

5843 Audubon Manor Blvd.
Lithia, FL 33547
813-654-8034

.....
Dennis J. Coyle

July 27, 2005

Ann Womer Benjamin, Director
Ohio Insurance Department
2100 Stella Court
Columbus, OH 43215

RECEIVED
AUG 02 2005
OHIO DEPT. OF INSURANCE
MARKET CONDUCT DIVISION

Re: Ameritas/Union Central Merger

Dear Ms Benjamin,

If your review of the proposed merger of Union Central and Ameritas has a "good corporate citizen" component it is felt that you should be aware of the EEOC claim described on the enclosed attachments.

Thank you for your consideration.


Dennis J. Coyle

RECEIVED

AUG 08 2005

O.F.R.S.
.....



**U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Tampa Area Office**

501 East Polk Street, Room 1000
Tampa, FL 33602
(813) 228-2310
TTY (813) 228-2003
FAX (813) 228-2841

June 8, 2005

Mr. Dennis Coyle
5843 Audubon Manor Blvd.
Lithia, Florida 33547

RE: EEOC Charge No:151-2005-02316
Coyle v. Union Central Life

Dear Mr. Coyle:

Your charge has been assigned to Mediation. You need to do nothing further at this time.

The Commission's regulations require that you notify this office of any change in address and keep us informed of any prolonged absence from your current address. Your failure to cooperate in this matter may lead to dismissal of your charge.

If you have further questions, please contact (813)228-2310.

Sincerely,

A handwritten signature in cursive script that reads "Nell Kent".

Nell Kent
Office Automation Assistant
CR/TIU

CHARGE OF DISCRIMINATION

This form is affected by the Privacy Act of 1974. See enclosed Privacy Act Statement and other information before completing this form.

Charge Presented To: Agency(ies) Charge No(s):

FEPA
 EEOC

151-2005-02316

Florida Commission On Human Relations

and EEOC

State or local Agency, if any

Name (Indicate Mr., Ms., Mrs.)

Mr. Dennis Coyle

Home Phone No. (Incl Area Code)

(813) 654-8738

Date of Birth

08-04-1947

Street Address

City, State and ZIP Code

5843 Audubon Manor Blvd. Lithia, FL 33547

Named is the Employer, Labor Organization, Employment Agency, Apprenticeship Committee, or State or Local Government Agency That I Believe Discriminated Against Me or Others. (If more than two, list under PARTICULARS below.)

Name

UNION CENTRAL LIFE

No. Employees, Members

101-200

Phone No. (Include Area Code)

(800) 825-1551

Street Address

City, State and ZIP Code

1876 Waycross Road, Cincinnati, OH 45240

Name

No. Employees, Members

Phone No. (Include Area Code)

Street Address

City, State and ZIP Code

DISCRIMINATION BASED ON (Check appropriate box(es).)

RACE COLOR SEX RELIGION NATIONAL ORIGIN
 RETALIATION AGE DISABILITY OTHER (Specify below.)

DATE(S) DISCRIMINATION TOOK PLACE

Earliest

Latest

11-18-2004

12-31-2004

CONTINUING ACTION

THE PARTICULARS ARE (If additional paper is needed, attach extra sheet(s)):

On 11/18/2004, Drew Powers, Manager, told me that my employment was terminated. I was asked to leave immediately and the office in Tampa, Florida was closed. I continued to receive a regular paycheck through 12/31/2004 and was given severance pay on or about 1/1/2005. Then on or about 1/31/2005, a merger was announced. On 3/10/2005 an early retirement plan was announced and a few days later company representatives advised policy holders and brokers that an office would reopen in Florida.

Mr. Powers told me that I was being discharged from my Sales Manager position because of poor production. However, if I had been given the opportunity to bring in all of the contracts by the end of the year, I probably could have met the goals set by management. I had just opened the Florida office in 2002 and management was aware that I was still building up the business. However, if the company no longer wanted me as an employee, I could have then taken advantage of the early retirement plan. I had been employed for this company since 1987.

I believe I was discriminated against on the basis of my age (57) in that I was discharged without warning and to prevent me from taking advantage of a planned early retirement benefit, in violation of the Age Discrimination In Employment Act of 1967, as amended.

I want this charge filed with both the EEOC and the State or local Agency, if any. I will advise the agencies if I change my address or phone number and I will cooperate fully with them in the processing of my charge in accordance with their procedures.

I declare under penalty of perjury that the above is true and correct.

NOTARY - When necessary for State and Local Agency Requirements



Christi Moore
 My Commission DD415180

I swear or affirm that I have read the above charge and that it is true to the best of my knowledge, information and belief.

SIGNATURE OF COMPLAINANT

SUBSCRIBED AND SWORN TO BEFORE ME THIS DATE
 (month, day, year)

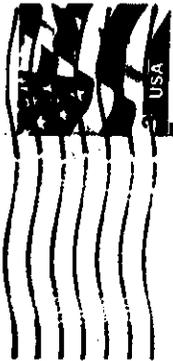
5/31/05
 Date

Dennis J. Coyle
 Charging Party Signature

Christi Moore



Dennis Coyle
5843 Audubon Manor Blvd
Lithia FL 33547



ANN WOMER BENJAMIN, DIRECTOR
OH INSURANCE DEPT
2100 STELLA COURT
COLUMBUS, OH 43215

43215+1061

1

2

3

September 1, 2005

CONSUMER
SERVICES DIV

Director's Office
Ohio Department of Insurance
Ann Womer Benjamin, Director
2100 Stella Court
Columbus, OH 43215-1067

705 SEP -7 AM 11:19

George Carl Bisig III **548 506**
P.O. Box 24212
Belleville IL 62223

Regarding: The Union Central Life Insurance Company Demutualization and Reorganization

Dear Ms. Benjamin,

I am writing to place on the record a concern relative to the reorganization plan for The Union Central Life Insurance Company. I am both a policyholder and a former employee.

My concern is for the employee pension assets of Union Central. Specifically for the long-term viability and protection of those assets that have been promised to current and former employees.

While it is appropriate to focus a review on the policyholder, I also think it is appropriate for you to take a look at the promises made by Union Central to its' employees and to ensure that the pension assets that support the plans are funded not just at a minimum level but at a level that reflects the current plans and financial condition of the company.

To often today we hear of companies that are filing bankruptcy or looking to the government run Pension Benefit Guaranty Corporation to fulfill their obligations to employees. The reorganization of Union Central, while on the surface positive, may serve to erode the loyalty and commitment that Union Central has to this point provided to the thousands of current and former employees, many I am sure, living in the state of Ohio.

The approval of the request to reorganize and demutualize would be the perfect opportunity to require Union Central to review the plan and enhance the funding of its' pension plan obligation in order to provide all current and former employees increased confidence in the viability of the plan into the future.

Thank you for your consideration.

Sincerely,



George Carl Bisig III

G. Carl Bisig
P.O. Box 24212
Belleville IL 62223

CERTIFIED MAIL



7005 1160 0003 9924 9891



0000



43215

U.S. POSTAGE
PAID
BELLEVILLE, IL
62223
SEP 02 '05
AMOUNT

\$4.42

000836-18-15

**RETURN RECEIPT
REQUESTED**

Director's Office
Ohio Department of Insurance
Ann Womer Benjamin, Director
2100 Stella Court
Columbus, OH 43215-1067

43215+1067-99 5024





Bob Taft, Governor
Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

(614) 644-3340
(fax) (614) 644-3742
sharon.green@ins.state.oh.us

September 13, 2005

George Carl Bisig III
P.O. Box 24212
Belleville, Illinois 62223

Re: Ameritas Acadia Companies and Union Central Life Insurance Company Merger

Dear Mr. Bisig:

Thank you for your letter expressing your concerns regarding the above-referenced transaction. Your letter has been forwarded to The Union Central Life Insurance Company for reply. Enclosed is a copy of that cover letter.

Please do not hesitate to contact the Ohio Department of Insurance if you have additional questions.

Sincerely,

Sharon Green
Hearing Administrator
Office of Legal Services

cc: Stephen J. Vamos, Ohio Department of Insurance





Bob Taft, Governor
Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

(614) 644-3340
(fax) (614) 644-3742
sharon.green@ins.state.oh.us

September 13, 2005

David F. Westerbeck
The Union Central Life Insurance Company
1876 Waycross Road
Cincinnati, Ohio 45240

Re: Ameritas Acadia Companies and Union Central Life Insurance Company Merger

Dear Mr. Westerbeck:

Enclosed is correspondence received by the Ohio Department of Insurance ("Department") expressing concern regarding the above-referenced transaction. Please respond to the policyholder and copy the Department on your response.

Thank you for your anticipated cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Sharon Green". The signature is fluid and cursive, with the first name being more prominent.

Sharon Green
Hearing Administrator
Office of Legal Services

cc: George Carl Bisig III, Policyholder
Stephen J. Vamos, Ohio Department of Insurance



Accredited by the National Association of Insurance Commissioners (NAIC)
Consumer Hotline: 1-800-686-1526 Fraud Hotline: 1-800-686-1527 OSHIP Hotline: 1-800-686-1578

September 1, 2005

CONSUMER
SERVICES DIV

Director's Office
Ohio Department of Insurance
Ann Womer Benjamin, Director
2100 Stella Court
Columbus, OH 43215-1067

705 SEP -7 AM 11: 19

George Carl Bisig III **548 506**
P.O. Box 24212
Belleville IL 62223

Regarding: The Union Central Life Insurance Company Demutualization and Reorganization

Dear Ms. Benjamin,

I am writing to place on the record a concern relative to the reorganization plan for The Union Central Life Insurance Company. I am both a policyholder and a former employee.

My concern is for the employee pension assets of Union Central. Specifically for the long-term viability and protection of those assets that have been promised to current and former employees.

While it is appropriate to focus a review on the policyholder, I also think it is appropriate for you to take a look at the promises made by Union Central to its' employees and to ensure that the pension assets that support the plans are funded not just at a minimum level but at a level that reflects the current plans and financial condition of the company.

To often today we hear of companies that are filing bankruptcy or looking to the government run Pension Benefit Guaranty Corporation to fulfill their obligations to employees. The reorganization of Union Central, while on the surface positive, may serve to erode the loyalty and commitment that Union Central has to this point provided to the thousands of current and former employees, many I am sure, living in the state of Ohio.

The approval of the request to reorganize and demutualize would be the perfect opportunity to require Union Central to review the plan and enhance the funding of its' pension plan obligation in order to provide all current and former employees increased confidence in the viability of the plan into the future.

Thank you for your consideration.

