

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

STATE

APR 13 2015

BY SE
DEPUTY CLERK OF COURT

NUMBER: 625, 219

SECTION: 22

JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

GERTRUDE GEDDES WILLIS LIFE INSURANCE COMPANY

MOTION TO APPROVE FINAL ASSUMPTION REINSURANCE AGREEMENT

NOW INTO COURT, comes the Receiver, Cara Bostick, who hereby moves for the approval of the Final Assumption Reinsurance Agreement as follows:

1.

Gertrude Geddes Willis Life Insurance Company (hereinafter "GGWLIC"), is the owner of certain insurance policies.

2.

"GGWLIC", pursuant to the attached Final Assumption Reinsurance Agreement (Exhibit "A") wishes to transfer such policies to their reinsurer, Majestic Life Insurance Company, with the consent and approval of the Louisiana Life and Health Insurance Guaranty Association.

3.

Pursuant to the terms of the Final Assumption Reinsurance Agreement, the transfer and assumption of such policies shall be effective on the 31st day of January 2015.

4.

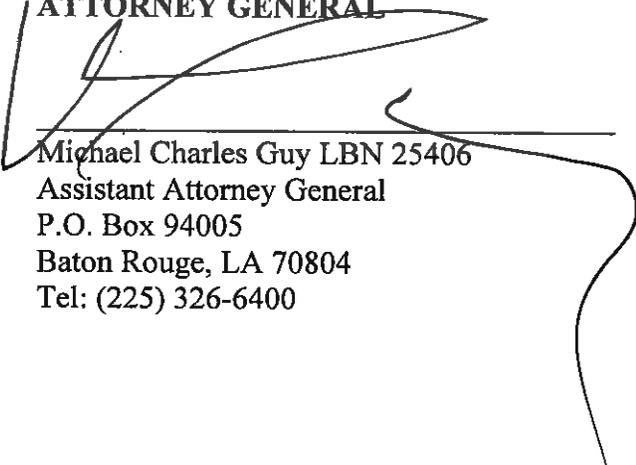
As a result, the Receiver hereby request that an Order issue approving the Final Assumption Reinsurance Agreement between Gertrude Geddes Willis Life Insurance Company, Majestic Life Insurance Company and the Louisiana Life and Health Insurance Guaranty Association.

WHEREFORE, the Receiver hereby requests that an Order issue approving the Final Assumption Reinsurance Agreement between Gertrude Geddes Willis Life Insurance Company, Majestic Life Insurance Company and the Louisiana Life and Health Insurance Guaranty Association.



Respectfully submitted,

JAMES D. CALDWELL
ATTORNEY GENERAL



Michael Charles Guy LBN 25406
Assistant Attorney General
P.O. Box 94005
Baton Rouge, LA 70804
Tel: (225) 326-6400

FILED
EAST BATON ROUGE PARISH, LA

2015 APR 13 PM 4:19



DEPUTY CLERK OF COURT

CERTIFIED
TRUE COPY

APR 14 2015



DEPUTY CLERK OF COURT

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 625, 219

SECTION: 22

JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

GERTRUDE GEDDES WILLIS LIFE INSURANCE COMPANY

ORDER

Considering the foregoing motion,

IT IS HEREBY ORDERED that the Final Assumption Reinsurance Agreement between Gertrude Geddes Willis Life Insurance Company, Majestic Life Insurance Company and the Louisiana Life and Health Insurance Guaranty Association is approved.

This Order read and signed on this 14 day of April 2015 at Baton Rouge Louisiana.



JUDGE TIMOTHY E. KELLEY

FILED
EAST BATON ROUGE PARISH, LA

2015 APR 13 PM 4:19


DEPUTY CLERK OF COURT

CERTIFIED
TRUE COPY

APR 14 2015


DEPUTY CLERK OF COURT

FINAL ASSUMPTION REINSURANCE AGREEMENT

This Assumption Reinsurance Agreement (“**Agreement**”) entered into on December 15, 2014, effective January 31, 2015 is among Gertrude Geddes Willis Life Insurance Company in Rehabilitation (“**GGWLIC**”), the Louisiana Life and Health Insurance Guaranty Association (“**LLHIGA**”) and Majestic Life Insurance Company (“**Reinsurer**”).

