Western United Life Assurance Company

INTRACOMPANY SERVICE
AGREEMENT

THIS INTRACOMPANY SERVICE AGREEMENT (the "Agreement") is made and entered into as of December 31, 2013 by and between **CENTRAL UNITED LIFE INSURANCE COMPANY** ("Central"), an Arkansas domiciled life insurance company, and **WESTERN UNITED LIFE ASSURANCE COMPANY** ("WULA"), a Washington domiciled life in insurance company that is an "affiliate" of Central.

WHEREAS, WULA desires Central to provide certain Administrative Services for WULA in its insurance operations and contemplates that such arrangement will achieve certain operating economies and improve services;

WHEREAS, Central is experienced in providing such Administrative Services;

WHEREAS, WULA and Central wish to identify the Administrative Services to be rendered to WULA by Central and to provide a method of determining the charges to be made to WULA; and

WHEREAS, Central and WULA wish to assure that all charges for services and the use Facilities incurred hereunder are reasonable, and to the extent practicable, reflect actual costs and are arrived at in a fair and equitable manner, and that estimated costs, whenever used, ·are adjusted periodically to bring them into alignment with actual costs;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE 1
PERFORMANCE OF SERVICES

1.1. Performance of Services.

1.1.1. All underwriting and claims services provided to WULA are to be based upon written criteria, standards, and guidelines of WULA. WULA shall have the ultimate and final authority over decisions and policies that include but are not limited to: the acceptance, rejection or canceling of risks: and the payment or non-payment of claims.

1.1.2. Central agrees to perform the services set forth below for WULA. The services shall be performed in such places at such times and for such periods as WULA may from time to time reasonably request.

1.2. Performance Standards. Central covenants and agrees that when such Administrative Services are performed for or on behalf of WULA by Central, it will utilize the best of its knowledge, skill and judgment in providing such Administrative Services to WULA, and shall perform its obligations hereunder in accordance with applicable laws and regulations and prudent standards of care that are reasonable and customary in the life insurance industry. Without limitation of the foregoing, Central covenants and agrees:

1.2.1. To employ and maintain in its employment a competent and experienced staff of qualified

and trained personnel to perform fully and adequately its duties and responsibilities under this Agreement, and to provide adequate office supplies, materials and equipment for the use of its employees in rendering Administrative Services under this Agreement.

1.2.2. To comply with all laws applicable to the providing of Administrative Services under this Agreement, including, without limitation, unfair claims practices laws.

1.3. Communications with Policyholders. All communications with policyholders of WULA shall be in the name of WULA. Central agrees to establish a toll-free telephone number for responding to inquiries from WULA policyholders which will be answered "Western United Insurance Company." All correspondence will be on WULA letterhead: WULA will provide check stock for use by Central in payment of claims and refunds of premium for WULA policyholders.

1.4. Notification. Central shall forward promptly to WULA all notices and other written communications received by or served upon Central relating to the Administrative Services, including, without limitation: (a) all inquiries or complaints from state insurance regulators, agents, brokers, insureds and (b) all notices of claims, suits, and actions for which Central receives service of process.

1.5. Records.

1.5.1. Central agrees to maintain all records required by law, including records with respect to claims, applications, rating, underwriting marketing, policies, complaints, finances, and producer licensing records. All of such records shall be maintained for the term of this Agreement. All records generated by Central under this Agreement shall be and remain the property of WULA and shall be returned to WULA when requested by WULA and upon termination of this Agreement. Without limiting the generality of the foregoing, Central shall maintain books and records of any communication with any regulatory authority, complaint logs, and all data used by Central in the performance of Administrative Services required under this Agreement. WULA shall, at all times, have complete access to WULA records maintained by Central.

