cost thereof.

(b) not use or describe the credited interest rate in a manner that implies that the credited interest rate is a net return on premium paid.

(c) disclose that SGLI and VGLI are available to members of the Armed Forces from the federal government.

(d) not make any false, misleading, or deceptive representations regarding exclusions or limitations to coverage under SGLI or VGLI.

(e) not make any false, misleading, or deceptive representations regarding the amounts of coverage available, the costs of coverage, or exclusions or limitations of coverage for spouse or children insured under SGLI or VGLI.

(f) not make any false, misleading, or deceptive representations regarding conversion requirements, including limitations, restrictions, or costs, of SGLI or VGLI to private insurers.

(g) not deploy or use any lead generating materials that do not clearly and conspicuously disclose that the recipient will be contacted by an agent of the Company for the purpose of soliciting the purchase of insurance.

(h) not solicit the purchase of any insurance product through the use of or in conjunction with any third party eleemosynary or charitable organization that promotes the welfare of or assists members of the Armed Forces.

(i) not represent that the life contract costs "nothing" or is "free" or otherwise misrepresent the mortality costs for the product.

(j) not use the "Building Success Marketing System" in connection with the training of agents or the marketing or sale of Company products.

F. *Compliance, Training, and Other Matters*

1. All marketing or sales materials shall be approved by the General Counsel or an Officer or Director of the Company. Such approved materials must be signed and dated, and maintained at the Company's home office. The Company shall

make such material available, upon request, for review or copying by state insurance regulators and the DOJ for a period of five years from the Effective Date.

2. The Company shall create an in-house quality control group to monitor and promote compliance with applicable law and Company policy in connection with the marketing and sale of Company products in the military market. The group may not report to the President and Chief Executive Office through any Company officer responsible for oversight of any marketing, sales, or finance operations. The quality control group shall conduct regular audits of the Company's military field operations.

3. The Company shall provide training to each agent or agency prior to his/its being authorized to sell products to the military market. Such training shall include, without limitation, (1) review of applicable law, rules, and regulations concerning the sale of insurance and/or other financial products to the military market, (2) Company policy concerning the sale of insurance and/or other financial products to the military market, and (3) review of applicable consumer protection laws related to the sale of insurance and other financial products.

4. The Company shall provide annual training of agents authorized to sell products to the military market. Such training shall include, without limitation, (1) review of applicable law, rules, and regulations concerning the sale of insurance and/or other financial products to the military market, (2) Company policy concerning the sale of insurance and/or other financial products to the military market, and (3) review of applicable consumer protection laws related to the sale of insurance and other financial products.

5. The Company shall designate one employee as an in-house policy holder advocate. The employee may not report to the President and Chief Executive Officer through any company officer responsible for oversight of any marketing or sales operation. Among other duties, the policy holder advocate shall be responsible for ensuring the tracking of, the timely response to, and the timely resolution of policy holder complaints and questions, as well as the maintaining of records concerning such complaints and questions, and responses to and resolutions thereof. Each complaint shall be maintained in a complaint log, to include the name, address, and issue of each complaint and/or as required by state law. Such complaint log shall be maintained at the

Company's home office and made available, upon request, for review and copying by state regulators and the DOJ and/or as required by state law.

6. The Company shall create a toll free telephone number and an e-mail address for policy holder complaints and questions. Such telephone number and e-mail address shall be accessible to policy holders outside of the United States. The Company website and all Company correspondence with any policy holder shall clearly and conspicuously display both the telephone number and e-mail address, and shall identify the number and address as being devoted to policy holder complaints and questions.

7. The Company shall require that each agent submit a written statement in response to a customer complaint. To the extent such complaint is not in writing, the Company shall prepare a written summary of the complaint. The Company shall maintain records of the statements, summaries, and complaints referenced in this paragraph for five years after the receipt of the complaint.

8. The Company shall maintain a compliance committee to assess, on a quarterly basis, the Company's compliance with this Agreement. The panel shall develop, maintain, and distribute a code of ethics for all employees, agents, and agencies engaged in the sale of any product to the military market. The code of ethics must, among other things, stress the importance of clearly, simply, and completely explaining Company products to Company customers.