Sincerely,



George Carl Bisig III

RECEIVED

OCT 04 2005

OHIO DEPARTMENT OF INSURANCE
LEGAL SERVICES DIVISION

Stephen K. Johnston
Vice President
Human Resources
(513) 595 2502
(513) 595 2887 Fax
sjohnston@unioncentral.com

The Union Central
Life Insurance Company
1876 Waycross Road
PO Box 40888
Cincinnati Ohio 45240

UnionCentral

Insurance and Investments

September 30, 2005

George Carl Bisig III
P. O. Box 24212
Belleville, IL 62223

Dear Mr. Bisig:

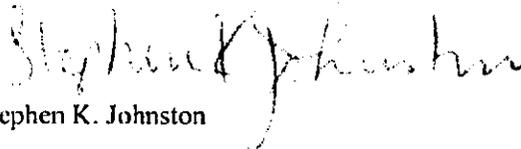
The Ohio Department of Insurance has forwarded your letter of September 1, 2005 and has asked that the Company provide a response.

The Company's current funding strategy is to fund an amount at least equal to the minimum required funding as determined under ERISA with consideration of factors such as the minimum pension liability requirements and the maximum tax deductibility amount. Since 2001 we have funded over \$50 million into our pension plan, well in excess of the minimum ERISA requirements, and as of January 2005, our asset balance equaled our accumulated benefit obligation. The accumulated benefit obligation is the actuarial present value of benefits attributed by the pension plan formula to employee service already rendered. The Company also abides by all laws and regulations that are applicable to the administration and operation of the Plan. I am enclosing a copy of the Summary Annual Report for the Plan, covering the period beginning January 1, 2004 and ending December 31, 2004.

You have the right to receive a copy of the full Annual Report and attachments thereto. If you wish to obtain a full copy, please see "Your Rights to Additional Information."

If you have any questions, please contact me.

Sincerely,



Stephen K. Johnston

Enclosure

cc: ✓ Sharon Green, Ohio Department of Insurance

Summary Annual Report

For

The Union Central Life Insurance Company Employees Pension Plan

This is a summary of the annual report for **The Union Central Life Insurance Company Employees Pension Plan**, EIN 31-0472910, Plan Number 001, for the Plan year beginning January 1, 2004 and ending December 31, 2004. The annual report has been filed with the U.S. Department of Labor's Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

The value of Plan assets, after subtracting liabilities of the Plan, was \$109,534,251 as of December 31, 2004, compared to \$105,706,550 as of January 1, 2004. During the Plan year, the Plan experienced an increase in its net assets of \$3,827,701. This increase includes unrealized appreciation in the value of Plan assets of \$9,681,905, that is, the difference between the value of the Plan's assets at the end of the year and value of the assets at the beginning of the year or the cost of assets acquired during the year. There were 2,184 participants and beneficiaries of the Plan at the end of the Plan year, although not all of these persons had yet earned the right to receive benefits.

The Plan had total income of \$9,681,905 which resulted from earnings from investments. Plan expenses were \$5,854,204. These expenses included \$105,883 in administrative expenses and \$5,748,321 in benefits paid to participants and beneficiaries. Benefits under the Plan are provided by a group annuity policy.

Minimum Funding Standards

An actuary's statement shows that the Plan was funded in accordance with the minimum funding standards of ERISA.

Your Rights To Additional Information

You have the right to receive a copy of the full annual report or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report
2. Assets held for investment
3. Transactions in excess of 5 percent of Plan assets
4. Actuarial information regarding the funding of the Plan

To obtain a copy of the full annual report or any part thereof, write or call the offices of The Union Central Life Insurance Company, which is the Plan Administrator at 1876 Waycross Road, Cincinnati, OH 45240, (513) 595-2200, Attention: Stephen K. Johnston. The charge to cover copying costs will be \$2.00 for the full annual report, or \$.25 per page for any part thereof.

Summary Annual Report

For

The Union Central Life Insurance Company Employees Pension Plan

You also have the right to receive from the Plan Administrator, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or a statement of income and expenses of the Plan and accompanying notes, or both. If you request a copy of the full annual report from the Plan Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan, The Union Central Life Insurance Company, 1876 Waycross Road, Cincinnati, OH 45240, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to:

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room
200 Constitution Avenue, NW, Room N-1513
Washington, D.C. 20210

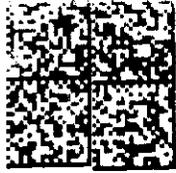
The Union Central
Life Insurance Company
1876 Waycross Road
PO Box 40888
Cincinnati Ohio 45240

UnionCentral

RECEIVED

OCT 14 2005

INSURANCE
SERVICES



Hasler

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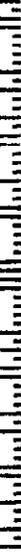
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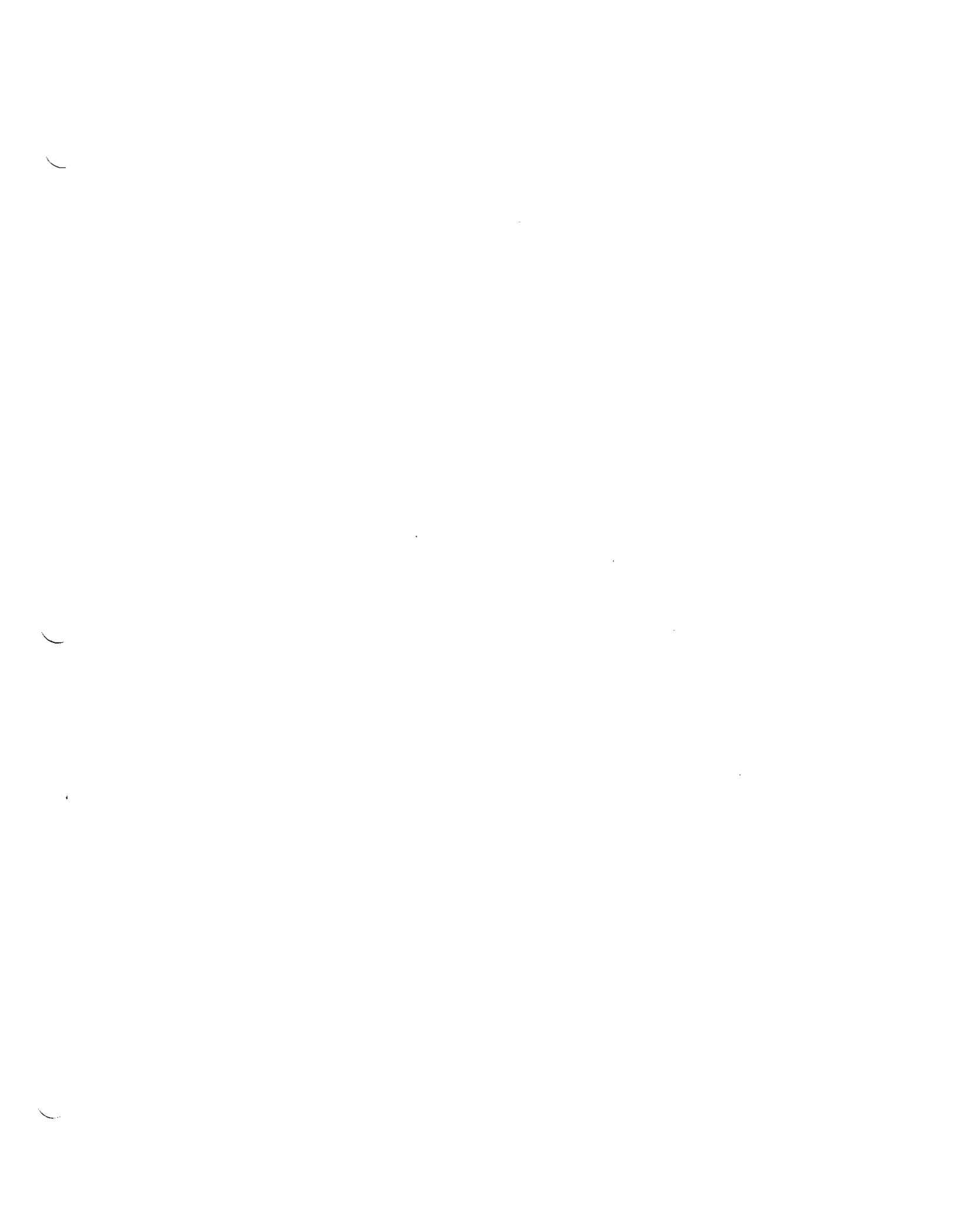
Mailed From 09/30/05

US POSTAGE

SHARON GREEN
HEARING ADMINISTRATOR
OFFICE OF LEGAL SERVICES
OHIO DEPARTMENT OF INSURANCE
2100 STELLA COURT
COLUMBUS, OH 43215-1067



43215+1067-99 0020



Sharon Green

From: Protect Policyholders [protectpolicyholders@earthlink.net]
Sent: Tuesday, September 06, 2005 4:55 PM
To: Ann Womer Benjamin
Cc: Sharon Green; twagner@doi.state.ne.us; hmills@ins.state.ny.us; life@ins.state.ny.us
Subject: Union Central Life Insurance Company - Proposed Reorganization Using a Mutual Holding Company Structure



9-6 Final Open
Letter to Union...

September 6, 2005

To the Ohio Department of Insurance
Director - Ann Womer Benjamin

Dear Ann,

My name is John Snider II. I am a policyholder of the Union Central Life Insurance Company. I am writing to request that the Ohio Department of Insurance deny Union Central's proposed plan to reorganize using a mutual holding company structure for the following reasons:

1. **NO INFORMED CONSENT - POLICYHOLDER VOTE IS INVALID.** Union Central's proxy materials failed to disclose material information which is necessary for policyholders to give informed consent to this reorganization (such as the approximate economic value of policyholders' membership interests in Union Central, the approximate economic value of policyholders' membership interests in UNIFI after considering foreseeable future risks, and the approximate value of what policyholders could have received under either a demutualization or a sponsored demutualization as an alternative to this transaction);
2. **FAIRNESS OPINIONS EXCLUDE MATERIAL RISKS.** The fairness opinions which were relied upon by Union Central's Board of Directors and sent to policyholders exclude reasonably foreseeable material risks to policyholders (ignoring the potential impact a stock offering made by the intermediate stock holding company under the proposed structure would have on the value and control of the membership interests in UNIFI owned by Union Central's policyholders);
3. **FAIRNESS OPINION BIASED.** Morgan Stanley's fairness opinion is tainted by the fact that Morgan Stanley will receive a contingent fee ranging from 2.5M to 4.5M, but only if this reorganization is consummated;
4. **FAIRNESS OPINION APPLIES INCORRECT LEGAL STANDARD.** Morgan Stanley failed to apply the proper legal standard in its fairness opinion;
5. **NOT FAIR AND EQUITABLE TO POLICYHOLDERS.** Considering all of the risks Union Central is asking policyholders to accept in this transaction, and that Union Central is not compensating policyholders to accept those risks, this transaction is NOT fair and equitable to policyholders. It would be unfair, inequitable, and unreasonable to policyholders to allow Union Central to convert to a stock company and pursue the reorganization on these terms, so the stock conversion and this reorganization should not be permitted under the Ohio statutes.
6. **NOT IN POLICYHOLDERS' BEST INTERESTS.** Union Central's Board of Directors has provided no evidence that this action is in the best interests of Union Central's policyholders (a duty which the Board affirms in the proxy materials), and the Board confirms in the proxy materials that they did not consider a sponsored demutualization as an alternative to this transaction.