Recitals

- A. GGWLIC is a Louisiana-domiciled life insurance company, placed in rehabilitation by a Consent Order of Rehabilitation (the “**Order**”) entered on October 24, 2013, by the Nineteenth Judicial District Court (“**Court**”) located in East Baton Rouge Parish, Louisiana Docket No. 625,219 Section 22, pursuant to the provisions of the Louisiana Insurance Code. Prior to the Order, GGWLIC was licensed to do business in Louisiana.
- B. The Order appointed James J. Donelon, Insurance Commissioner of the State of Louisiana, and his successors in office, as rehabilitator of GGWLIC (“**Rehabilitator**”) and appointed Cara Bostick as Receiver of GGWLIC (“**Receiver**”). Pursuant to the Order and applicable law, the Receiver acts for and on behalf of GGWLIC and is vested by operation of law with title to all property, contracts, business affairs, records, assets, and rights of action of GGWLIC as of the date of the Order, and is administering them under the general supervision of the Court. The Receiver entered into this Agreement on behalf of GGWLIC and as a party hereto. Where this Agreement refers to obligations of GGWLIC, those obligations are to be discharged on behalf of GGWLIC by the Receiver or persons acting pursuant to the Receiver’s direction.
- C. As of the Effective Date of this Agreement, GGWLIC has in effect certain life policies as specified on a separately bound Exhibit A (the policies on Exhibit A as adjusted to reflect changes, if any, from the date of Exhibit A to the Effective Date, are referred to as the “**Policies**”).
- D. The holders of the Policies reside principally in the State of Louisiana, Louisiana Life and Health Insurance Guaranty Association (“**LLHIGA**”), as a result of the Order, may

CLERK OF COURT
FILE COPY
FILING DATE: _____
NO. PAGES: 20
ATTACHMENT TO:
 PETITION
 MEMORANDUM
 OTHER

DEPUTY CLERK



EBR2768721

Louisiana and under certain circumstances to holders of Policies who reside in other states (“**Covered Obligations**”).

- E. LLHIGA is an association of member insurers formed under Louisiana Law.
- F. Reinsurer is a Louisiana domiciled life insurance company licensed in all jurisdictions where holders of the Policies reside. Reinsurer desires to reinsure and assume the policies.
- G. In accordance with the terms and conditions herein, GGWLIC, by and through its Rehabilitator, desires that Reinsurer reinsure and assume the Policies, and Reinsurer desires to reinsure and assume the Policies. LLHIGA is hereby given the opportunity to agree to and participate in this Agreement so that its Covered Obligations will be discharged through Reinsurer’s reinsurance and assumption of the Policies.

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

Article I

Definitions

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

- a. The term “Accounting” has the meaning set forth in Section 5.1.
 - b. The terms “GGWLIC Assets” and “Guaranty Assets” mean the consideration to be transferred to Reinsurer from GGWLIC or LLHIGA as set forth in Section 4.1.
 - c. The term “Ceding Fee” has the meaning set forth in Section 4.2.
 - d. The terms “Closing” and “Closing Date” have the meanings set forth in Section 15.1.
 - e. The term “Commissions” has the meaning set forth in Article VIII.
 - f. The term “Contract Date” means the date of execution of this Agreement as set forth in
-

- the first paragraph of this Agreement.
- g. The term "Court" has the meaning set forth in Recital A.
 - h. The term "Covered Obligations" has the meaning set forth in Recital D.
 - i. The term "Defenses" means (a) any known or unknown, actual or contingent, rights, defenses, offsets, counterclaims, and cross-claims, and (b) any and all rights, limitations, terms, conditions, and provisions provided in this Agreement relative to the assumption of the Policies.
 - j. The term "Effective Date" means the January 31, 2015, commencing at 12:01 a.m., Central Standard Time.
 - k. The term "Financial Statements" has the meaning set forth in Section 13.5.
 - l. The term "Included Treaties" has the meaning set forth in Section 2.4(a).
 - m. The term "Order" has the meaning set forth in Recital A.
 - n. The term "Policies" has the meaning set forth in Recital C.
 - o. The term "Records" means all of the Company's paper and computer files, books, correspondence, records, and other documents relating to the Transferred Policies.
 - p. The term "Supplemental Payment" has the meaning set forth in Section 4.7.
 - q. The term "Transferred Policies" means the Policies specifically including all Policies for which, as of the Effective Date, outstanding surrender applications had been submitted.

Article II

Reinsurance and Assumption of Transferred Policies

Section 2.1 **Transfer and Ceding**. Subject to the terms and conditions of this Agreement, GGWLIC does hereby transfer and cede, and Reinsurer does hereby reinsure and assume, the Transferred Policies as of the Effective Date.