9. Within ninety days after the Effective Date, the Company must provide a copy of Section VI of this Agreement and obtain a signed and dated acknowledgment of receipt from each of its employees, agents, and agencies who sell or market Company products to members of the United States Armed Forces. For five years after the Effective Date, the Company shall provide a copy of Section VI of this Agreement and obtain a signed and dated acknowledgment of receipt from future employees, agents, and agencies who sell or market Company products to members of the United States Armed Forces within thirty days after the person or entity becomes an employee, agent, or agency of the Company

10. One year after the Effective Date, and then annually for four years thereafter, the Company shall provide to the United States Attorney's Office for the

Eastern District of Pennsylvania, the Georgia Department of Insurance, and the Texas Department of Insurance, a report documenting the Company's compliance with this Agreement. The report shall show the manner by which the Company has complied with this Agreement. The report must also include a summary of any inquiries, administrative actions, proceedings, or other similar complaints from or by any branch of the United States military, any military installation, and/or any state related to the sale of Company products in the military market. Upon request of the United States Attorney's Office for the Eastern District of Pennsylvania, the Georgia Department of Insurance, or the Texas Department of Insurance, the Company shall provide any document, if available, setting forth any inquiry, administrative action, proceeding, or other similar complaint from or by any branch of the United States military, any military installation, and/or any state. Upon request of the United States Attorney's Office for the Eastern District of Pennsylvania, the Georgia Department of Insurance, or the Texas Department of Insurance, the Company shall (1) make its employees reasonably available for interview concerning the report described in this paragraph and (2) provide such records and documents as reasonably bear on compliance with this Agreement.

VII. GENERAL RELEASE AND RELEASE FROM FURTHER REGULATORY EXAMINATION OR SANCTION.

A. By the execution and delivery of this Regulatory Settlement Agreement and/or any Applicable Consent Order and except as necessary to enforce the terms hereof, each Participating Regulator does hereby release and forever discharge the Company, and its past and present affiliated companies, and all past, present and future officers, directors, employees, shareholders, attorneys, agents and representatives, of and from all civil, administrative, criminal, or quasi-criminal causes, actions, claims, damages, fines, sanctions, losses, demands, or other liability that the States could pursue or seek relating in any way to the Horizon Life product or the marketing and sale of that product to members of the United States Armed forces where such liability arises under the insurance laws and regulations of each state related or applicable to the marketing, solicitation, application, underwriting, benefit payment, acceptance, sale, purchase, operation, filing for approval or retention or administration of all life insurance policies sold, issued, assumed or administered by the Company prior to the date that this Agreement is signed.

AGREED TO this 8th day of June, 2006.

LEAD REGULATORY NEGOTIATOR

John W. Oxendine
Insurance Commissioner for the State of Georgia and Lead Regulatory Negotiator

LEAD REGULATORY NEGOTIATOR

Mike Geeslin
Insurance Commissioner for the State of Texas and Lead Regulatory Negotiator