My concerns are explained and documented in the attached letter, which has been sent to John Jacobs (Chairman, President and CEO) and David Westerbeck (Executive Vice President, General Counsel and Secretary) at Union Central.

As a policyholder, I am pleading with the Ohio Department of Insurance to deny this proposed transaction, which would seriously jeopardize the future value of our ownership interests in our "mutual" insurance company. The interests of policyholders have not been fairly represented in this transaction, nor have the risks to policyholders been adequately evaluated and disclosed. Particularly when the interests of policyholders could be so severely negatively impacted in the future, full and fair disclosure is essential. Union Central has failed to provide adequate information to policyholders so that they can give informed consent to this reorganization.

On a more personal note, I am deeply disappointed that Union Central's Board would advise policyholders to vote for this reorganization while ignoring such significant risks to policyholders in the fairness opinions, and failing to present to us even a rough estimate of what policyholders might receive in a demutualization or sponsored demutualization. Over the years, Union Central has promised us that we as policyholders owned the company, and that the Board was acting in our best interests. I relied on those promises, and currently own Union Central policies insuring my wife and I, and our four young children (ages 3 through 10). Please do not permit Union Central to compromise the interests of policyholders in this way.

I am also sending a copy of this email and the attached letter to your hearing clerk for the October 21st hearing on this matter. If possible, I respectfully request that Mr. Jacobs be required to answer the questions which I have posed in the attached letter on the record. I believe policyholders are entitled to know the answers to these questions.

Thank you for your consideration of this most important matter. Policyholders all over the United States are impacted.

Sincerely,

John Snider II, JD
Union Central Life Insurance Company Policyholder/owner
1816 Paddock Drive
Kearney, MO 64060

Office phone: 816-903-9993

Email: protectpolicyholders@earthlink.net

cc: L. Tim Wagner, Director of the Nebraska Department of Insurance
Howard Mills, Superintendent of the New York State Insurance Department

September 6, 2005

John H. Jacobs
Chairman, President and Chief Executive Officer
Union Central Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240

Re: Union Central's Proposed Reorganization using a Mutual Holding Company Structure
An Open Letter to John Jacobs, Chairman, President and CEO

Mr. Jacobs,

As a policyholder of Union Central Life Insurance Company, I am alarmed that you and the Board of Directors would recommend that the policyholders vote for the proposed reorganization (using a mutual holding company structure), without providing policyholders even basic information to assess whether this transaction is fair and equitable to them. The materials mailed to policyholders withhold material information which prevents policyholders from adequately assessing the value of their interests under this reorganization, or from assessing the value they would receive if other alternatives are chosen.

You did not provide policyholders with even a rough estimate of the cash or stock the average policyholder would currently receive under a demutualization or sponsored demutualization. Indeed, the proxy materials state that you did not even consider a sponsored demutualization¹ as an alternative to this reorganization, which could have resulted in cash or securities being paid to Union Central's policyholders immediately. Additionally, in our September 1st telephone conversation, you advised me that you and the Board did not calculate even a rough estimate of what the average policyholder would receive under either a demutualization or sponsored demutualization in connection with this transaction. Although the Board may have considered a sponsored demutualization in 1999, you did not provide policyholders with any indication of the cash, stock, or policy credits they would have received under such a structure.

Without knowing the approximate fair value of the membership interests in Union Central they are surrendering, or the approximate fair value of the membership interests in UNIFI they will receive, policyholders cannot possibly give informed consent to this reorganization. Any rational investor would also require an economic analysis of the projected impact to their membership interests in UNIFI from reasonably foreseeable events, such as an IPO by the intermediate stock holding company, which you failed to provide. It is not adequate to state that no such IPO is currently planned, or that policyholders can rely on the Ohio or New York Department of Insurance to protect them in the future. In light of the Enron and WorldCom scandals, policyholders will accept nothing less than full and fair disclosure.

The mutual holding company structure you propose is not fair and equitable to policyholders. Rather, it:

- Strips away the value of mutual policyholders' membership interests ("ownership rights") without adequate compensation to policyholders;
- Allows opportunities for management self-enrichment without corresponding value to policyholders; and
- Exposes policyholders to considerable risks, again without returning corresponding value to them.

¹ Policyholder Information Booklet dated July 21, 2005, page 28.

Furthermore, you also have presented no evidence that you or the Board of Directors found this transaction to be in the "best interests" of policyholders, which you have a duty to uphold.

I am concerned that Union Central would propose a mutual holding company structure, and that the Board would unanimously recommend that policyholders vote for it, when so many respected authorities have raised serious questions about the fairness of this structure to existing policyholders.

Experts Call the Mutual Holding Company Concept "Flawed" and "a Consumer Rip-Off"

When the State of New York Assembly rejected proposed Mutual Holding Company legislation in NY because of its unfairness to mutual company policyholders, the Assembly Standing Committee on Insurance held extensive hearings on the mutual holding company structure. The Committee's report² includes these quotations:

"The mutual holding company concept is fundamentally flawed. If the implications of this type of reorganization were disclosed, most mutual policyowners would vote against the reorganization."
Joseph M. Belth, Emeritus Professor of Insurance, Indiana University

Mutual holding company legislation is "the biggest single consumer rip-off, if this were to pass, in the state's history. Stealing billions of dollars from millions of people." Richard Kirsch, Citizen Action of New York

"This is not about policyholder benefits. This is about investment bankers and managers getting rich."
Ralph Nader, Center for Study of Responsive Law

"I find it impossible to escape the conclusion that, in a mutual holding company reorganization, a partial demutualization would take place without compensation to policyholders." James H. Hunt, Consumer Federation of America

Mr. Jacobs, was Union Central's Board uninformed about how detrimental this reorganization is to policyholders, or did the Board fully understand the implications of the reorganization and tell the policyholders to vote for it anyway? Either way, the result is troubling.

Union Central's Policyholders Assume Significant Risks but Receive Nothing of Value in this Reorganization – Union Central Omitted Material Facts in their Proxy Materials.

1. Policyowners Currently Own Union Central. Policyholders in a mutual insurance company such as Union Central have valuable ownership rights in the company, in addition to the contractual obligations Union Central has to them under their policies. The proxy materials correctly state that Union Central currently "does not have any stockholders and is owned by policyholders/members"³, and that "Prior to the Reorganization, Union Central Policyholders possess all of the ownership rights over Union Central."⁴ Union Central's sales literature also

² "The Feeling's Not Mutual: An Analysis of Governor Pataki's Proposed Mutual Holding Company Legislation". Report by the Assembly Standing Committee on Insurance. <http://assembly.state.ny.us/Reports/Ins/199803/>

³ Introduction to Policyholder Information Booklet introducing Union Central's proposed changes, July 21, 2005. Page 1.

⁴ Policyholder Information Booklet, page 33.

states that "As a mutual company, we have no stockholders; instead, Union Central is owned by our policyholders and managed for their benefit."⁵

Mr. Jacobs, please confirm this: Do Union Central's policyholders currently own Union Central?

2. Union Central Omitted Material Facts Regarding the Value of Policyholders' Current Ownership Interests. In this reorganization, policyholders are surrendering their ownership interests in Union Central (in return for substantially different and less valuable membership interests in UNIFI), and are permitting Union Central to convert to a stock company without distributing any stock or other value to policyholders. Yet, Union Central has failed to disclose to policyholders even basic information about the economic value of the ownership interests the policyholders are surrendering in Union Central. Although the Board considered demutualization as an alternative, the policyholders were not provided with any indication of the economic value the average policyholder would receive. Union Central also failed to disclose the economic value policyholders would receive under other alternatives, including a sponsored demutualization. If policyholders understood the fair value of their current Union Central ownership interests, and the diminished fair value of the membership interests in UNIFI they will receive, they would probably never vote in favor of this reorganization.

Mr. Jacobs, please answer the following questions:

- (a) What is the approximate fair market value of Union Central?
- (b) Approximately how many participating policyholders does Union Central have?
- (c) On average (a rough estimate will suffice), what is the fair market value of stock or cash a policyholder would receive upon full demutualization of Union Central?
- (d) Short of a full demutualization, what other alternatives to the mutual holding company structure could have resulted in current economic benefits (stock, cash or policy credits) being distributed to Union Central policyholders?
- (e) Why weren't those alternatives, and the economic value of those alternatives to policyholders, fully disclosed to policyholders?
- (f) Do you and the Board believe it is fair and equitable to ask policyholders to give up their current membership interests in Union Central, when the policyholders do not know the approximate fair value of what they are surrendering?
- (g) Do you and the Board believe it is fair and equitable to ask the policyholders to accept a membership interest in UNIFI in exchange for their current ownership interest in Union Central, without disclosing to them a complete and unbiased opinion regarding the fair value of their membership interests in UNIFI? (see the discussion below)
- (h) Since the fair value of the ownership interests the policyholders are exchanging, and the fair value of the membership interests in UNIFI the policyholders are receiving are not disclosed in the fairness opinions and proxy materials, on what basis did you and the Board determine that the exchange is fair and equitable to the policyholders?
- (i) How can policyholders possibly make an informed decision to vote for this reorganization without knowing the fair value of the ownership interests in Union Central they are exchanging, the fair value of the UNIFI membership interests they are receiving, and the economic impact to them if the intermediate stock holding company issues stock to the public?

⁵ For example, Union Central client and producer flyer, "Our Mutual Advantage", compliance #UC 0815 C 7-04

3. In the Reorganization, Policyholders Initially Receive Nothing with Monetary Value. The proxy materials state that "Union Central Policyholders will not receive any distribution of cash, securities, policy credits or other monetary value at the time of the Reorganization."⁶ Unfortunately for policyholders, mutual holding company structures like the one Union Central is proposing do NOT reward the policyholders who own the corporation. Instead of receiving stock or cash as in a typical demutualization, policyholders are expected to except a new "membership interest" in the parent holding company (UNIFI), with little chance that the policyholders will ever receive fair value for their new membership interests.
4. Policyholders new membership interests in UNIFI are "essentially worthless". The New York Assembly Standing Committee on Insurance stated that federal securities law and regulation "sharply limit a mutual holding company's ability to make distributions to mutual policyholders. SEC 'No-Action' letters describe mutual holding company membership interests as essentially worthless."⁷ It is unlikely that Union Central's policyholders would receive any distributions if the intermediate stock holding company (Ameritas Holding Company) issues stock in an IPO or private placement, or at any other time before UNIFI were to liquidate, dissolve or demutualize (which may never occur).⁸ Worse, even if UNIFI were to liquidate, dissolve or demutualize in the future, policyholders who surrender their contracts or die prior to that event, would not receive the value of their membership interests.