Section 2.2 **Standard of Performance; Liability**. From and after the Effective Date, Reinsurer shall be liable for the payment of benefits on the Transferred Policies, in accordance with the terms and conditions of the Transferred Policies and for handling all claims that are incurred on or after the Effective Date, except for those claims for which GGWLIC shall be

liable as identified in Sections 2.7 and 2.8, and the Reinsurer shall be liable for and shall defend at its own expense actions on account of any act, error, or omission of Reinsurer. Reinsurer assumes and shall be liable for payment of surrender benefits under all Transferred Policies for which, as of the Effective Date, outstanding surrender applications had been submitted. Reinsurer agrees to administer all claims on the Transferred Policies and to service and otherwise handle the Transferred Policies in accordance with the terms and conditions of the Transferred Policies and applicable state laws and regulations, and in a manner consistent with the level of policyholder and administrative services provided by Reinsurer to its direct policyholders and insureds.

Section 2.3 **Defenses**. Subject to the terms and conditions of this Agreement, the Reinsurer shall succeed to all Defenses that GGWLIC had, still has, or may have in connection with any current or potential claim and/or action on or under the Transferred Policies, all of which are hereby assigned and transferred to Reinsurer.

Section 2.4 **Third-Party Reinsurance Agreements**. Subject to the terms and conditions of this Agreement, and to the extent applicable to the Transferred Policies:

- a. GGWLIC hereby (i) transfer, assign, cede, deliver, and convey to the Reinsurer as of the Effective Date all of their respective rights, title, privileges, and prerogatives, if any, in those contracts, agreements, and treaties of reinsurance and/or coinsurance in effect on the Effective Date in connection with the Transferred Policies, except those contracts, agreements and treaties of reinsurance and/or coinsurance set forth in Exhibit "G", ("Included Treaties"), and (ii) agree to make reasonable efforts to seek and obtain consents by the reinsurers on all Included Treaties requiring such consents.
- b. Reinsurer agrees to pay and perform all of the payment and other obligations of GGWLIC if any, with respect to the included treaties to the extent the Transferred Policies are covered thereby, for any period beginning on or after the Effective Date.
- c. No provision of this Agreement shall be construed as affecting the obligations of any third-party reinsurer under the transferred policies.

Section 2.5 **Policy Reinstatement**. Reinsurer agrees to assume GGWLIC's respective obligations, if any, to reinstate lapsed policies that were entitled to reinstatement on the Effective

Date and that otherwise would be Transferred Policies, subject to the underwriting criteria imposed by the lapsed policies. Upon reinstatement, the lapsed policies shall be included in the Transferred Policies reinsured and assumed under the terms and conditions of this Agreement.

Section 2.6 **Effect of Rehabilitation or Liquidation**. Except as otherwise provided in this Agreement, Reinsurer shall pay benefits under the Transferred Policies directly to the policyholders or their designated beneficiaries or payees under the Transferred Policies without any diminution due to the Order.

Section 2.7 **GGWLIC's Liabilities**. GGWLIC shall be liable for and defend any and all actions on account of: (i) any act, error or omission of GGWLIC in connection with the handling of policyholder claims under the Transferred Policies incurred before the Effective Date, or (ii) any error in the Records of GGWLIC in existence on the Effective Date, so long as the act, error or omission is discovered by Reinsurer and Reinsurer gives notice thereof to GGWLIC within six (6) months of the Closing Date.

Section 2.8 **Policyholder Acceptance**. Payment of premium by an GGWLIC policyholder to Reinsurer under Section 3.2 ("Delivery of Assumption Certificate") shall constitute definitive proof of acceptance, acquiescence, approval and adoption of this Agreement and to Reinsurer's sole and exclusive liability under the Transferred Policies to the policyholder, as well as a full and complete release of GGWLIC, the Rehabilitator, and the Receiver from any and all liability or obligation under the Transferred Policies. Notice shall be made to the policyholders within sixty (60) days from the Effective Date of this agreement. In the event that GGWLIC, the Rehabilitator, and the Receiver shall be found liable by a Court of competent jurisdiction to pay any claim under the Transferred Policies because of a lack or failure of acceptance by any policyholder of the assumption and/or this Agreement, Reinsurers shall reimburse and indemnify GGWLIC, the Rehabilitator and the Receiver for same, including attorneys' fees, court costs, and expenses.

Article III

Assumption Certificate

Section 3.1 **Form of Assumption Certificate**. Reinsurer shall issue an assumption certificate to each holder of the Transferred Policies in substantially the form of Exhibit B. The assumption represented by the assumption certificates is subject to the terms and conditions of the Transferred Policies, this Agreement, and any Defenses that are now or may hereafter become available to GGWLIC, or Reinsurer. Reinsurer shall be responsible for obtaining any insurance department approval of the assumption certificate that may be required by the law of any state. The Rehabilitator agrees that they will cooperate with Reinsurer in an attempt to obtain such approval.