Approved as to Form and Substance

Margaret Witten
General Counsel,
Georgia Department of Insurance

Approved as to Form and Substance

William O. Goodman
Special Litigation Counsel
Texas Department of Insurance

AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS

By: Shelby Land Peavy
President and Chief Executive Officer

PIONEER AMERICAN LIFE INSURANCE COMPANY

By: Shelby Land Peavy
President and Chief Executive Officer

PIONEER SECURITY LIFE INSURANCE COMPANY

By: Shelby Land Peavy
President and Chief Executive Officer

PARTICIPATING REGULATOR

Commissioner for the State of Washington
Mike Kreidler

Exhibit A - Eligible Policy Count by Jurisdiction

Policies Eligible for Either Compensation Relief or Contract Relief by Issue Jurisdiction					
Rank	Issue Jurisdiction	By Jurisdiction		Cumulative	
		Policy Count	%	Count	%
1	TX	13,795	15.3%	13,795	15.3%
2	CA	9,440	10.4%	23,235	25.7%
3	IL	9,159	10.1%	32,394	35.8%
4	GA	6,406	7.1%	38,800	42.9%
5	NC	5,458	6.0%	44,258	48.9%
6	HI	4,700	5.2%	48,958	54.1%
7	FL	4,692	5.2%	53,650	59.3%
8	VA	4,257	4.7%	57,907	64.0%
9	SC	3,827	4.2%	61,734	68.3%
10	CT	2,292	2.5%	64,026	70.8%
11	LA	1,969	2.2%	65,995	73.0%
12	CO	1,391	1.5%	67,386	74.5%
13	MS	1,366	1.5%	68,752	76.0%
14	OH	1,221	1.4%	69,973	77.4%
15	KS	1,200	1.3%	71,173	78.7%
16	WA	1,146	1.3%	72,319	80.0%
17	AK	1,035	1.1%	73,354	81.1%
18	TN	917	1.0%	74,271	82.1%
19	NV	828	0.9%	75,099	83.1%
20	KY	716	0.8%	75,815	83.9%
21	OK	682	0.8%	76,497	84.6%
22	MO	628	0.7%	77,125	85.3%
23	AZ	526	0.6%	77,651	85.9%
24	WV	462	0.5%	78,113	86.4%
25	IN	432	0.5%	78,545	86.9%
26	MD	390	0.4%	78,935	87.3%
27	UT	379	0.4%	79,314	87.7%
28	AL	355	0.4%	79,669	88.1%
29	MT	347	0.4%	80,016	88.5%
30	MI	337	0.4%	80,353	88.9%
31	ND	304	0.3%	80,657	89.2%
32	AR	293	0.3%	80,950	89.5%
33	NM	272	0.3%	81,222	89.8%
34	PA	261	0.3%	81,483	90.1%
35	DC	236	0.3%	81,719	90.4%
36	NE	228	0.3%	81,947	90.6%
37	WI	142	0.2%	82,089	90.8%
38	WY	90	0.1%	82,179	90.9%
39	DE	77	0.1%	82,256	91.0%
40	MA	49	0.1%	82,305	91.0%
41	SD	49	0.1%	82,354	91.1%
42	OR	44	0.0%	82,398	91.1%
43	ID	37	0.0%	82,435	91.2%
44	NJ	27	0.0%	82,462	91.2%
45	RI	17	0.0%	82,479	91.2%
46	IA	5	0.0%	82,484	91.2%
47	MN	4	0.0%	82,488	91.2%
48	ME	1	0.0%	82,489	91.2%
49	Puerto Rico	3,649	4.0%	86,138	95.3%
50	Germany	2,689	3.0%	88,827	98.2%
51	Japan	814	0.9%	89,641	99.1%
52	England	525	0.6%	90,166	99.7%
53	Italy	148	0.2%	90,314	99.9%
54	Guam	38	0.0%	90,352	99.9%
55	France	27	0.0%	90,379	100.0%
56	Spain	17	0.0%	90,396	100.0%
57	Philippines	14	0.0%	90,410	100.0%
58	Chile	2	0.0%	90,412	100.0%
59	Virgin Islands	2	0.0%	90,414	100.0%
60	Argentina	1	0.0%	90,415	100.0%
61	Holland	1	0.0%	90,416	100.0%
	Total	90,416	100.0%		

Exhibit B - Notice to In Force Compensation Eligible Policyholders

Dear current or former U.S. Servicemember:

You are receiving this letter because you have been identified as a current or former U.S. Servicemember or the spouse or dependent of a U.S. Servicemember who purchased a Horizon Life or "Wealth Builder" Policy from American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company or Pioneer Security Life Insurance Company (together, the "American-Amicable Companies") between January 1, 2000 and June __, 2006, and a death claim has not been paid nor have you received a full refund on that policy.

You have been sent this letter and the enclosed check as a result of a settlement of legal claims and allegations brought against the American-Amicable Companies involving their sales of Horizon Life or Wealth Builder insuring certain U.S. Servicemembers. The claims were brought by member states of the National Association of Insurance Commissioners, the United States acting through the United States Attorney's Office for the Eastern District of Pennsylvania, and the United States Securities and Exchange Commission.

The amount of the check you are receiving is based on a formula developed and approved by these government parties that takes into account whether you are a current or former policyholder and how much money you paid to the American-Amicable Companies for your Horizon Life or Wealth Builder Policy. Therefore, the check amounts may differ for each policy.

Please deposit your check as soon as possible. If your check is not deposited or cashed within 180 days from the date appearing on the check, the check will be cancelled and the amount will be deposited into your Annuity Accumulation Fund (side fund).