1.5.2. All books, records. and .files established and maintained by Central by reason of its performance under this Agreement that, absent this Agreement, would have been held by WULA, shall be the property of WULA, and shall be subject to examination by WULA and persons authorized by WULA at all times. Central must be provided with at least one business day's prior notice for any such examination that is not to occur during normal business hours. WULA may at any time require Central to surrender possession of books, records and files, whereupon Central shall promptly deliver them to WULA. After such delivery, Central shall have no obligation with respect to the continued maintenance of such books, records, and files. Central'1s sole responsibility after such delivery shall be to assist in facilitating the transfer of such books, records, and files. Central is authorized to make all such books, records, and files of WULA readily available to all insurance regulatory agencies for review and examination.

1.5.3. If Central's electronic system that created and maintains such records is to be replaced by a system with which the records would be incompatible, then such pre- existing records shall be converted to a format that is compatible with the new system.

1.5.4. Central shall maintain acceptable backup (hard copy or any other durable medium).

ARTICLE 2
ADMINISTRATIVE SERVICES AND FACILITIES

2.1. Personnel. Central shall make available to WULA all personnel necessary or appropriate to provide the Administrative Services to WULA covered under this Agreement.

2.2. Accounting and Financial Management Services.

2.2.1. Central shall provide accounting services as may be required, including preparation and maintenance of the financial statements and reports including without limitation, annual statements on a statutory basis and tax returns, and the preparation and processing of the related financial records and transactions of WULA. Central is authorized to prepare and verify other reports required by applicable laws or regulations. Central is further authorized 1 at the request of WULA or its attorneys, to represent WULA as to all matters of taxation growing out of the business of WULA, whether Federal, State, or otherwise. ·When requested by WULA, Central) is authorized to retain the services of independent accounting firms or independent law firms to provide accounting or tax services to WULA.

2.2.2. WULA shall arrange a bank account or bank accounts with banking institutions selected by, WULA. Central is authorized to deposit therein monies of WULA or monies payable to WULA and to draw checks, drafts, or other orders for the payment of money therefrom, signed by two signatories who will be WULA officers, and to do all things necessary or appropriate with regard thereto. The banking institution shall be either a member of the Federal Reserve System or a Washington chartered Bank. There shall be no commingling of the funds of Central with the funds of WULA in such accounts. A lock box will be established for receipt of all premiums payable to WULA.

2.2.3. In addition to the financial services outlined above, Central shall provide or arrange financial management services for WULA with respect to: (a) billing and collections systems; (b) preparation of budgets, rates, and rates increase submissions to state authorities; and (c) tax preparation services.

2.3. Facilities. Central shall furnish all office space, furniture, fixtures, and equipment, including, without limitation, data processing and communications equipment ("Facilities") necessary or appropriate to provide the Administrative Services to WULA required to be performed by Central under this Agreement.

ARTICLE 3
OTHER SERVICES

3.1 Marketing. Central is authorized to provide or arrange for WULA marketing services with respect to: (a) preparation of literature, handbooks,· and advertisements; (b) joint promotional efforts with affiliated or third parties.

3.2 Agency Development. Central shall be authorized to appoint producers and to revoke the appointment of such producers and to provide any reports required of WULA in connection with the appointment of such producers. Central is authorized to pay any appointed producer's licensing fees out of

WULA funds.

3.3 Planning. Central shall as and when required by WULA provide or arrange for WULA planning services with respect to market studies and preparation of necessary applications to regulatory agencies.

3.4 Purchasing. Central shall as and when required by WULA consult with WULA or provide services to WULA regarding the purchase and development of a centralized purchasing system in conjunction with Central and WULA subsidiaries and affiliates.

3.5 Personnel Services. Central shall as and when required by WULA consult with WULA or provide services to WULA regarding employee recruitment and other personnel matters.

3.6 Information Systems. EDP. and Reporting.

3.6.1 Central shall as and when required by WULA consult with WULA or provide services to WULA regarding the general development of useful informational systems and reports for management or regulatory authorities.