Section 3.2 **Delivery of Assumption Certificates**. Reinsurer shall mail an assumption certificate to each holder of the Transferred Policies by first-class mail, postage prepaid, within forty-five (45) business days following the Closing Date. The text of any written communication to be mailed to holders of the Transferred Policies in conjunction with the assumption certificates or with the explanation of this transaction shall be approved by the Rehabilitator prior to mailing. If the Rehabilitator does not disapprove any such proposed communication within seven (7) business days of receipt, the written communication may be used by the Reinsurer. Even if no such delivery is made, Reinsurer shall be liable to policyholders as if delivery had been made, and in accordance with Section 2.8 hereof.

Article IV

Transfer of Assets, Ceding Fee, and Statutory Deposits

Section 4.1 **GGWLIC Assets**. On the Closing Date, the Receiver shall transfer, assign, cede, deliver and convey GGWLIC Assets to Reinsurer, calculated as shown on Exhibit C (using the methodology set forth on Exhibit C-1) and as revised or adjusted in accordance with this Article. GGWLIC Assets will include those assets listed on Exhibit D. The Receiver further agrees to execute any and all appropriate documents and to take all other reasonable actions on or before the Closing Date necessary to effectuate or facilitate the assignment and transfer to Reinsurer of GGWLIC's Assets.

Section 4.2 **Guaranty Assets**. Subject to Louisiana statutory conditions and limitations on coverage and applicability, on the Closing Date, LLHIGA shall convey and deliver to Reinsurer its payment of Guaranty Assets, calculated as shown on Exhibit C prepared by the

Receiver. The Guaranty Assets shall be paid upon execution and court approval by the 19th Judicial District Court of the assumption reinsurance agreement. The parties agree that the payments to be made to Reinsurer by LLHIGA shall be made in cash. Reinsurer hereby acknowledges it is undertaking and accepting responsibility for those obligations. The payment by LLHIGA of Guaranty Assets pursuant to this Agreement will result in LLHIGA having claims against the estate of GGWLIC under LSA-R.S. 22:2005, et seq.

Section 4.3 **Ceding Fee**. Subject to the terms and conditions of this Agreement, and in consideration of the transfer by GGWLIC of all their respective rights, title, privileges and prerogatives in the Transferred Policies, Reinsurer agrees that the amount of Guaranty Assets and GGWLIC Assets with respect to Covered Obligations to be transferred to Reinsurer pursuant to Sections 4.1 and 4.2 shall be reduced by an amount equal to the Ceding Fee.

Section 4.4 **Preparation of and Revisions to Exhibit C**. GGWLIC has prepared Exhibit C, so as generally to describe on line-by-line basis the Transferred Policies, the payment obligations there under to be reinsured and assumed by Reinsurer, GGWLIC and Guaranty Assets applicable to the Transferred Policies, and the allocation of the Ceding Fee all as of the date shown in Exhibit C. Any revisions to Exhibit C shall be made by GGWLIC.

Section 4.5 **Adjustments**. Within one hundred eighty (180) days after the Closing, the payment made to Reinsurer at the Closing shall be adjusted to reflect revisions to Exhibit C as of the Closing Date in accordance with the format of Exhibit F.

Section 4.6 **Early Access Distributions**. GGWLIC Assets transferred to and received by LLHIGA applicable to that portion of the Transferred Policies for which LLHIGA has Covered Obligations shall be treated as early access distributions to LLHIGA in accordance with applicable law. LLHIGA will be entitled to receive any subsequent early access distribution from GGWLIC made by the Receiver in the same manner and to the same extent as may be provided under applicable law. LLHIGA will return to the Receiver all or any part of the early access distributions it receives, if such repayment later becomes necessary to pay claims of secured creditors or claims that have a priority equal to or higher than the priority given LLHIGA claims under the Louisiana Insurance Code or other relevant law.

Section 4.7 **Moratorium On Cash Surrenders and Loans**. The Receiver of GGWLIC

was granted a moratorium on cash surrender, coupon payment and loans. Such Moratorium shall be lifted upon execution of this agreement.

Section 4.8 **Supplemental Guaranty Association Payments**. LLHIGA, in its sole discretion, shall have the right to increase the Guaranty Assets transferred to the Reinsurer on behalf of policyholders for which it has statutory obligations by making an increased payment to the Reinsurer as of the Closing Date (“**Supplemental Payment**”). Any Supplemental Payment, plus a Ceding Fee on such funds, shall be applied by the Reinsurer to increase the account value and/or face amount of the Policies to which it is applicable (and shall be reflected on Exhibit C).