In addition, the settlement has changed your Horizon Life or Wealth Builder Policy in two ways. First, if your policy includes a Twentieth Year Accumulation Value Additions Endorsement,[1] the cash surrender value on your policy has been increased. Second, the Automatic Premium Payments provision of your policy has been cancelled. If any insurance premiums remain unpaid on the last day of the grace period for which premiums are due, those premiums are no longer being paid from funds you have accumulated in the Annuity Accumulation Fund. If you want to reinstate the Automatic Premium Payment provision so that premiums can be paid from your Annuity Accumulation Fund automatically, you must tell one of the Companies that in writing. Please call the toll-free number below to discuss this option or if you have any questions regarding the settlement.

More information about the settlement can be found at www.sec.gov, www.justice.gov/usao/pae/, www.inscomm.state.ga.us/ and www.tdi.state.tx.us/.

If you have any questions, please call 1-800-736-7311. Customer service representatives will be available to assist you.

Sincerely,

The American-Amicable Companies

[1] Policies sold in Washington, New Jersey, and Pennsylvania do not include Twentieth Year Accumulation Value Additions Endorsements.

Exhibit C - Notice to Owners of Eligible Policies, No Compensation

Dear Policyholder:

You are receiving this letter because you have been identified as having purchased a Horizon Life or "Wealth Builder" Policy from American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company, Pioneer Security Life Insurance Company or Occidental Life Insurance Company of North Carolina (together, the "American-Amicable Companies"), and a death claim has not been paid nor have you received a full refund on that policy.

You have been sent this letter as a result of a settlement of legal claims and allegations brought against the American-Amicable Companies involving their sales of Horizon Life or Wealth Builder insuring certain U.S. Servicemembers. The claims were brought by member states of the National Association of Insurance Commissioners and the United States acting through the United States Attorney's Office for the Eastern District of Pennsylvania.

The settlement has changed your Horizon Life or Wealth Builder Policy in two ways. First, if your policy includes a Twentieth Year Accumulation Value Additions Endorsement,[2] the cash surrender value on your policy has been increased. Second, the Automatic Premium Payments provision of your policy has been cancelled. If any insurance premiums remain unpaid on the last day of the grace period for which premiums are due, those premiums are no longer being paid from funds you have accumulated in the Annuity Accumulation Fund. If you want to reinstate the Automatic Premium Payment provision so that premiums can be paid from your Annuity Accumulation Fund automatically, you must tell one of the Companies that in writing. Please call the toll-free number below to discuss this option or if you have any questions regarding the settlement.

More information about the settlement can be found at www.inscomm.state.ga.us/, www.tdi.state.tx.us/ and www.justice.gov/usao/pae/.

If you have any questions, please call 1-800-736-7311. Customer service representatives will be available to assist you.

Sincerely,

The American-Amicable Companies

[2] Policies sold in Washington, New Jersey, and Pennsylvania do not include Twentieth Year Accumulation Value Additions Endorsements.

Exhibit D – Order Requiring Special Deposit

No. _____

OFFICIAL ORDER
of the
COMMISSIONER OF INSURANCE
of the
STATE OF TEXAS
AUSTIN, TEXAS

Date:_____

Subject Considered:

American-Amicable Life Insurance Company of Texas
Waco, Texas

Pioneer American Insurance Company
Waco, Texas

Pioneer Security Life Insurance Company
Waco, Texas

Order Requiring Special Deposit

General remarks and official action taken:

On this day, the Commissioner of Insurance ("the Commissioner") considered whether he should require American-Amicable Life Insurance Company of Texas, Waco, Texas, Pioneer American Insurance Company, Waco, Texas and Pioneer Security Life Insurance Company, Waco, Texas (hereafter collectively, the "Companies") to jointly and severally make a Special Deposit with the Comptroller of Public Accounts for the State of Texas under TEX. INS. CODE ANN. art. 1.33. The Companies are domestic life insurance companies authorized to conduct the business of insurance in the State of Texas.

The Commissioner finds that the Companies by entering on this day into the Multi-State Regulatory Settlement Agreement have agreed to make a Special Deposit with the Comptroller of Public Accounts for the State of Texas in the amount of $10,000,000. Said Agreement is attached to this Order and incorporated herein as Exhibit A.

The Commissioner, THEREFORE, ORDERS that the Companies, jointly and severally, make a Special Deposit with the Comptroller of Public Accounts for the State of Texas in the amount of $10,000,000 in cash, investment grade securities, securities authorized under the Texas Insurance Code, or other form of security acceptable to the Commissioner, within 5 days of the date that this Order is entered.