Mr. Jacobs,

- (a) Rather than obtaining an SEC no-action letter, it is my understanding that Union Central is relying on an opinion letter by counsel. Does the opinion letter describe the membership interests in UNIFI to be received by Union Central's policyholders as worthless, essentially worthless, or in similar terms (or otherwise discuss or make assumptions about the value of the membership interests)?
 - (b) Wouldn't any statements regarding the value of UNIFI membership interests contained in SEC or IRS correspondence (or in opinion letters) be material information for Union Central's policyholders?
 - (c) Please provide the Ohio Department of Insurance with a copy of Union Central's SEC no-action letter or opinion letter (and all related correspondence with counsel or the SEC regarding such opinion).
 - (d) Please provide the Ohio Department of Insurance with a copy of Union Central's private letter ruling confirming the tax consequences of the reorganization (and include copies of any other correspondence to or from the IRS regarding this transaction).
5. Morgan Stanley's Fairness Opinion Omits Material Information and Fails to Deal with the Most Significant Policyholder Risks. Union Central's Board reports that it has "determined that the Plan is fair and equitable to Union Central and its policyholders."⁹ Unfortunately, the Morgan Stanley fairness opinion which the Board obviously relied upon in making its determination states, "You have not asked for our opinion and we do not express an opinion as to the allocation of combined membership interests as between Union Central and Ameritas Acacia pursuant to

⁶ Policyholder Information Booklet, page 23.

⁷ "The Feeling's Not Mutual" cited in note 2 above, page 37.

⁸ Policyholder Information Booklet, pages 23 and 34.

⁹ Policyholder Information Booklet, pages 2 and 31.

the Reorganization or the value of the membership interests attributable to certain of the Union Central Policyholders pursuant to the Reorganization.”¹⁰

Amazingly, the Morgan Stanley fairness opinion also “does NOT address any action which UNIFI, or any of its subsidiaries, may take following the Merger, including the terms of any initial public offering or any subscription or other participation rights which may be offered to the Union Central Policyholders.”¹¹

This “exception” in the fairness opinion ignores the most significant disadvantages and risks to Union Central’s policyholders in this transaction. For example, if the intermediate stock holding company issues stock to the public, an event which is clearly contemplated by the proxy materials:¹²

- (a) it is unlikely that Union Central policyholders will benefit from the stock offering or receive proceeds or distributions from that offering,
- (b) Union Central policyholders are not expected to receive dividends from the intermediate stock holding company,
- (c) the stock offering creates conflicts of interests between Union Central policyholders and public shareholders of the intermediate stock holding company, and substantial corporate value may be bled away to the new shareholders,
- (d) the stock offering dilutes the ownership interests and economic stake of the Union Central policyholders in UNIFI, and
- (e) management may receive substantial benefits in the form of stock or stock options.

Similarly, the Milliman actuarial fairness opinion fails to deal with these risk factors. For example, while the Milliman opinion discusses the possible future demutualization of UNIFI¹³, it ignores the risks associated with an IPO by the intermediate stock company.

Mr. Jacobs, please answer the following questions:

- (a) Since Morgan Stanley’s fairness opinion does not address any actions which UNIFI, or any of its subsidiaries, may take following the Merger, including the terms of any initial public offering, is it correct to say the fairness opinion has not quantified and assessed the extent to which the policyholders would be impacted by each the following risks: (Please answer for each risk separately)
 - (1) The risk that Ameritas Holding Company, as the intermediate stock holding company will issue stock (which is essentially a partial demutualization) without guaranteeing cash or stock benefits for existing Union Central policyholders.
 - (2) The risk that if the intermediate stock holding company issues stock, it is unlikely that any of such proceeds would be paid or distributed to Union Central policyholders as members of UNIFI.¹⁴
 - (3) The risk that if the intermediate stock holding company issues stock, the “economic stake” and “voting power” of Union Central policyholders in UNIFI will be reduced.¹⁵

¹⁰ Exhibit 4 to Policyholder Information Booklet, page 4-3.

¹¹ Exhibit 4 to Policyholder Information Booklet, page 4-3

¹² These risks are discussed at pages 26 and 34 of the Policyholder Information Booklet. However, the fairness opinion doesn’t consider them.

¹³ Exhibit 5 to Policyholder Information Booklet, page 5-3.

¹⁴ Policyholder Information Booklet, page 34.

¹⁵ Policyholder Information Booklet, page 27.

- (4) The risk that the intermediate stock holding company will be managed to preserve or sustain a given level of profitability for stockholders, possibly resulting in lower policy dividends or crediting rates, or increases in premiums or expense charges for policyholders.¹⁶
- (5) The risk that UNIFI may never dissolve, liquidate, or demutualize.
- (6) The risk of insolvency or delinquency proceedings being brought against Ameritas Life or Acacia Life, negatively impacting Union Central's policyholders.¹⁷
- (7) The risk that a small number of Ameritas Acacia designees to the UNIFI and AHC Boards might block certain transactions (under the supermajority voting requirements) that might otherwise be beneficial to Union Central's policyholders.¹⁸
- (b) Do these risks have an impact on the economic value of the membership interests in UNIFI?
- (c) Why is it "fair and equitable" for a fairness opinion to ignore the potential impact of risks that are material and clearly foreseeable (such as those excluded in Morgan Stanley's opinion) on policyholders interests?
- (d) Why would the Board of Directors (or any rational policyholder) rely on a fairness opinion that ignores these risks?
- (e) Has management or the Board of Directors obtained other written studies evaluating and quantifying the extent to which these risk factors (ignored by Morgan Stanley) would pose to the economic interests of Union Central's policyholders if the policyholders accept membership interests in UNIFI?
- (f) Mr. Jacobs, you are specifically quoted in "Our Mutual Advantage"¹⁹, stating that "In publicly owned insurance companies, there can be a fundamental conflict between a stock investor's desire for short-term profitability and a policyholder's requirement for long-term security. As a mutual company, our obligation is always to uphold our primary corporate goal – To assure Union Central's financial strength and stability in the best, long-term interest of our policyholders." Mr. Jacobs, aren't you now subjecting your policyholders to the very "fundamental conflict" you were speaking of if AHC issues stock? Are you compensating your policyholders for accepting that risk?
- (g) Why should management have the opportunity to benefit from stock and stock options without compensating the policyholders?
- (h) Mr. Jacobs, since you have already accepted a \$225,000 cash bonus²⁰ (and Gary Huffman, EVP at Union Central has accepted a \$100,000 cash bonus, and David Westerbeck, EVP, General Counsel and Secretary at Union Central has accepted a \$75,000 cash bonus) in connection with this transaction, what long term assurance do Union Central policyholders have that management will not receive significant financial benefits from this new structure?
- (i) Will management agree to a long term contractual provision that they will not receive stock, stock options (or other equity based compensation packages) from any company within this new structure without distributing appropriate surplus to the members of UNIFI?

6. **Morgan Stanley's Fairness Opinion is Tainted.** Morgan Stanley will receive a contingent fee ranging from \$2.5 million dollars to \$4.5 million dollars, **but only if this reorganization is consummated.**²¹ Morgan Stanley's fairness opinion²² also fails to apply the appropriate legal

¹⁶ Policyholder Information Booklet, page 26.

¹⁷ Policyholder Information Booklet, page 27.

¹⁸ Policyholder Information Booklet, page 24.

¹⁹ See note 5 above.

²⁰ Policyholder Information Booklet, page 20.

²¹ Policyholder Information Booklet, page 31.

standard. Rather than giving an unqualified opinion that this transaction is “fair and equitable to the mutual insurance company’s policyholders”²³, their opinion states only that, subject to their exclusions, they believe the reorganization is “fair from a financial point of view to the Union Central Policyholders taken as a group.”²⁴ Considering the massive exclusions in the Morgan Stanley opinion (discussed above), their failure to opine on the non-financial aspects of the transaction (some of these risks such as the conflict with future shareholders are discussed above), and their failure to apply the correct legal standard (fair “and equitable”), the Ohio Department of Insurance should not rely on this opinion as meeting the fair and equitable standard.

Mr. Jacobs, did you retain Morgan Stanley to represent the interests of the policyholders, or of management? Why should the Board or policyholders view Morgan Stanley’s opinion as independent and unbiased, since they have such a large economic stake in this reorganization closing?

Union Central’s Management and Board of Directors must consider the “Best Interests” of Policyholders

Although the Ohio Superintendent of Insurance will, at a minimum, examine whether the reorganization is “fair and equitable” to Union Central’s policyholders²⁵, and whether the policyholder vote provides informed consent, the company’s management and Board of Directors is also held to a “best interests” standard. The proxy materials state, “The Board of Directors of a mutual insurance company, like Union Central before the Reorganization, has a duty to act in the best interests of its policyholders.”²⁶ As your sales literature quoted earlier provides, “Union Central is owned by our policyholders and managed for their benefit.”

Mr. Jacobs, please answer these questions:

- (a) Have you and the Board determined that this reorganization is in the best interests of policyholders?
- (b) Since the proxy material sent to policyholders contains no indication that you and the Board applied a best interests standard, what documentation, expert opinions, or other evidence do you have that indicates this transaction is in the best interests of policyholders?
- (c) Given the inherent conflicts of interest between policyholders and management in the mutual holding company structure, did you hire or consult with any consumer advocates or other truly independent experts to represent the policyholders?
- (d) How was it possible for you and the Board to act in the best interests of policyholders when you admittedly did not consider a sponsored demutualization, or other alternatives not reflected in the proxy materials, or the value to the policyholders (even on a rough estimate basis) of choosing those alternatives?
- (e) Doesn’t this new structure essentially permit a partial demutualization in the future, without guaranteeing that any stock or cash will flow through to the Union Central policyholders?
- (f) Under Union Central’s current structure, it cannot demutualize without compensating existing policyholder/owners. Why is it in the best interests of policyholders to agree to this reorganization

²² Exhibit 4 to the Policyholder Information Booklet.

²³ Ohio Revised Statutes, 3913.28(B)(3)

²⁴ Exhibit 4 to the Policyholder Information Booklet, page 4-4.