Article V

Accounting Procedures

Section 5.1 Notice and Correction of Errors

- a. If Policies falling within the scope of this Agreement are omitted from Exhibit A, if any error is discovered in the data reflected in the various calculations and accountings to be accomplished in accordance with this Agreement and the exhibits hereto (“**Accounting**”), or if any additional data is discovered by a party hereto, and those errors or additional data require revision of all or any portion of the Accounting, then the party discovering the error or additional information shall immediately give written notice thereof to GGWLIC and the Reinsurer as appropriate. Any payment required of a party because of such a revision shall be made promptly and in no event more than thirty (30) days after the parties agree to the amount of the payment to be made. To be effective, notice must be delivered to GGWLIC and the Reinsurer, as appropriate, within one hundred eighty (180) days after the Closing Date.
- b. Except as set forth in this Agreement, one hundred eighty (180) days after the Closing Date, no party shall be entitled to a further revision or adjustment to the Accounting or any payments made there under, except (i) the Rehabilitator may make or demand repayment of early access distributions as contemplated by Section 4.6; and (ii) the Receiver and/or LLHIGA shall be entitled to transfer, and Reinsurer shall be obligated to reinsure, any policy that falls within the scope of this Agreement but was omitted from Exhibit A and was, therefore, not transferred as of Closing, provided that (i) Reinsurer is

compensated for the policy's then existing obligations or a portion thereof, and (ii) the ceding fee, if any, to be paid by Reinsurer for the transfer of the policy shall be agreeable to GGWLIC, LLHIGA, and Reinsurer.

Section 5.2 **Final Accounting**. A final accounting will be prepared by Reinsurer with the cooperation of the Receiver and LLHIGA, which shall be distributed to the Receiver and LLHIGA no later than two hundred ten (210) days after the Closing Date to reflect any adjustments or revisions made pursuant to Section 5.1(a) after the Closing Date.

Article VI

Premiums and Other Receipts

Section 6.1 **Transfer of Receipts**. All premiums and other receipts on the Transferred Policies (whether in the form of checks, drafts, money orders, postal notes or otherwise), received by any party or person for periods on or after the Effective Date shall be the sole property of Reinsurer. GGWLIC shall deliver to Reinsurer all premiums and other receipts due Reinsurer under this Section no later than ten (10) days after the premiums or other receipts are received by GGWLIC. All premiums and other receipts delivered shall bear all necessary endorsements required to effect transfer to Reinsurer.

Section 6.2 **Bank Drafts**. This section is non-applicable as GGWLIC does not conduct premium payment bank draft authorizations from its policyholders on the Transferred Policies.

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

Article VII

Records

Section 7.1 **Access**. Prior to the Closing Date, the Receiver shall, subject to the provisions of the confidentiality agreement, give Reinsurer reasonable access to the Records. The Receiver agrees to deliver the Records to Reinsurer on the Closing Date without charge. Reinsurer agrees that after delivery, the Receiver shall be entitled, at any reasonable time, to inspect, audit, and copy any and all Records and all other records and files of Reinsurer relating to the Transferred Policies. Reinsurer also agrees that the Rehabilitator may retain the originals of any Records necessary to pursue claims against third parties until the claims are tried and a final non-appealable judgment is obtained or the claims are otherwise settled.

Section 7.2 **Delivery**. Any and all correspondence, records or other documents coming to GGWLIC, the Receiver after the Closing Date and pertaining to the Transferred Policies shall be delivered to Reinsurer without charge.

Section 7.3 **No Representation or Warranty**. The Receiver makes no warranties or representations that the Records are accurate or complete and, except as set forth in Section 2.7, GGWLIC shall have no liability whatsoever for any error contained therein. Reinsurer acknowledges that in entering into this Agreement it is not relying upon any representation and/or warranty made by the Rehabilitator with respect to the accuracy or completeness of the records.

Article VIII

Commissions

The Reinsurer and LLHIGA do not assume hereby any legal obligation of GGWLIC with respect to commissions, service fees, and/or producer compensation under agent or broker commission contracts or administrative contracts between GGWLIC and third persons in connection with premiums paid or to be paid on the Transferred Policies or administration for the Transferred Policies ("**Commissions**"). Nothing in this Agreement, however, shall prevent Reinsurer from entering into agreements with GGWLIC's agents, brokers, or producers with respect to past Effective Date commissions, service fees and /or producer compensation.

Article IX

Litigation

If any court of competent jurisdiction enjoins or otherwise orders or decrees (preliminarily or otherwise) that GGWLIC, LLHIGA or the Reinsurer shall not perform any or all of its obligations under this Agreement, the other parties shall be absolutely relieved from performing any of their respective obligations hereunder, for however long the injunction, order, or decree is in effect, but only to the extent that performance of any obligation would violate the injunction, order, or decree. The parties, including the party against which the injunction, order, or decree is entered, shall make all reasonable efforts, each at its own expense or pro rata if joint action is taken, to have the injunction, order, or decree dissolved and set aside.