The Commissioner FURTHER ORDERS that the Special Deposit shall be held to secure obligations due from the Companies to Compensation Eligible Policyholders as described and defined in Exhibit A.

The Commissioner FURTHER ORDERS that, in the event that the Companies are not able to fulfill their obligations to Compensation Eligible Policyholders, the Special Deposit shall be used exclusively to fulfill those obligations and for no other purpose.

The Commissioner FURTHER ORDERS that the Special Deposit shall be held until such time as the Commissioner issues a written order pursuant to TEX. INS. CODE ANN., art. 1.33, § 5, finding that the condition for which the deposit was required no longer exists.

MIKE GEESLIN
COMMISSIONER OF INSURANCE

Recommended by:

Tina M. Saucedo
Bonds & Securities Officer
Company Licensing & Registration

Exhibit E - Twentieth Year Accumulation Value Additions Endorsement[1]
Cash Value Per $1000 Of Base Term Policy Face Amount

Policy	Issue Age										
Year	0-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	0.12	0.13	0.14	0.15	0.23	0.30	0.36	0.48	0.60	0.75	0.90
3	0.50	0.54	0.58	0.62	0.94	1.25	1.50	2.00	2.50	3.12	3.75
4	1.18	1.26	1.36	1.47	2.21	2.94	3.53	4.71	5.89	7.36	8.83
5	2.20	2.36	2.54	2.75	4.12	5.49	6.59	8.79	10.98	13.73	16.48
6	3.61	3.87	4.17	4.51	6.76	9.02	10.82	14.43	18.04	22.55	27.06
7	5.46	5.87	6.31	6.83	10.24	13.66	16.39	21.85	27.32	34.14	40.97
8	8.19	8.79	9.45	10.23	15.35	20.46	24.56	32.74	40.93	51.16	61.39
9	12.26	13.16	14.16	15.32	22.98	30.64	36.77	49.03	61.29	76.61	91.93
10	17.87	19.19	20.64	22.34	33.51	44.68	53.61	71.48	89.36	111.70	134.03
11	25.24	27.11	29.15	31.55	47.33	63.10	75.72	100.97	126.21	157.76	189.31
12	34.61	37.17	39.97	43.26	64.89	86.51	103.82	138.42	173.03	216.29	259.54
13	46.23	49.65	53.39	57.79	86.68	115.57	138.69	184.92	231.14	288.93	346.72
14	60.40	64.87	69.77	75.51	113.26	151.01	181.21	241.62	302.02	377.53	453.03
15	77.46	83.19	89.46	96.82	145.23	193.65	232.37	309.83	387.29	484.11	580.94
16	97.75	104.99	112.90	122.19	183.29	244.38	293.26	391.01	488.76	610.95	733.14
17	121.69	130.69	140.55	152.11	228.16	304.21	365.06	486.74	608.43	760.54	912.64
18	149.70	160.78	172.91	187.13	280.69	374.26	449.11	598.81	748.52	935.65	1,122.78
19	182.29	195.78	210.55	227.87	341.80	455.74	546.88	729.18	911.47	1,139.34	1,367.21
20[2]	220.00	236.28	254.10	275.00	412.50	550.00	660.00	880.00	1,100.00	1,375.00	1,650.00

Cash Value factors are end of policy year. The Cash Value between policy year ends is linearly interpolated based on the date of policy surrender or lapse.

[1] Twentieth Year Accumulation Value Additions Endorsement refers to policy forms AA8904, PA8904, PS8904.

[2] Cash Value is equal to the Twentieth Year Accumulation Value Additions benefit per $1000 base term policy face amount at the end of policy year 20.

Exhibit F – Cash Compensation Formula

Terminated Policies - Each Compensation Eligible Policyholder with a policy in a terminated status on the Effective Date will receive a cash payment consisting of a fixed payment of $100.

Once the fixed payments are allocated to all terminated Compensation Eligible Policyholders, each terminated Compensation Eligible Policyholder is then entitled to an additional cash payment consisting of his/her pro rata share of the remaining aggregate cash Compensation benefit.

A policyholder's pro rata share shall be calculated as the sum of all life insurance premiums paid by that individual Compensation Eligible Policyholder, divided by the sum of all life insurance premiums paid by all Compensation Eligible Policyholders, multiplied by the aggregate cash Compensation benefit remaining after fixed payments are allocated to the terminated Compensation Eligible Policyholders.

