

Background and Frequently Asked Questions (FAQs) Regarding

Booker T. Washington Insurance Company, Inc. and Universal Life Insurance Company

as of June 2010

This does not apply to any policies reinsured to North Carolina Mutual or American Capital Insurance Company

BACKGROUND

Booker T. Washington Insurance Company, Inc. and Universal Life Insurance Company.

Booker T. Washington Insurance Company, Inc. ("BTW") is an insurance company domiciled in Alabama that was authorized to transact life and health insurance in 2 states (including Alabama and Tennessee).

Universal Life Insurance Company ("ULIC") is a wholly owned subsidiary of BTW. Universal is also domiciled in Alabama and was authorized to transact life and health insurance in 12 states (including – District of Columbia, AL, AR, CA, KS, LA, MS, MO, OK, TN, TX and VA).

On February 22, 2006, BTW was placed into Receivership in the Circuit Court of Jefferson County, Alabama, in case number CV-2006-01083 (the Receivership Court"). On April 24, 2009, ULIC was placed into Receivership by the Receivership Court in case number CV-2009-1256. The Receivership Court appointed Denise B. Azar, Esq., as Receiver for BTW and Universal. Efforts to rehabilitate BTW and Universal have been unsuccessful.

On May 5, 2010, both BTW and ULIC were placed into liquidation by the Receivership Court. The Liquidation Order has authorized the Receiver, Denise B. Azar, Esq., to liquidate the business and assets of BTW and ULIC.

FREQUENTLY ASKED QUESTIONS

Are claims being paid?

Yes. To the extent they are covered by a Guaranty Association, claims incurred prior to a policy's termination date will still be processed and paid. In addition, claims incurred after liquidation will also be paid per policy provisions to the extent covered by a Guaranty Association. **Claims should be submitted as usual**, and claimants will be notified if there is any problem. While the policies are still subject to review, it currently appears that most, if not all, of the benefit amounts under BTW and ULIC's policies are under the Guaranty Association statutory limits.

What is the claims approval process?

You will continue to submit your claims to BTW's (and Universal) claim department in Birmingham. BTW (and Universal) personnel will coordinate with the respective Guaranty Associations and will notify you if there are any questions or if additional information is needed to process your claim.

Will there be any delay in Claims being paid?

There will be an initial delay in paying claims after which covered claims will be paid in ordinary course of business. There should be no delay in payment of claims reinsured by North Carolina Mutual or American Capital Insurance Company.

Note that all claims paid by the guaranty associations will require a death certificate. In addition to the normal claim filing please remember to remit a death certificate.

Should I still pay my premiums?

It is vital that policyholders wishing to continue their coverage continue to pay their premiums. Once premium payments cease, only claims with service dates prior to the termination date will be provided coverage. If your payments are stopped your coverage may be limited or deleted entirely. At this time, there is no change to the method by which your premiums were being paid, so continue using the same payment method, including automatic electronic funds payments.

What about surrendering my policy?

Surrenders should be submitted as usual for processing and review. While the policies are still subject to review, it currently appears that most, if not all, of the benefit amounts under BTW and ULIC's policies are under the Guaranty Association statutory limits.

What if I change banks and want to continue automatic electronic funds payments?

Please submit the proper form supplied by BTW and ULIC and provide a blank voided check for applicable bank drafts. Send your request to the Receiver using the contact information below.

What if I need to change my address?

Any address changes must be received in writing. Once we receive your request, we will also have the accounting department update their records. Send changes to the Receiver using the contact information below.

What if I want to change my beneficiary?

Requests to change your beneficiary must be submitted on the proper form. Your request will be processed in accordance with the policy after it is received. Send changes to the Receiver using the contact information below.

What if my insurance policy has lapsed?

Any request for reinstatement of a policy needs to be submitted in writing. Your request will be processed and considered in accordance with the policy after it has been received. Send requests to the Receiver using the contact information below.

What if I want to take out a policy loan?

Requests to take out a policy loan must be received in writing. Requests will be processed and reviewed in accordance with the policy after they have been received. Send requests to the Receiver using the contact information below.