Article X

Termination

Section 10.1 Duration. Except as otherwise provided in Article IX, this Article X, or by a written agreement signed by GGWLIC and Reinsurer, none of the parties may terminate this Agreement which shall remain in full force and effect until all of the liabilities reinsured and assumed hereunder have been discharged or have otherwise expired.

Section 10.2 Failure to Satisfy Conditions Precedent. GGWLIC and Reinsurer may terminate this Agreement by giving written notice to each other if any condition precedent to their respective obligations is not satisfied or waived.

Article XI

Representations and Warranties of the Company

The Receiver, on behalf of the Company, represents and warrants that:

Section 11.1 Actions and Proceedings. There are no pending actions, suits or proceedings known to the Receiver which could materially and adversely affect the transactions contemplated under this Agreement, except for GGWLIC's rehabilitation proceeding pending in

the Court.

Section 11.2 **Organization and Standing**. GGWLIC is duly incorporated and validly existing under the laws of the State of Louisiana, but subject to the supervision of the Court under LSA-R.S. 22:2001, et seq. GGWLIC was, prior to October 24, 2013, duly qualified and licensed to transact insurance business in the State of Louisiana in which the Policies were originally issued.

Section 11.3 **Title to GGWLIC Assets**. GGWLIC has good and marketable title to the GGWLIC Assets intended to be transferred to Reinsurer under this Agreement.

Section 11.4 **Validity**. Subject to the approval by the Court as contemplated by Section 15.2(a), the Agreement is a valid and binding obligation of GGWLIC and of the Rehabilitator. The Receiver has been duly appointed by the Court and is authorized to execute this Agreement under applicable law.

Section 11.5 **Survival of Representations and Warranties**. The respective representations and warranties of GGWLIC contained in this Article XI and elsewhere in this Agreement shall survive for a period of one (1) year after the Closing Date.

Article XII

Representations and Warranties of LLHIGA

LLHIGA makes no representations or warranties whatsoever under the Agreement.

Article XIII

Representations and Warranties of Reinsurer

Reinsurer hereby represents and warrants that:

Section 13.1 **Organization and Existence**. Reinsurer is a Louisiana domiciled life insurance company duly incorporated, validly existing, and in good standing under the corporate and insurance laws of the State of Louisiana. Reinsurer has all requisite corporate power and authority to carry on its business as it is now being conducted, and to own, lease and operate its properties.

Section 13.2 **Corporate Authority**. The execution of this Agreement and the consummation of the transactions contemplated by this Agreement have been approved by all necessary corporate action.

Section 13.3 **Qualification and Power**. Reinsurer is duly qualified and in good standing to do business in every jurisdiction in which such qualification is necessary because of the nature of its business or of the properties owned, leased, or operated by it.

Section 13.4 **Validity; No Violation**. This Agreement is a valid and binding obligation of Reinsurer, enforceable against it in accordance with its terms and conditions. Neither the execution and delivery of this Agreement, nor Reinsurer's compliance with any of the provisions of this Agreement, will:

- a. Conflict with or result in a breach of any provision of the Articles of Incorporation or Bylaws of Reinsurer, or result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions, or provisions of any note, lien, bond, mortgage, indenture, license, lease, agreement, consent order, or other instrument or obligation to which Reinsurer is a party or by which it may be bound;
- b. Violate any judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to Reinsurer or to any of its properties or assets;
or
- c. Cause, or give any person grounds to cause (with or without notice, the passage of time, or both), the maturity of any liability of Reinsurer to be accelerated or increased.

Section 13.5 **Financial Statements**. True and complete copies of Reinsurer's (a) most recent quarterly financial statement, as certified by the President and Chief Financial Officer of Reinsurer, (b) most recent National Association of Insurance Commissioners Convention Blank Annual Statement, as filed with the various state insurance commissioners and (c) 2013 year-end audited financial statements (collectively, the "**Financial Statements**") have been provided by Reinsurer to the Rehabilitator. The Financial Statements have been prepared in accordance with the accounting practices prescribed or permitted by the Louisiana Department of Insurance and the National Association of Insurance Commissioners in a manner consistent with prior periods

and fairly present the financial results of Reinsurer's operations for the periods ended on the dates indicated.