²⁵ Ohio Revised Statutes, 3913.28(B)(3)

²⁶ Policyholder Information Booklet, page 26.

which substantially diminishes policyholder rights and exposes them to additional risks with no corresponding economic return?

Mr. Jacobs, I encourage you and the Board to show yourselves to be persons of integrity and honesty, and to make any proposed transaction not only truly fair and equitable for your policyholders, but also in their best interests. Please choose to be an advocate for your policyholders rather than forcing regulators to protect us. While I sincerely appreciate your phone call to me on September 1st, and the fact that the Ohio and New York insurance departments are working on additional stipulations, I am concerned that those stipulations will not prohibit the intermediate stock company from issuing shares to the public without demutualizing UNIFI also.

In the final analysis, Union Central's policyholders are being exposed to significant additional risks without being compensated for accepting that risk. Although you did not provide policyholders with adequate information or opinions to quantify it, policyholders membership interests in UNIFI must be economically worth less than their current membership interests in Union Central. Any rational investor reviewing the list of risks which the fairness opinions ignored (as discussed above) would conclude that this is true.

You have personally stated that "As a mutual company, we have a proven heritage of accountability to our policyholders, which we take very seriously."²⁷ Mr. Jacobs, please honor your promise of accountability by providing written answers to these questions to me and the Ohio Department of Insurance prior to the public hearing on this matter currently scheduled on Friday, October 21st, 2005, at 10 am at the offices of the Ohio Department of Insurance, 2100 Stella Court, Columbus, Ohio 43215.

Thank you for your time and consideration. I look forward to receiving your response.

Until these questions are satisfactorily answered, I will encourage all Union Central policyholders to vote against the proposed reorganization. If they have already voted in favor of the reorganization, I will encourage them to call your Reorganization Information Line at 800-315-9781 to request a new proxy and change their vote.

Respectfully submitted,

John Snider II
Union Central Life Insurance Company Policyholder/Owner
Email: protectpolicyholders@earthlink.net

cc: Board of Directors – Union Central Life Insurance Company
Ann Womer Benjamin, Director of the Ohio Department of Insurance
L. Tim Wagner, Director of the Nebraska Department of Insurance
Howard Mills, Superintendent of the New York State Insurance Department

²⁷ President's Message with 2003 annual report.

Sharon Green

From: Protect Policyholders [protectpolicyholders@earthlink.net]
Sent: Wednesday, September 07, 2005 6:19 PM
To: Sharon Green
Subject: RE: Union Central Life Insurance Company - Proposed Reorganization Using a Mutual Holding Company Structure

Sharon -

Thank you very much. I have a few follow up questions for you -

If I am able to come to the hearing,

1. Am I, as a policyholder, permitted to make a statement? If so, is there a specific procedure I need to follow to get on the hearing agenda?
2. Am I permitted to ask questions of Union Central's officers, or does the hearing officer ask all of the questions?
3. Am I permitted to cross examine Union Central's officers who are speaking for the company at the meeting?

Thank you once again for your assistance.

John Snider II

-----Original Message-----

From: Sharon Green <sharon.green@ins.state.oh.us>
Sent: Sep 7, 2005 7:28 AM
To: Protect Policyholders <protectpolicyholders@earthlink.net>
Cc: Ann Womer Benjamin <Ann.WomerBenjamin@ins.state.oh.us>, twagner@doi.state.ne.us, hmills@ins.state.ny.us, life@ins.state.ny.us, Steve Vamos <steve.vamos@ins.state.oh.us>
Subject: RE: Union Central Life Insurance Company - Proposed Reorganization Using a Mutual Holding Company Structure

I am in receipt of your e-mail and will include your comments in the hearing file.

Sharon Green
Hearing Administrator
Office of Legal Services
Ohio Department of Insurance
2100 Stella Court
Columbus, Ohio 43215-1067
(614) 644-3340 (fax) (614) 644-3742
sharon.green@ins.state.oh.us
www.ohioinsurance.gov



Bob Taft, Governor
Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

(614) 644-3340
(fax) (614) 644-3742
sharon.green@ins.state.oh.us

September 13, 2005

John Snider II, JD
1816 Paddock Drive
Kearney, Missouri 64060

Re: Ameritas Acadia Companies and Union Central Life Insurance Company Merger

Dear Mr. Snider:

Thank you for your letter expressing your concerns regarding the above-referenced transaction. Your letter has been forwarded to The Union Central Life Insurance Company for reply. Enclosed is a copy of that cover letter.

Please do not hesitate to contact the Ohio Department of Insurance if you have additional questions.

Sincerely,

Sharon Green
Hearing Administrator
Office of Legal Services

cc: Stephen J. Vamos, Ohio Department of Insurance





Bob Taft, Governor
Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

(614) 644-3340
(fax) (614) 644-3742
sharon.green@ins.state.oh.us

September 13, 2005

David F. Westerbeck
The Union Central Life Insurance Company
1876 Waycross Road
Cincinnati, Ohio 45240

Re: Ameritas Acadia Companies and Union Central Life Insurance Company Merger

Dear Mr. Westerbeck:

Enclosed is correspondence, in the form of an e-mail, received by the Ohio Department of Insurance ("Department") expressing concern regarding the above-referenced transaction. Please respond to the policyholder and copy the Department on your response.

Mr. Snider also corresponded directly with John Jacobs, Chairman, President, and CEO of Union Central Life Insurance Company. A copy of that letter, dated September 6, 2005, is also enclosed. Please provide the Department with a copy of Mr. Jacobs' response to Mr. Snider.

Thank you for your anticipated cooperation in this matter.

Sincerely,


Sharon Green
Hearing Administrator
Office of Legal Services

cc: John Snider II, JD, Policyholder
Stephen J. Vamos, Ohio Department of Insurance



Accredited by the National Association of Insurance Commissioners (NAIC)
Consumer Hotline: 1-800-686-1526 Fraud Hotline: 1-800-686-1527 OSHIP Hotline: 1-800-686-1578

Sharon Green

From: Protect Policyholders [protectpolicyholders@earthlink.net]
Sent: Tuesday, September 06, 2005 4:55 PM
To: Ann Womer Benjamin
Cc: Sharon Green; twagner@doi.state.ne.us; hmills@ins.state.ny.us; life@ins.state.ny.us
Subject: Union Central Life Insurance Company - Proposed Reorganization Using a Mutual Holding Company Structure



9-6 Final Open
Letter to Union...

September 6, 2005

To the Ohio Department of Insurance
Director - Ann Womer Benjamin

Dear Ann,

My name is John Snider II. I am a policyholder of the Union Central Life Insurance Company. I am writing to request that the Ohio Department of Insurance deny Union Central's proposed plan to reorganize using a mutual holding company structure for the following reasons:

1. **NO INFORMED CONSENT - POLICYHOLDER VOTE IS INVALID.** Union Central's proxy materials failed to disclose material information which is necessary for policyholders to give informed consent to this reorganization (such as the approximate economic value of policyholders' membership interests in Union Central, the approximate economic value of policyholders' membership interests in UNIFI after considering foreseeable future risks, and the approximate value of what policyholders could have received under either a demutualization or a sponsored demutualization as an alternative to this transaction);
2. **FAIRNESS OPINIONS EXCLUDE MATERIAL RISKS.** The fairness opinions which were relied upon by Union Central's Board of Directors and sent to policyholders exclude reasonably foreseeable material risks to policyholders (ignoring the potential impact a stock offering made by the intermediate stock holding company under the proposed structure would have on the value and control of the membership interests in UNIFI owned by Union Central's policyholders);
3. **FAIRNESS OPINION BIASED.** Morgan Stanley's fairness opinion is tainted by the fact that Morgan Stanley will receive a contingent fee ranging from 2.5M to 4.5M, but only if this reorganization is consummated;
4. **FAIRNESS OPINION APPLIES INCORRECT LEGAL STANDARD.** Morgan Stanley failed to apply the proper legal standard in its fairness opinion;
5. **NOT FAIR AND EQUITABLE TO POLICYHOLDERS.** Considering all of the risks Union Central is asking policyholders to accept in this transaction, and that Union Central is not compensating policyholders to accept those risks, this transaction is NOT fair and equitable to policyholders. It would be unfair, inequitable, and unreasonable to policyholders to allow Union Central to convert to a stock company and pursue the reorganization on these terms, so the stock conversion and this reorganization should not be permitted under the Ohio statutes.
6. **NOT IN POLICYHOLDERS' BEST INTERESTS.** Union Central's Board of Directors has provided no evidence that this action is in the best interests of Union Central's policyholders (a duty which the Board affirms in the proxy materials), and the Board confirms in the proxy materials that they did not consider a sponsored demutualization as an alternative to this transaction.

My concerns are explained and documented in the attached letter, which has been sent to John Jacobs (Chairman, President and CEO) and David Westerbeck (Executive Vice President, General Counsel and Secretary) at Union Central.

As a policyholder, I am pleading with the Ohio Department of Insurance to deny this proposed transaction, which would seriously jeopardize the future value of our ownership interests in our "mutual" insurance company. The interests of policyholders have not been fairly represented in this transaction, nor have the risks to policyholders been adequately evaluated and disclosed. Particularly when the interests of policyholders could be so severely negatively impacted in the future, full and fair disclosure is essential. Union Central has failed to provide adequate information to policyholders so that they can give informed consent to this reorganization.

On a more personal note, I am deeply disappointed that Union Central's Board would advise policyholders to vote for this reorganization while ignoring such significant risks to policyholders in the fairness opinions, and failing to present to us even a rough estimate of what policyholders might receive in a demutualization or sponsored demutualization. Over the years, Union Central has promised us that we as policyholders owned the company, and that the Board was acting in our best interests. I relied on those promises, and currently own Union Central policies insuring my wife and I, and our four young children (ages 3 through 10). Please do not permit Union Central to compromise the interests of policyholders in this way.

I am also sending a copy of this email and the attached letter to your hearing clerk for the October 21st hearing on this matter. If possible, I respectfully request that Mr. Jacobs be required to answer the questions which I have posed in the attached letter on the record. I believe policyholders are entitled to know the answers to these questions.

Thank you for your consideration of this most important matter. Policyholders all over the United States are impacted.

Sincerely,

John Snider II, JD
Union Central Life Insurance Company Policyholder/owner
1816 Paddock Drive
Kearney, MO 64060

Office phone: 816-903-9993

Email: protectpolicyholders@earthlink.net

cc: L. Tim Wagner, Director of the Nebraska Department of Insurance
Howard Mills, Superintendent of the New York State Insurance Department

September 6, 2005

John H. Jacobs
Chairman, President and Chief Executive Officer
Union Central Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240

Re: Union Central's Proposed Reorganization using a Mutual Holding Company Structure
An Open Letter to John Jacobs, Chairman, President and CEO

Mr. Jacobs,

As a policyholder of Union Central Life Insurance Company, I am alarmed that you and the Board of Directors would recommend that the policyholders vote for the proposed reorganization (using a mutual holding company structure), without providing policyholders even basic information to assess whether this transaction is fair and equitable to them. The materials mailed to policyholders withhold material information which prevents policyholders from adequately assessing the value of their interests under this reorganization, or from assessing the value they would receive if other alternatives are chosen.