What if I want to repay an existing policy loan?

Policy loan repayments can be made to the Receiver on behalf of the Guaranty Associations and in accordance with the policy provisions. Contact the Receiver using the contact information below to coordinate a policy loan repayment.

Can BTW or ULIC accept applications for new insurance policies?

No. BTW and ULIC are not accepting applications for new policies.

What if I have a health insurance policy?

Prior to the Liquidation and pursuant to the Amended Rehabilitation Plan, the Receiver had commenced cancellation of many health insurance policies. If you received a notice of cancellation, that cancellation will still occur.

To the extent health insurance policies were not cancelled prior to the Liquidation Order, it is anticipated that the Guaranty Associations will commence cancellation of cancellable policies in accordance with the specific statutes applicable to the Guaranty Association coverage. If your health insurance policy is being cancelled, it is anticipated that you will receive notice of that cancellation shortly.

What if I want to cancel my insurance policy?

Requests to cancel your policy must be received in writing. Requests will be processed and reviewed in accordance with the policy after they have been received. Send requests to the Receiver using the contact information below.

How does liquidation work?

In liquidation, the efforts to rehabilitate BTW and ULIC terminate. Instead, the Receiver, Denise B. Azar, is authorized to liquidate the companies in accordance with the terms and provisions of the Alabama Liquidation Act and Ala. Code § 27-32-1 *et seq.* Accordingly, the Receiver works to conserve the remaining assets of BTW and ULIC and to develop and implement a claims process to determine the valid and appropriate liabilities of BTW and ULIC, among other things. The Liquidation Court has original jurisdiction of these insolvency proceedings. The Receiver,

as the Liquidator, has taken over all the powers of the directors, officers and managers of BTW and ULIC.

The Liquidation Order also triggered the Guaranty Associations to provide continuing coverage, subject to the applicable statutory limitations. The Guaranty Associations administer the policy obligations and provide the insurance benefits including paying claims. In order to receive continuing coverage, it is critical that policyholders continue to pay premiums. The Guaranty Associations will not be able to provide continuing coverage for any policyholders that fail to pay premiums as required by the insurance policy.

What is a Guaranty Association?

State life and health insurance guaranty associations are entities (in all 50 states as well as Puerto Rico and the District of Columbia) created by the respective state statutes to protect policyholders of an insolvent insurance company, typically in that individual state. All insurance companies licensed to sell life or health insurance in a state must be members of that state's Guaranty Association. To the extent assets of insolvent insurers such as BTW or ULIC are insufficient to fund Guaranty Association obligations, the Guaranty Associations may assess the member insurance companies, subject to certain limitations.

In general, Guaranty Association coverage is limited to companies that were licensed to write business in the state at the time the company was declared insolvent. However, the Guaranty Association in the state of domicile of the liquidated insurance companies, in this case Alabama, will often step in to cover a certificate holder located in a state where the failed insurer was not licensed. The Guaranty Association in Alabama has this provision, so it may provide continuing coverage to any policyholders who reside in states where the companies were not licensed.

What are the coverage limits of the Guaranty Associations?

While Guaranty Associations provide protection to all covered policyholders in their respective states, there are limits to this protection (much like the FDIC's protection of banking consumers, guaranty association protections are not unlimited). These limits, which are determined according to specific state law, typically are \$100,000 in cash value and \$300,000 for life insurance death benefits.

Who should I contact if I have questions about my contract or want an update?

If you have questions, you can contact the Receiver at:

PO Box 697

Birmingham, AL 35201

205-328-5454

For more information on Guaranty Associations, go to www.nolhga.com.

If you are an Alabama resident, contact information for the Alabama Life and Disability Insurance Guaranty Association is as follows:

Alabama Life and Disability Insurance Guaranty Association

6 Office Park Circle, Suite 200

Birmingham, AL 35223

Phone: (205) 879-2202

Fax: (205) 879-2292

Email: dcarley@bellsouth.net

Web page: www.allifega.org