3.6.2 Subject to the terms (including any limitations and restrictions) of any applicable software or hardware licensing agreement then in effect between Central or its affiliates and any licensor, Central shall, upon termination of this Agreement, grant to WULA a perpetual license, without payment of any fee, in any electronic data processing software developed by or used by Central or its affiliates in connection with the services provided to WULA hereunder, provided that such software is not commercially available and is necessary, in WULA's reasonable judgment, for WULA to perform, subsequent to termination of this Agreement, the functions performed by Central hereunder.

3.7 Legal Proceedings. Central shall provide or arrange to provide to WULA legal assistance. Central is authorized to appear before all courts, consuls and officers or tribunals to acknowledge all such documents that Central have executed by virtue of this Agreement as and for the act and deed or acts and deeds of WULA and generally to do perform and execute all such further and other acts matters and things in the premises as may be necessary or expedient. Central is authorized to retain the services of independent law firms to represent WULA in connection with WULA operations and to pay the fees of such firms out of WULA funds.

3.8. Government and Public Relations. Central shall consult with WULA regarding: (a) communications with local, state, and federal government legislative and regulatory bodies; and (b) assistance with communicating with the media and public-at-large.

3.9 Leases. Central, with WULA prior written approval, may execute and deliver any lease or leases, and sign any notices or writings that may be requisite for the purposes aforesaid on any of them.

3.10 Scope. All services to be provided hereunder may be performed within or without the State of Washington as reasonably required to service the insurance business of WULA. Central is authorized to take all such actions as may be necessary to effectuate and carry out the terms and provisions of this Agreement.

ARTICLE 4
COMPENSATION

4.1 Basic Compensation. In consideration of the personnel and Administrative Services furnished by Central to WULA under this Agreement, WULA agrees to pay Central the actual cost of providing services.

4.2 Statements. On or before the thirtieth (30th) day after the end of each calendar quarter during the term of this Agreement, Central will provide WULA a statement of fees and expenses for Administrative Services rendered by Central to WULA during the preceding calendar quarter, which shall be paid by WULA to Central on or before the end of the month in which such statement was rendered. The quarterly statements may include amounts estimated by Central, and such estimated amounts shall be reconciled with actual fees and expenses determined by Central on or before February 15 in each calendar year for the prior calendar year, and the estimated amounts shall be adjusted to actual costs and expenses.

4.3 Records Audit. The books, accounts, and records of each of the parties to this Agreement shall be so maintained as to clearly and accurately disclose the nature and details of the services rendered under this Agreement, including such accounting information as is necessary to support the reasonableness of the fees and expenses paid to Central by WULA. Expenses incurred and payment received by the parties shall be allocated in conformity with customary insurance accounting practices consistently applied. WULA may, within sixty (60) days of the submission of any quarterly billing statement furnished WULA by Central, audit such statement for the purpose of determining whether amounts charged to WULA are a ppropriate1y chargeable to WULA. Central shall cooperate with WULA in connection with any such audit, which shall be completed within sixty (60) days after its initiation. If such audit indicates the need for any adjustment of the amounts charged by Central to WULA, WULA shall propose to Central, in writing, any adjustments deemed appropriate and the reasons therefore, supp01ted in reasonable detail, and tender to Central the amount of the quarterly statement, less any proposed adjustments. If Central agrees to the proposed adjustments, the statement for the quarter shall be adjusted accordingly. If Central disagrees with the adjustments, it shall negotiate with WULA a fair and equitable resolution of such dispute; if such resolution cannot be reached between Central and WULA, the dispute shall be resolved by the independent public accountants for WULA, whose decision shall be final and binding upon the parties. Any statement (or part thereof) not disputed as .to correctness by WULA (or as to which an audit has not been completed) within the applicable sixty (60) day period provided in this Section 4.3 shall thereafter be conclusively deemed correct for all purposes.