You did not provide policyholders with even a rough estimate of the cash or stock the average policyholder would currently receive under a demutualization or sponsored demutualization. Indeed, the proxy materials state that you did not even consider a sponsored demutualization¹ as an alternative to this reorganization, which could have resulted in cash or securities being paid to Union Central's policyholders immediately. Additionally, in our September 1st telephone conversation, you advised me that you and the Board did not calculate even a rough estimate of what the average policyholder would receive under either a demutualization or sponsored demutualization in connection with this transaction. Although the Board may have considered a sponsored demutualization in 1999, you did not provide policyholders with any indication of the cash, stock, or policy credits they would have received under such a structure.

Without knowing the approximate fair value of the membership interests in Union Central they are surrendering, or the approximate fair value of the membership interests in UNIFI they will receive, policyholders cannot possibly give informed consent to this reorganization. Any rational investor would also require an economic analysis of the projected impact to their membership interests in UNIFI from reasonably foreseeable events, such as an IPO by the intermediate stock holding company, which you failed to provide. It is not adequate to state that no such IPO is currently planned, or that policyholders can rely on the Ohio or New York Department of Insurance to protect them in the future. In light of the Enron and WorldCom scandals, policyholders will accept nothing less than full and fair disclosure.

The mutual holding company structure you propose is not fair and equitable to policyholders. Rather, it:

- Strips away the value of mutual policyholders' membership interests ("ownership rights") without adequate compensation to policyholders;
- Allows opportunities for management self-enrichment without corresponding value to policyholders; and
- Exposes policyholders to considerable risks, again without returning corresponding value to them.

¹ Policyholder Information Booklet dated July 21, 2005, page 28.

Furthermore, you also have presented no evidence that you or the Board of Directors found this transaction to be in the "best interests" of policyholders, which you have a duty to uphold.

I am concerned that Union Central would propose a mutual holding company structure, and that the Board would unanimously recommend that policyholders vote for it, when so many respected authorities have raised serious questions about the fairness of this structure to existing policyholders.

Experts Call the Mutual Holding Company Concept "Flawed" and "a Consumer Rip-Off"

When the State of New York Assembly rejected proposed Mutual Holding Company legislation in NY because of its unfairness to mutual company policyholders, the Assembly Standing Committee on Insurance held extensive hearings on the mutual holding company structure. The Committee's report² includes these quotations:

"The mutual holding company concept is fundamentally flawed. If the implications of this type of reorganization were disclosed, most mutual policyowners would vote against the reorganization."
Joseph M. Belth, Emeritus Professor of Insurance, Indiana University

Mutual holding company legislation is "the biggest single consumer rip-off, if this were to pass, in the state's history. Stealing billions of dollars from millions of people." Richard Kirsch, Citizen Action of New York

"This is not about policyholder benefits. This is about investment bankers and managers getting rich."
Ralph Nader, Center for Study of Responsive Law

"I find it impossible to escape the conclusion that, in a mutual holding company reorganization, a partial demutualization would take place without compensation to policyholders." James H. Hunt, Consumer Federation of America

Mr. Jacobs, was Union Central's Board uninformed about how detrimental this reorganization is to policyholders, or did the Board fully understand the implications of the reorganization and tell the policyholders to vote for it anyway? Either way, the result is troubling.

Union Central's Policyholders Assume Significant Risks but Receive Nothing of Value in this Reorganization – Union Central Omitted Material Facts in their Proxy Materials.

1. Policyowners Currently Own Union Central. Policyholders in a mutual insurance company such as Union Central have valuable ownership rights in the company, in addition to the contractual obligations Union Central has to them under their policies. The proxy materials correctly state that Union Central currently "does not have any stockholders and is owned by policyholders/members"³, and that "Prior to the Reorganization, Union Central Policyholders possess all of the ownership rights over Union Central."⁴ Union Central's sales literature also

² "The Feeling's Not Mutual: An Analysis of Governor Pataki's Proposed Mutual Holding Company Legislation". Report by the Assembly Standing Committee on Insurance. <http://assembly.state.ny.us/Reports/Ins/199803/>

³ Introduction to Policyholder Information Booklet introducing Union Central's proposed changes, July 21, 2005. Page 1.

⁴ Policyholder Information Booklet, page 33.

states that "As a mutual company, we have no stockholders; instead, Union Central is owned by our policyholders and managed for their benefit."⁵

Mr. Jacobs, please confirm this: Do Union Central's policyholders currently own Union Central?

2. Union Central Omitted Material Facts Regarding the Value of Policyholders' Current Ownership Interests. In this reorganization, policyholders are surrendering their ownership interests in Union Central (in return for substantially different and less valuable membership interests in UNIFI), and are permitting Union Central to convert to a stock company without distributing any stock or other value to policyholders. Yet, Union Central has failed to disclose to policyholders even basic information about the economic value of the ownership interests the policyholders are surrendering in Union Central. Although the Board considered demutualization as an alternative, the policyholders were not provided with any indication of the economic value the average policyholder would receive. Union Central also failed to disclose the economic value policyholders would receive under other alternatives, including a sponsored demutualization. If policyholders understood the fair value of their current Union Central ownership interests, and the diminished fair value of the membership interests in UNIFI they will receive, they would probably never vote in favor of this reorganization.

Mr. Jacobs, please answer the following questions:

- (a) What is the approximate fair market value of Union Central?
- (b) Approximately how many participating policyholders does Union Central have?
- (c) On average (a rough estimate will suffice), what is the fair market value of stock or cash a policyholder would receive upon full demutualization of Union Central?
- (d) Short of a full demutualization, what other alternatives to the mutual holding company structure could have resulted in current economic benefits (stock, cash or policy credits) being distributed to Union Central policyholders?
- (e) Why weren't those alternatives, and the economic value of those alternatives to policyholders, fully disclosed to policyholders?
- (f) Do you and the Board believe it is fair and equitable to ask policyholders to give up their current membership interests in Union Central, when the policyholders do not know the approximate fair value of what they are surrendering?
- (g) Do you and the Board believe it is fair and equitable to ask the policyholders to accept a membership interest in UNIFI in exchange for their current ownership interest in Union Central, without disclosing to them a complete and unbiased opinion regarding the fair value of their membership interests in UNIFI? (see the discussion below)
- (h) Since the fair value of the ownership interests the policyholders are exchanging, and the fair value of the membership interests in UNIFI the policyholders are receiving are not disclosed in the fairness opinions and proxy materials, on what basis did you and the Board determine that the exchange is fair and equitable to the policyholders?
- (i) How can policyholders possibly make an informed decision to vote for this reorganization without knowing the fair value of the ownership interests in Union Central they are exchanging, the fair value of the UNIFI membership interests they are receiving, and the economic impact to them if the intermediate stock holding company issues stock to the public?

⁵ For example, Union Central client and producer flyer, "Our Mutual Advantage", compliance #UC 0815 C 7-04

3. In the Reorganization, Policyholders Initially Receive Nothing with Monetary Value. The proxy materials state that "Union Central Policyholders will not receive any distribution of cash, securities, policy credits or other monetary value at the time of the Reorganization."⁶ Unfortunately for policyholders, mutual holding company structures like the one Union Central is proposing do NOT reward the policyholders who own the corporation. Instead of receiving stock or cash as in a typical demutualization, policyholders are expected to except a new "membership interest" in the parent holding company (UNIFI), with little chance that the policyholders will ever receive fair value for their new membership interests.
4. Policyholders new membership interests in UNIFI are "essentially worthless". The New York Assembly Standing Committee on Insurance stated that federal securities law and regulation "sharply limit a mutual holding company's ability to make distributions to mutual policyholders. SEC 'No-Action' letters describe mutual holding company membership interests as essentially worthless."⁷ It is unlikely that Union Central's policyholders would receive any distributions if the intermediate stock holding company (Ameritas Holding Company) issues stock in an IPO or private placement, or at any other time before UNIFI were to liquidate, dissolve or demutualize (which may never occur).⁸ Worse, even if UNIFI were to liquidate, dissolve or demutualize in the future, policyholders who surrender their contracts or die prior to that event, would not receive the value of their membership interests.

Mr. Jacobs,

- (a) Rather than obtaining an SEC no-action letter, it is my understanding that Union Central is relying on an opinion letter by counsel. Does the opinion letter describe the membership interests in UNIFI to be received by Union Central's policyholders as worthless, essentially worthless, or in similar terms (or otherwise discuss or make assumptions about the value of the membership interests)?
 - (b) Wouldn't any statements regarding the value of UNIFI membership interests contained in SEC or IRS correspondence (or in opinion letters) be material information for Union Central's policyholders?
 - (c) Please provide the Ohio Department of Insurance with a copy of Union Central's SEC no-action letter or opinion letter (and all related correspondence with counsel or the SEC regarding such opinion).
 - (d) Please provide the Ohio Department of Insurance with a copy of Union Central's private letter ruling confirming the tax consequences of the reorganization (and include copies of any other correspondence to or from the IRS regarding this transaction).
5. Morgan Stanley's Fairness Opinion Omits Material Information and Fails to Deal with the Most Significant Policyholder Risks. Union Central's Board reports that it has "determined that the Plan is fair and equitable to Union Central and its policyholders."⁹ Unfortunately, the Morgan Stanley fairness opinion which the Board obviously relied upon in making its determination states, "You have not asked for our opinion and we do not express an opinion as to the allocation of combined membership interests as between Union Central and Ameritas Acacia pursuant to

⁶ Policyholder Information Booklet, page 23.

⁷ "The Feeling's Not Mutual" cited in note 2 above, page 37.

⁸ Policyholder Information Booklet, pages 23 and 34.

⁹ Policyholder Information Booklet, pages 2 and 31.

the Reorganization or the value of the membership interests attributable to certain of the Union Central Policyholders pursuant to the Reorganization.”¹⁰

Amazingly, the Morgan Stanley fairness opinion also “does NOT address any action which UNIFI, or any of its subsidiaries, may take following the Merger, including the terms of any initial public offering or any subscription or other participation rights which may be offered to the Union Central Policyholders.”¹¹

This “exception” in the fairness opinion ignores the most significant disadvantages and risks to Union Central’s policyholders in this transaction. For example, if the intermediate stock holding company issues stock to the public, an event which is clearly contemplated by the proxy materials.¹²

- (a) it is unlikely that Union Central policyholders will benefit from the stock offering or receive proceeds or distributions from that offering,
- (b) Union Central policyholders are not expected to receive dividends from the intermediate stock holding company,
- (c) the stock offering creates conflicts of interests between Union Central policyholders and public shareholders of the intermediate stock holding company, and substantial corporate value may be bled away to the new shareholders,
- (d) the stock offering dilutes the ownership interests and economic stake of the Union Central policyholders in UNIFI, and
- (e) management may receive substantial benefits in the form of stock or stock options.