Section 13.6 **Absence of Undisclosed Liabilities**. Except for liabilities and obligations in the ordinary course of Reinsurer's business that are not material to its business or financial condition, Reinsurer has no liabilities or obligations of any nature (matured or un-matured, fixed or contingent) that are not provided for in the Financial Statements. All reserves established by Reinsurer and set forth in the Financial Statements are adequate to the best of Reinsurer's knowledge.

Section 13.7 **No Material Change**. There has been no material adverse change to the financial condition of Reinsurer since the preparation of the Financial Statements.

Section 13.8 **Survival of Representations and Warranties**. The representations and warranties of Reinsurer contained in this Article XIII and elsewhere in this Agreement shall survive the Closing until all of the liabilities reinsured and assumed have been discharged or have otherwise expired.

Article XIV

Approvals

Section 14.1 **Regulatory Approvals**. The obligation of the parties to consummate the transactions contemplated by this Agreement is contingent upon receipt of the approval of this Agreement from any appropriate regulatory authority of those jurisdictions that GGWLIC and Reinsurer reasonably determine is required by law.

Section 14.2 **Cooperation**. The parties shall assist and cooperate with each other by making all reasonable efforts to seek and obtain the foregoing and any other approvals GGWLIC and Reinsurer agree are necessary or advisable. Any expenses in connection with such approvals shall be borne by Reinsurer.

Article XV

Closing

Section 15.1 **Time and Location**. The closing of the transactions contemplated by this Agreement (“Closing”) shall take place at 11:00 a.m., Central Standard Time, on April 15, 2015 following the last to occur of the Conditions Precedent to Closing listed in Section 15.2 at the offices, at such other date, time, and location as GGWLIC and Reinsurer shall all agree (“Closing Date”).

Section 15.2 **Conditions Precedent to Closing**. The respective obligations of the parties to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions in addition to any conditions elsewhere specified in this Agreement. GGWLIC and Reinsurer may waive in writing any or all of these conditions in whole or in part, but no waiver of a condition will constitute a waiver by that party of any other conditions. The closing of the transactions contemplated by this Agreement will be deemed a waiver of the preconditions by

- a. The Court shall have entered an order that (i) approves the terms and conditions of and the transactions contemplated by this Agreement, (ii) acknowledges that Reinsurer has no obligation to pay Commissions in connection with the Transferred Policies, as provided in Article VIII and (iii) effectuates the moratorium described in Section 4.7.
- b. All regulatory approvals required by Section 14.1 have been obtained.
- c. All representations and warranties made by any party in this Agreement shall be true and correct in all material respects as of the Closing Date as if made at the Closing, except for changes in the usual and ordinary course of business that, individually and in the aggregate, does not affect materially the financial condition, business, or prospects of the party that made the representation or warranty that has changed. No party may avoid its obligations under this Agreement by asserting that its own representations and warranties are not true and correct in all material respects as of the Closing Date.
- d. There shall not exist any temporary restraining order, preliminary or permanent injunction, final judgment, law, or regulation prohibiting the consummation of this Agreement or, to the knowledge of any party, any pending litigation by any governmental authority or private party prohibiting or seeking to prohibit the consummation of this Agreement.

Section 15.3 **Deliveries of Reinsurer**. At the Closing, Reinsurer shall deliver or cause to be delivered to GGWLIC the following documents:

- a. A certificate executed by the President and Chief Financial Officer of Reinsurer that the representations and warranties of Reinsurer as set forth in the Agreement are true and correct as of the Closing Date, that all regulatory approvals required pursuant to Section 14.1 have been obtained and that there has been no material adverse change in the financial condition of Reinsurer since the Contract Date.
- b. Copies of corporate resolutions authorizing the execution, delivery, and performance of this Agreement by Reinsurer, certified by the Secretary of Reinsurer.

Section 15.4 **Deliveries of LLHIGA**. At the Closing, LLHIGA shall, as appropriate, deliver or cause to be delivered to Reinsurer the following documents:

- a. The Guaranty Assets calculated in accordance with Exhibit C, as revised or adjusted pursuant to this Agreement.

Section 15.5 **Deliveries of GGWLIC**. At the Closing, GGWLIC shall deliver or cause to be delivered to Reinsurer the following:

- a. A final order of the Court approving the terms and conditions of this Agreement, as contemplated by Section 15.2(a).
- b. A listing of the Transferred Policies and the payment obligations there under which are reinsured and assumed by Reinsurer.
- c. GGWLIC Assets calculated in accordance with Exhibit C as revised or adjusted pursuant to this Agreement.

Article XVI

Miscellaneous Provisions

Section 16.1 **Amendment**. This Agreement may be amended only by a writing executed by GGWLIC, Reinsurer and LLHIGA.

Section 16.2 **Assignment**. No party may assign this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of GGWLIC, LLHIGA and Reinsurer.