ARTICLE 5
TERM AND TERMINATION

5.1 Term. This Agreement shall ·commence on December 31, 2013, and continue in force until the first to occur of:

5.1.1. The mutual written consent of the parties hereto, which writing shall state the effective date of termination and shall set forth in reasonable detail the procedures for transferring the Administrative Services to the WULA or the WULA's designee.

5.1.2 Written notice to the Central, at the option of the WULA, upon the occurrence of any of the following events:

(1) The Central becomes subject to dissolution, liquidation, bankruptcy, or receivership, or if creditors of the Central take over its management, or if the Central otherwise enters into any arrangement with creditors, or makes an assignment for the benefit of creditors, or if any significant part of the Central's undertakings or property is impounded or confiscated by action of any Governmental Authority.

(2) January 1, 2019

5.1.3 Renewal Term. This Agreement shall automatically renew successive terms of three (3) years each, provided that either the Central or WULA may terminate automatic renewals by giving one hundred eighty (180) days written notice to the other party prior to each term.

5.1.4 Following any termination of this Agreement, the Central shall cooperate fully with the WULA in effecting the prompt transfer of the Administrative Services, turning over the authority exercised over the bank accounts and lockboxes by the Central hereunder and transfer the books and records to the WULA or the WULA's designee, so that the WULA or its designee will be able to perform the services required under this Agreement without interruption following any such termination.

5.1.5. The WULA shall pay any out-of-pocket cost arising as a result of such termination, including, without limitation: (i) the cost of transitioning the Administrative Services to a substitute provider or the WULA; (ii) any fees paid to any such substitute provider;
and (iii) any costs incurred by the Central with respect to the Administrative Services after termination of this Agreement.

ARTICLE 6
INABILITY TO PERFORM SERVICES; ERRORS

6.1 Inability to Perform Services. In the event that Central shall be unable to perform the Administrative Services as required by this Agreement for any reason for a period that can reasonably be expected to exceed three (3) business days, Central shall cooperate with WULA in obtaining an alternative means of providing such services. Central will be responsible for all costs incurred in either restoring services or obtaining an alternative source of services.

6.2 Errors. Central shall, at its own expense, correct any errors made in the providing of the Administrative Services caused by it within a reasonable time after receiving notice thereof from WULA or otherwise.

ARTICLE 7
INDEMNIFICATION

7.1 Indemnification.

7.1.1 Central agrees to indemnify and hold harmless WULA and any of its directors, officers,

employees, agents or affiliates from any and all losses, costs, claims, demands, compensatory, extra contractual and/or punitive damages, fines and penalties (collectively, “WULA Losses") arising out of or caused by: (i) fraud, theft or embezzlement by officers, employees or agents of Central during the term of this Agreement; (ii) the failure, either intentional or unintentional, of Central, or any of its directors, officers, employees or agents to perform properly the Administrative Services or take any actions required to be taken by Central under this Agreement; (iii) any other negligent act or willful misconduct committed by any officer, agent or employee of Central during the term of this Agreement; or (iv) any failure of Central to comply with applicable laws, rules and regulations during the term of this Agreement; provided. however, that if any of the actions set forth in (i) through (iv) above are taken or caused by an officer, agent or employee of WULA who is also an officer, agent or employee of Central, then the right to indemnification provided in this Section 7.1.1 shall not apply.

7.1.2 WULA agrees to indemnify and hold harmless Central and any of its directors, officers, employees, agents or affiliates from any and all losses, costs, claims, demands, compensatory, extra contractual and/or punitive damages, fines and penalties (collectively, "Central Losses") arising out of, or caused by: (i) fraud, theft or embezzlement by officers, employees or agents of WULA during the term of this Agreement; (ii) any other negligent act or willful misconduct committed by any officer, agent or employee of WULA during the term of this Agreement; (iii) any failure by WULA to comply with applicable laws, rules and regulations during the term of this Agreement: or (iv) the following by Central of WULA's instructions with respect to the Administrative Services provided by Central hereunder; provided. however, that if any of the actions set forth in (i) through (iv) above are taken or caused by an officer, agent or employee of WULA who is also an officer, agent or employee of Central, then the right to indemnification provided in this Section 8. 1.2 shall not apply.