Similarly, the Milliman actuarial fairness opinion fails to deal with these risk factors. For example, while the Milliman opinion discusses the possible future demutualization of UNIFI¹³, it ignores the risks associated with an IPO by the intermediate stock company.

Mr. Jacobs, please answer the following questions:

- (a) Since Morgan Stanley’s fairness opinion does not address any actions which UNIFI, or any of its subsidiaries, may take following the Merger, including the terms of any initial public offering, is it correct to say the fairness opinion has not quantified and assessed the extent to which the policyholders would be impacted by each the following risks: (Please answer for each risk separately)
 - (1) The risk that Ameritas Holding Company, as the intermediate stock holding company will issue stock (which is essentially a partial demutualization) without guaranteeing cash or stock benefits for existing Union Central policyholders.
 - (2) The risk that if the intermediate stock holding company issues stock, it is unlikely that any of such proceeds would be paid or distributed to Union Central policyholders as members of UNIFI.¹⁴
 - (3) The risk that if the intermediate stock holding company issues stock, the “economic stake” and “voting power” of Union Central policyholders in UNIFI will be reduced.¹⁵

¹⁰ Exhibit 4 to Policyholder Information Booklet, page 4-3.

¹¹ Exhibit 4 to Policyholder Information Booklet, page 4-3

¹² These risks are discussed at pages 26 and 34 of the Policyholder Information Booklet. However, the fairness opinion doesn’t consider them.

¹³ Exhibit 5 to Policyholder Information Booklet, page 5-3.

¹⁴ Policyholder Information Booklet, page 34.

¹⁵ Policyholder Information Booklet, page 27.

- (4) The risk that the intermediate stock holding company will be managed to preserve or sustain a given level of profitability for stockholders, possibly resulting in lower policy dividends or crediting rates, or increases in premiums or expense charges for policyholders.¹⁶
- (5) The risk that UNIFI may never dissolve, liquidate, or demutualize.
- (6) The risk of insolvency or delinquency proceedings being brought against Ameritas Life or Acacia Life, negatively impacting Union Central's policyholders.¹⁷
- (7) The risk that a small number of Ameritas Acacia designees to the UNIFI and AHC Boards might block certain transactions (under the supermajority voting requirements) that might otherwise be beneficial to Union Central's policyholders.¹⁸
- (b) Do these risks have an impact on the economic value of the membership interests in UNIFI?
- (c) Why is it "fair and equitable" for a fairness opinion to ignore the potential impact of risks that are material and clearly foreseeable (such as those excluded in Morgan Stanley's opinion) on policyholders interests?
- (d) Why would the Board of Directors (or any rational policyholder) rely on a fairness opinion that ignores these risks?
- (e) Has management or the Board of Directors obtained other written studies evaluating and quantifying the extent to which these risk factors (ignored by Morgan Stanley) would pose to the economic interests of Union Central's policyholders if the policyholders accept membership interests in UNIFI?
- (f) Mr. Jacobs, you are specifically quoted in "Our Mutual Advantage"¹⁹, stating that "In publicly owned insurance companies, there can be a fundamental conflict between a stock investor's desire for short-term profitability and a policyholder's requirement for long-term security. As a mutual company, our obligation is always to uphold our primary corporate goal - To assure Union Central's financial strength and stability in the best, long-term interest of our policyholders." Mr. Jacobs, aren't you now subjecting your policyholders to the very "fundamental conflict" you were speaking of if AHC issues stock? Are you compensating your policyholders for accepting that risk?
- (g) Why should management have the opportunity to benefit from stock and stock options without compensating the policyholders?
- (h) Mr. Jacobs, since you have already accepted a \$225,000 cash bonus²⁰ (and Gary Huffman, EVP at Union Central has accepted a \$100,000 cash bonus, and David Westerbeck, EVP, General Counsel and Secretary at Union Central has accepted a \$75,000 cash bonus) in connection with this transaction, what long term assurance do Union Central policyholders have that management will not receive significant financial benefits from this new structure?
- (i) Will management agree to a long term contractual provision that they will not receive stock, stock options (or other equity based compensation packages) from any company within this new structure without distributing appropriate surplus to the members of UNIFI?

6. Morgan Stanley's Fairness Opinion is Tainted. Morgan Stanley will receive a contingent fee ranging from \$2.5 million dollars to \$4.5 million dollars, but only if this reorganization is consummated.²¹ Morgan Stanley's fairness opinion²² also fails to apply the appropriate legal

¹⁶ Policyholder Information Booklet, page 26.

¹⁷ Policyholder Information Booklet, page 27.

¹⁸ Policyholder Information Booklet, page 24.

¹⁹ See note 5 above.

²⁰ Policyholder Information Booklet, page 20.

²¹ Policyholder Information Booklet, page 31.

standard. Rather than giving an unqualified opinion that this transaction is "fair and equitable to the mutual insurance company's policyholders"²³, their opinion states only that, subject to their exclusions, they believe the reorganization is "fair from a financial point of view to the Union Central Policyholders taken as a group."²⁴ Considering the massive exclusions in the Morgan Stanley opinion (discussed above), their failure to opine on the non-financial aspects of the transaction (some of these risks such as the conflict with future shareholders are discussed above), and their failure to apply the correct legal standard (fair "and equitable"), the Ohio Department of Insurance should not rely on this opinion as meeting the fair and equitable standard.

Mr. Jacobs, did you retain Morgan Stanley to represent the interests of the policyholders, or of management? Why should the Board or policyholders view Morgan Stanley's opinion as independent and unbiased, since they have such a large economic stake in this reorganization closing?

Union Central's Management and Board of Directors must consider the "Best Interests" of Policyholders

Although the Ohio Superintendent of Insurance will, at a minimum, examine whether the reorganization is "fair and equitable" to Union Central's policyholders²⁵, and whether the policyholder vote provides informed consent, the company's management and Board of Directors is also held to a "best interests" standard. The proxy materials state, "The Board of Directors of a mutual insurance company, like Union Central before the Reorganization, has a duty to act in the best interests of its policyholders."²⁶ As your sales literature quoted earlier provides, "Union Central is owned by our policyholders and managed for their benefit."

Mr. Jacobs, please answer these questions:

- (a) Have you and the Board determined that this reorganization is in the best interests of policyholders?
- (b) Since the proxy material sent to policyholders contains no indication that you and the Board applied a best interests standard, what documentation, expert opinions, or other evidence do you have that indicates this transaction is in the best interests of policyholders?
- (c) Given the inherent conflicts of interest between policyholders and management in the mutual holding company structure, did you hire or consult with any consumer advocates or other truly independent experts to represent the policyholders?
- (d) How was it possible for you and the Board to act in the best interests of policyholders when you admittedly did not consider a sponsored demutualization, or other alternatives not reflected in the proxy materials, or the value to the policyholders (even on a rough estimate basis) of choosing those alternatives?
- (e) Doesn't this new structure essentially permit a partial demutualization in the future, without guaranteeing that any stock or cash will flow through to the Union Central policyholders?
- (f) Under Union Central's current structure, it cannot demutualize without compensating existing policyholder/owners. Why is it in the best interests of policyholders to agree to this reorganization

²² Exhibit 4 to the Policyholder Information Booklet.

²³ Ohio Revised Statutes, 3913.28(B)(3)

²⁴ Exhibit 4 to the Policyholder Information Booklet, page 4-4.

²⁵ Ohio Revised Statutes, 3913.28(B)(3)

²⁶ Policyholder Information Booklet, page 26.

which substantially diminishes policyholder rights and exposes them to additional risks with no corresponding economic return?

Mr. Jacobs, I encourage you and the Board to show yourselves to be persons of integrity and honesty, and to make any proposed transaction not only truly fair and equitable for your policyholders, but also in their best interests. Please choose to be an advocate for your policyholders rather than forcing regulators to protect us. While I sincerely appreciate your phone call to me on September 1st, and the fact that the Ohio and New York insurance departments are working on additional stipulations, I am concerned that those stipulations will not prohibit the intermediate stock company from issuing shares to the public without demutualizing UNIFI also.

In the final analysis, Union Central's policyholders are being exposed to significant additional risks without being compensated for accepting that risk. Although you did not provide policyholders with adequate information or opinions to quantify it, policyholders membership interests in UNIFI must be economically worth less than their current membership interests in Union Central. Any rational investor reviewing the list of risks which the fairness opinions ignored (as discussed above) would conclude that this is true.

You have personally stated that "As a mutual company, we have a proven heritage of accountability to our policyholders, which we take very seriously."²⁷ Mr. Jacobs, please honor your promise of accountability by providing written answers to these questions to me and the Ohio Department of Insurance prior to the public hearing on this matter currently scheduled on Friday, October 21st, 2005, at 10 am at the offices of the Ohio Department of Insurance, 2100 Stella Court, Columbus, Ohio 43215.

Thank you for your time and consideration. I look forward to receiving your response.