Section 16.3 **Broker Fees**. Each party hereby represents and warrants that it has not taken any action that would impose on any other party hereto liability for payment of any broker, finder or similar fee in connection with the origin, negotiation, execution, or performance of this Agreement.

Section 16.4 **Cooperation**. The parties agree that they will, from time to time, upon the request of any other party and without further consideration, execute, acknowledge, and deliver in proper form any further instrument and take such other action as may be required to carry out effectively the intent of this Agreement.

Section 16.5 **Counterparts**. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 16.6 **Entire Agreement; Merger**. This Agreement constitutes the entire understanding of the parties pertaining to the subject matter contained in this Agreement and supersedes all prior oral and written agreements, representations, and understandings of the parties.

Section 16.7 **Exhibits**. All Exhibits are hereby incorporated by reference into this Agreement as if they were set forth at length in the text of this Agreement.

Section 16.8 **Expenses**. Each party shall pay all of its own costs, fees, and expenses incurred or to be incurred in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

Section 16.9 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana, notwithstanding any state's choice of law rules to the contrary.

Section 16.10 **Headings**. The captions and headings of the articles and sections of this Agreement are included for purposes of convenient reference only and shall not affect the

construction or interpretation of this Agreement.

Section 16.11 **Jurisdiction**. Each party hereby consents to the exclusive jurisdiction of the Court to resolve any and all disputes among the parties arising out of or related, directly or indirectly, to this Agreement or any of the transactions contemplated hereby, and further covenants not to sue any other party in connection with such a dispute except in the Court. The parties further agree that service of process shall be effective if sent by certified or registered mail, return receipt requested, to the addresses shown in Section 16.12 of this Agreement.

Section 16.12 **Notices**. Any notice made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, if delivered personally or by facsimile transmission; on the day after transmittal, if sent by overnight delivery service; or on the third day after mailing, if mailed by certified mail, return receipt requested. Any notice must be properly addressed as follows:

GGWLIC and/or the Receiver:
Louisiana Department of Insurance
Division of Financial Solvency
P.O. Box 94214
Baton Rouge, LA 70821-9064

LLHIGA
Attention: Phyllis Perron, Executive Director
450 Laurel Street, Suite 1400
Baton Rouge, La. 70801

Reinsurer:

MAJESTIC LIFE INSURANCE COMPANY
Attention: Cecilia Roberts
1125 N. Claiborne Avenue
New Orleans, La. 70116

Copy to:

Michael Guy, Asst. Attorney General
State of Louisiana
Department of Justice

P.O. Box 94005
Baton Rouge, LA 70804-9005

Any party to this Agreement may change the address to which notice is to be delivered under this Section 16.12 by delivering written notice to that effect to GGWLIC, LLHIGA and Reinsurer, as appropriate, in accordance with this section.

Section 16.13 **Severability**. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable law or regulations, that provision shall not apply and shall be omitted to the extent so contrary, prohibited, or invalid; but the remainder of this Agreement shall not be invalidated and shall be given full force and effect insofar as possible.

Section 16.14 **Successors**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. All parties acknowledge that upon distribution of all estate assets, the Receiver may apply to the Court for a discharge in accordance with applicable law, and that any obligations of the Rehabilitator under this Agreement shall cease upon such discharge.

Section 16.15 **Waiver of Compliance**. The party for whose benefit a warranty, representation, covenant, or conditions intended may in writing waive any inaccuracies in the warranties and representations contained in this Agreement or waive compliance with any of the covenants or conditions contained herein and so waive performance of any of the obligations of the other parties and any defaults under this Agreement. A waiver shall not affect or impair, however, the waiving party's rights with respect to any other warranty, representation, or covenant or any default hereunder not specifically waived, nor shall any waiver constitute a continuing waiver.

Section 16.16 **Assignment; Assumption Reinsurance**. Without the prior written consent of the Rehabilitator during the three-year period commencing on the Closing Date, Reinsurer may not assign any or all of the Transferred Policies or enter into an assumption reinsurance agreement with respect to any or all of the Transferred Policies.

Section 16.17 **No Third Party Beneficiaries**. Nothing contained herein, express or implied, is intended to confer any rights or remedies on any persons other than the parties to this

Agreement. In addition, nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third party to any party to this Agreement.

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

**GERTRUDE GEDDES WILLIS LIFE
INSURANCE COMPANY IN
REHABILITATION**

By: *Nora J Postick*
Receiver *4-22-15*

REINSURER

By: *Cecilia H Robert*
Duly Authorized Officer *4-22-15*

LLIHGA

By: *Dyllis Perrow*
Duly Authorized Officer *4-22-15*