In Force Policies - Each Compensation Eligible Policyholder with a policy in an active status on the Effective Date will receive a cash payment consisting of his/her pro rata share of the aggregate cash Compensation benefit remaining after fixed payments are allocated to the terminated Compensation Eligible Policyholders.

A policyholder's pro rata share shall be calculated as the sum of all life insurance premiums paid by that individual Compensation Eligible Policyholder, divided by the sum of all life insurance premiums paid by all Compensation Eligible Policyholders, multiplied by the aggregate cash Compensation benefit remaining after fixed payments are allocated to the terminated Compensation Eligible Policyholders.

In the event that any individual In Force Compensation Eligible Policyholder's pro rata share is calculated to be less than $5.00, that policyholder shall not receive a cash payment and shall instead receive the Notice set out in Exhibit C. All such pro rata share amounts of less than $5.00 shall be added back into the aggregate cash Compensation benefit, and the pro rata shares shall be re-calculated among the remaining In Force Compensation Eligible Policyholders.

Exhibit G – Compensation Verification Protocol

Procedure	Primary Audit Objective	Examiner	Date
1) Request download of all Compensation benefits anticipated in electronic format. File should contain: a) Name b) Address c) Policy number d) Amount of Compensation payable e) Amount of cash surrender increase f) Status of policy (active, term, etc) g) Military or civilian h) Sum of premium paid for life product i) Date of issue j) State of issue k) Termination Date, if applicable Before download is finalized, specific fields will be discussed with the multi-state exam team and American-Amicable to confirm all necessary fields are provided.	Completeness Accuracy		
2) Link Compensation benefit download to master file provided to exam team at 10/04 using computer aided audit techniques to identify any policies that are not included on the Compensation download but meet the settlement criteria when applied to the 10/04 master file download. Identify list of differences and research.	Completeness		
3) Pull statistical sample of policies receiving Compensation for detailed review and recalculation of Compensation benefit. Sample of 100 is anticipated. a) Test to source data in policy file b) Verify accuracy of Compensation calculation	Accuracy		

Procedure	Primary Audit Objective	Examiner	Date
4) Perform computer aided audit techniques to identify a targeted sample of remediated policies for detailed review and recalculation. Sample items will be targeted based upon high, low, or other unusual data relationships noted in download. Sample of 20 is anticipated. a) Test to source data in policy file b) Verify accuracy of Compensation calculation	Accuracy		
5) Recalculate Compensation for all policies using computer audit techniques as test of reasonableness. Identify any material differences.	Accuracy		
6) Provide summary report of data verification performed. a) Document procedures performed b) Report results of review	Reporting		

Exhibit H – Notice to Terminated Compensation Eligible Policyholders

Dear current or former U.S. Servicemember:

You are receiving this letter because you have been identified as a current or former U.S. Servicemember or the spouse or dependent of a U.S. Servicemember who purchased a Horizon Life or Wealth Builder Policy from American-Amicable Life Insurance Company of Texas, Pioneer American Life Insurance Company or Pioneer Security Life Insurance Company (together, the "American-Amicable Companies") between January 1, 2000 and June __, 2006, and the policy is no longer in force and you have not received a full refund on that policy.

You have been sent this letter and the enclosed check as a result of a settlement of legal claims and allegations brought against the American-Amicable Companies involving their sales of Horizon Life or Wealth Builder insuring certain U.S. Servicemembers. The claims were brought by member states of the National Association of Insurance Commissioners, the United States acting through the United States Attorney's Office for the Eastern District of Pennsylvania, and the United States Securities and Exchange Commission.

The amount of the check you are receiving is based on a formula developed and approved by these government parties that takes into account whether you are a current or former policyholder and how much money you paid to the American-Amicable Companies for your Horizon Life or Wealth Builder Policy. Therefore, the check amounts may differ for each policy.

Please deposit your check as soon as possible. If your check is not deposited or cashed within 180 days from the postmark date of this notice, it will be cancelled and in order to receive payment you must call the toll free number listed below.

More information about the settlement can be found at www.sec.gov, www.justice.gov/usao/pae/, www.inscomm.state.ga.us/ and www.tdi.state.tx.us/.

If you have any questions, please call 1-800-736-7311. Customer service representatives will be available to assist you.

Sincerely,

The American-Amicable Companies