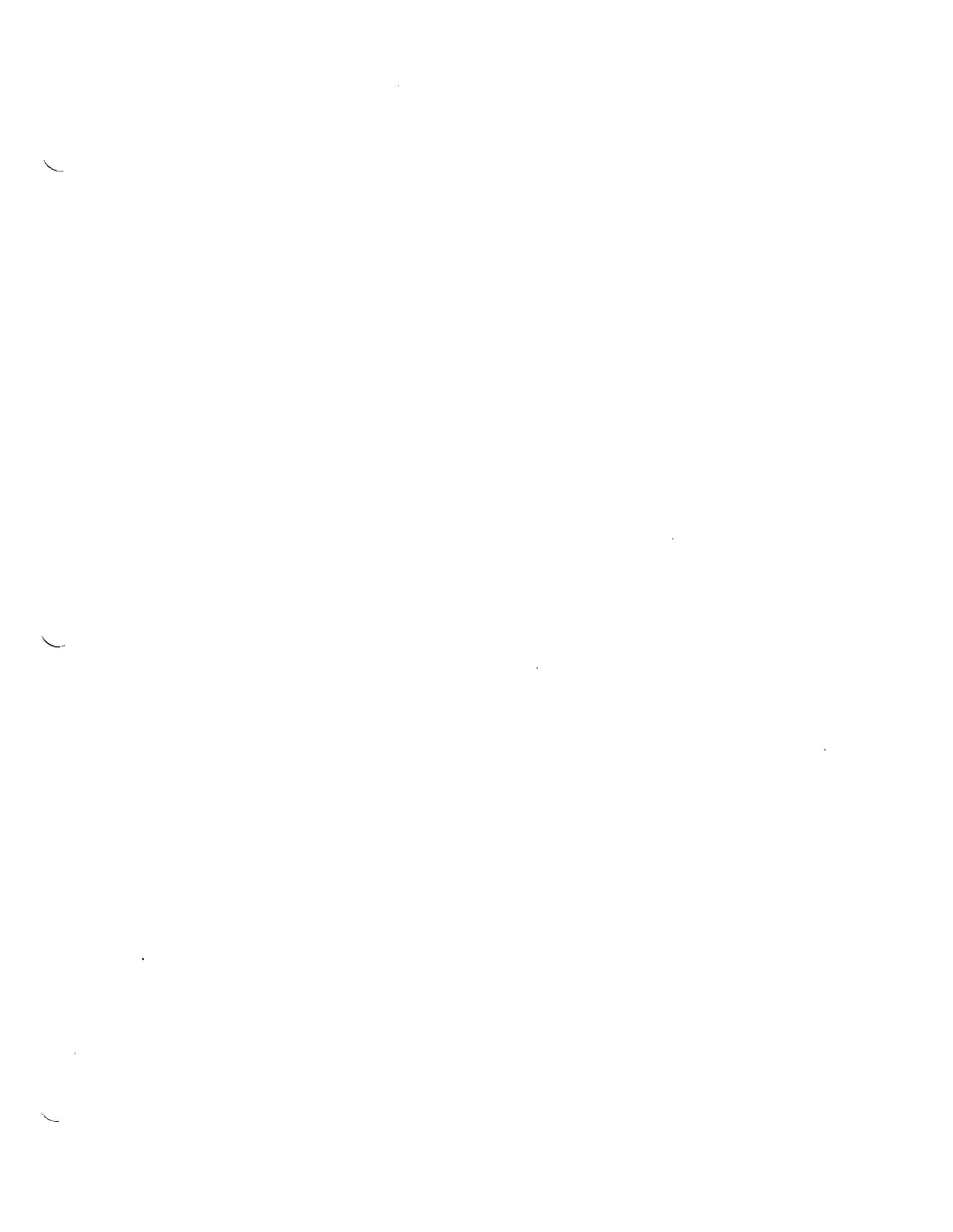
Until these questions are satisfactorily answered, I will encourage all Union Central policyholders to vote against the proposed reorganization. If they have already voted in favor of the reorganization, I will encourage them to call your Reorganization Information Line at 800-315-9781 to request a new proxy and change their vote.

Respectfully submitted,

John Snider II
Union Central Life Insurance Company Policyholder/Owner
Email: protectpolicyholders@earthlink.net

cc: Board of Directors – Union Central Life Insurance Company
Ann Womer Benjamin, Director of the Ohio Department of Insurance
L. Tim Wagner, Director of the Nebraska Department of Insurance
Howard Mills, Superintendent of the New York State Insurance Department

²⁷ President's Message with 2003 annual report.



Sharon Green

From: john65158@fuse.net
Sent: Thursday, September 22, 2005 3:43 PM
To: Sharon Green
Subject: Union Central Life Insurance Co.

As a policyholder, I strongly object to the de facto demutualization of the Union Central Life Insurance Company of Cincinnati, Oh., which they propose to accomplish without adequate compensation to the current policyholders. I therefore ask that the Ohio Department of Insurance deny the reorganization of the Union Central Life Insurance Co. as currently proposed, because the policyholders would not be fairly compensated for their current financial interest in the Company.

Sincerely,

John B. Schepman
351 Jerlou Ln.
Edgewood, Ky. 41017



Bob Taft, Governor
Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

(614) 644-3340
(fax) (614) 644-3742
sharon.green@ins.state.oh.us

September 23, 2005

John B. Schepman
351 Jerlou Lane
Edgewood, Kentucky 41017

Re: Ameritas Acadia Companies and Union Central Life Insurance Company Merger

Dear Mr. Schepman:

Thank you for your letter expressing your concerns regarding the above-referenced transaction. Your e-mail has been forwarded to The Union Central Life Insurance Company ("Company") for reply. Enclosed is a copy of that cover letter.

Please do not hesitate to contact the Ohio Department of Insurance if you have additional questions.

Sincerely,

A handwritten signature in cursive script that reads 'Sharon Green'.

Sharon Green
Hearing Administrator
Office of Legal Services

cc: Stephen J. Vamos, Ohio Department of Insurance





Bob Taft, Governor
Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

(614) 644-3340
(fax) (614) 644-3742
sharon.green@ins.state.oh.us

September 23, 2005

David F. Westerbeck
The Union Central Life Insurance Company
1876 Waycross Road
Cincinnati, Ohio 45240

Re: Ameritas Acadia Companies and Union Central Life Insurance Company Merger

Dear Mr. Westerbeck:

Enclosed is correspondence, in the form of an e-mail, received by the Ohio Department of Insurance ("Department") expressing concern regarding the above-referenced transaction. Please respond to the policyholder and copy the Department on your response.

Thank you for your anticipated cooperation in this matter.

Sincerely,

A handwritten signature in cursive script that reads 'Sharon Green'.

Sharon Green
Hearing Administrator
Office of Legal Services

cc: John B. Schepman, Policyholder
Stephen J. Vamos, Ohio Department of Insurance



Sharon Green

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Sent: Thursday, September 22, 2005 3:43 PM
To: Sharon Green
Subject: Union Central Life Insurance Co.

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Sincerely,

John B. Schepman
351 Jeriou Ln.
Edgewood, Ky. 41017

David F. Westerbeck,
J.D., LLIF
Executive Vice President
General Counsel and Secretary
(513) 595 2325
(513) 595 2918 Fax
dwesterbeck@unioncentral.com

The Union Central
Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240
(800) 825 1551



RECEIVED

OCT 06 2005

OHIO DEPARTMENT OF INSURANCE
LEGAL SERVICES DIVISION

October 4, 2005

John B. Schepman
351 Jerlou Lane
Edgewood, KY 41017-2614

Dear Mr. Schepman:

The Ohio Insurance Department has forwarded us your communication dated September 22, 2005, and asked that we reply directly to you. Your communication articulates your concerns regarding the proposed reorganization of The Union Central Life Insurance Company in accordance with the Plan of Reorganization.

Union Central is not demutualizing. It is in fact reorganizing pursuant to the provisions of Section 3913.25 through 3913.28 of the Ohio Revised Code. The reorganization has two main components: the conversion of The Union Central Life Insurance Company and the merger. The conversion will result in Union Central being converted into an Ohio stock insurance company wholly owned by a newly formed Ohio mutual insurance holding company. The newly formed Ohio mutual insurance holding company will, immediately after the transaction, merge with Ameritas Acacia Mutual Holding Company, a Nebraska mutual insurance holding company. After the merger, Ameritas Acacia Mutual Holding Company will change its name to UNIFI Mutual Holding Company and Union Central will be an indirect subsidiary of UNIFI.

As a mutual insurance company, Union Central is currently owned by its policyholders. This means Union Central policyholders essentially have two interests in Union Central: (1) a policyholder interest, as a holder of an insurance policy or annuity issued by Union Central; and (2) membership interests. Your concerns appear to relate to the membership interests. Among other things, the membership interests entitle Union Central policyholders to vote at annual meetings (assuming they meet certain criteria) and on extraordinary transactions, to a share of any surplus in Union Central if it is liquidated or otherwise dissolved, and to the right to receive a payment in the form of stock, cash, policy credits or other consideration if Union Central were ever to convert to an investor-owned stock company. These membership interests are not lost following the proposed reorganization; rather, these membership interests of Union Central policyholders are converted from membership interests in Union Central to membership interests in UNIFI Mutual Holding Company. The impact of the

John B. Schepman

Page 2

October 4, 2005

proposed reorganization on membership rights, including a comparison of membership rights before and after the proposed reorganization, is set forth in the Policyholder Information Booklet (PIB). Such information was available to Union Central policyholders when they were determining whether to vote in favor of the proposed reorganization.

Not only do Union Central policyholders retain both their policyholder interests in Union Central and their membership interests (as converted to membership interests in UNIFI), but the proposed reorganization also provides important potential benefits to Union Central and its policyholders. Through the proposed reorganization, Union Central seeks to strengthen the Company and position itself for future growth through the combination with Ameritas Acacia (thereby forming UNIFI). At the same time, Union Central seeks to preserve its separate existence within the UNIFI group of companies and extend its successful operating strategy, referred to as "One Company Marketing," to UNIFI, as appropriate. As described more fully in the PIB, other significant potential advantages of the proposed reorganization include an anticipated improvement in Union Central's financial strength ratings, the potential ability to combine and build upon complementary products and distribution channels, and the potential ability to reduce operating expenses and enhance Union Central's operating margins. If those circumstances come to pass, the value of membership interests of Union Central policyholders in UNIFI could be significantly enhanced.

Union Central policyholders will not receive any distribution of cash, securities, policy credits or other monetary value at the time of the reorganization. The reason Union Central policyholders are not receiving any distribution of cash, securities, policy credits or other monetary value is because they are not losing membership interests; rather, under the proposed reorganization, their membership interests in Union Central are converted into membership interests in UNIFI. Moreover, as you recognize, the PIB fully discloses the fact that Union Central policyholders would not receive any distribution of cash, securities, policy credits or other monetary value at the time of the Reorganization. In addition, I note that Union Central policyholders would also not receive any distribution of cash, securities, policy credits or other monetary value if Union Central remained a mutual insurer, as would be the case if we did not proceed with the proposed reorganization.

Sincerely,



David F. Westerbeck

cc: Stephen J. Vamos, III, Ohio Department of Insurance
✓ Sharon Green, Ohio Department of Insurance
John H. Jacobs, The Union Central Life Insurance Company

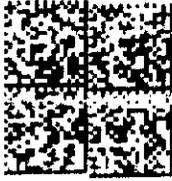
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The Union Central
Life Insurance Company
1876 Waycross Road
PO Box 40888
Cincinnati Ohio 45240

UnionCentral

RECEIVED

OCT 06 2003
OHIO DEPARTMENT OF INSURANCE
LEGAL SERVICES DIVISION



Hasler

01210 10460
\$01 370
10310 1095
10310 103240
U.S. POSTAGE

Sharon Green
State of Ohio Insurance Department
2100 Stella Court
Columbus, Ohio 43215-1067