7.2 Notice of Asserted Liability. In the event that either party hereto asserts a claim for indemnification hereunder, such party seeking indemnification (the "Indemnified Parry") sha11 give written notice to the other party (the "Indemnifying Party") specifying the facts constituting the basis for, and the amount (if known) of the claim asserted.

7.3 Right to Contest Claims of Third Parties.

7.3.1 If an Indemnified Party asserts, or may in the future seek to assert, a claim for indemnification hereunder because of a c)aim or demand made, or an action, proceeding or investigation instituted, by any Person not a party to this Agreement (a "Third Parry Claimant") that may result in a Central Loss with respect to which Central may be entitled to indemnification pursuant to Section 7.1.1 hereof or a WULA Loss with respect to which WULA may be entitled to indemnification pursuant to Section 7.1.2 hereof (an "Asserted Liability"), the Indemnified Party shall so notify the Indemnifying Party as promptly as practicable but no later than ten (I0) business days after ..such Asserted Liability is ·actually known to the Indemnified Party. Failure to deliver notice with respect to an Asserted Liability in a timely manner shall not be deemed a waiver of a the Indemnified Party’s right to indemnification for Central Losses or WULA Losses, as the case may be, in connection with such Asserted Liability but the amount of reimbursement to which the Indemnified Parry is entitled shall be reduced by the amount, if any, by which the Indemnified Party's loss reduction if such notice had been timely delivered.

7.3.2 The Indemnifying Party shall have the right, upon written notice to the Indemnified Party, to

investigate, contest, defend, or settle the Asserted Liability; provided that the Indemnified Party may, at its option and at its own expense, participate in the investigation, contesting, defense, or settlement of any such Asserted Liability through representatives and counsel of its own choosing. The failure of the Indemnifying Party to respond in writing to proper notice of an Asserted Liability within ten (10) days after receipt thereof shall be deemed an election not to defend the same. Unless and until the Indemnifying Party elects to defend the Asserted Liability, the Indemnified Party shall have the right, at its option and at the Indemnifying Party's expense, to do so in such manner as it deems appropriate, including, but not limited to, settling such Asserted Liability (after giving notice of the settlement to the Indemnifying Party) on such terms as the Indemnified Party deems appropriate.

7.3.3 Except as provided in the immediately preceding sentence, the Indemnified Party shall not settle or compromise any Asserted Liability for which it seeks indemnification hereunder without the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld) during the ten-day period specified above.

7.3.4 The Indemnifying Party shall be entitled to participate in (but not to control) the defense of any Asserted Liability which it has elected, or is deemed to have elected, not to defend, or which it does not have the right to defend under Section 8.3.2, with its own counsel and its own expense.

7.3.5 Except as provided in the first sentence of Section 8.3.2, the Indemnifying Party shall bear all cost of defending any Asserted Liability and shall indemnify and hold the Indemnified Party harmless against and from all costs, fees, and expenses incurred in connection with defending such Asserted Liability.

7.3.6 Central and WULA shall make available each other all relevance information in their possession relating to any Asserted Liability (except to the extent that such action would result in a loss of attorney-client privilege) and shall cooperate with each other in the defense thereof.

7.4 Indemnification Payments. Any payment hereunder shall be made by wire transfer of immediately available funds to such account or accounts as the Indemnified Party shall designate to the Indemnifying Party in writing.

ARTICLE 8
MISCELLANEOUS

8.1. Scope of Agreement. This Agreement constitutes an agreement by Central to provide certain personnel and certain Administrative Services to WULA, and does not constitute, nor shall it be construed as, a contract or agreement granting Central the authority to manage or direct the management and policies of WULA. The power to direct the management of the business and policies of WULA shall, at all times, remain with the Board of Directors and, to the extent delegated by such board, by the designated officers of WULA. Central acknowledges and agrees that any and all actions taken by Central under this Agreement shall be subject to the continuous supervision and direction of the Board of Directors of WULA.

8.2 Services to Other Affiliates. WULA acknowledges and agrees that, during the term of this Agreement, Central may enter into other agreements or arrangements with other affiliates of Central and WULA, and may provide Administrative Services of the types described in this Agreement to such other affiliates of Central and WULA; certain officers, directors and employees of Central may render services to such other affiliates of

Central and WULA; and the Facilities used by Central in providing Administrative Services to WULA under this Agreement may also be used by Central in providing administrative services to such other affiliates of Central and WULA.

8.3 Licensing. Central hereby represents and warrants to WULA that it has all licenses, qualifications, and other authorizations necessary to provide the Administrative Services to or on behalf of WULA. At all times during the term of this Agreement, Central shall maintain in force and effect all licenses, qualifications, and other authorizations necessary under applicable law to provide the Administrative Services to or on behalf of WULA. Central agrees to provide WULA with copies of any such documents upon request.

8.4 Independent Contractor. In performing its obligations under this Agreement, Central shall be an independent contractor. Nothing contained herein, and no action taken pursuant to this Agreement, shall be construed as establishing a partnership, joint venture or other relationship between Central, on the one hand, and WULA, on the other hand.

8.5 Confidentiality of Proprietary Information. Central acknowledges and agrees that, during the term of this Agreement, WULA and its agents, employees and representatives may obtain or have access to certain information that may be deemed proprietary and confidential by Central. Likewise, WULA acknowledges and agrees that, during the term of this Agreement, Central and its agents, employees and representatives may obtain or have access to certain information that may be deemed proprietary and confidential by WULA. Each of the parties agrees that any such information designated as proprietary by any other party hereto shall be maintained by the other parties hereto on a strictly confidential basis, will be used solely for the purposes contemplated herein, and will be disclosed only to those of the parties' respective agents, employees and Representatives who require such information for purposes' of the performance of such party's obligations hereunder, or as may be required by applicable laws and- regulations:

8.6. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this: Agreement shall remain in full force and effect. The parties shall endeavor in good faith negotiations to replace an invalid, illegal or, unenforceable provision with a valid, legal and enforceable provision, the effect of which comes as close as possible to the substance of the invalid, illegal or unenforceable provision.

8.7 Entire Agreement. This Agreement constitutes the entire agreement and understanding and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

8.8 Assignment. This Agreement shall not be assignable or otherwise transferable by Central, on the one hand, or by WULA on the other hand, without the prior written consent of the other, and any purported assignment or other transfer without such consent shall be void and unenforceable. Central may not subcontract for the performance of any Administrative Services that Central is to provide hereunder, except as permitted in writing by WULA. Subject to the foregoing, this Agreement shall inure to the benefit of the legal successors and assigns of the parties hereto.

8.9 Change in Status. Central shall notify WULA of any "change of control" filing, the adoption of any plan to liquidate, merge, or dissolve Central, or of any proceeding or lawsuit which affects Central's ability to perform this Agreement, including without limitation insolvency or rehabilitation proceedings.

8.10 Amendments and Waivers. This Agreement may not be amended, supplemented, or discharged, and

none of its provisions may be modified, except expressly by an instrument in writing signed by the party to be charged. Any term or provision of this Agreement may be waived, but only in writing by the party which is entitled to the benefit of that provision. No waiver by any party of any default with respect to any provision, condition or requirement hereof shall be deemed to be a continuing waiver in the future thereof or a waiver of any other provision, condition or requirement hereof; nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

8.11 Counterparts. This Agreement may be executed in one or more counterparts, which together shall constitute one instrument. It shall not be necessary for each party to sign each counterpart so long as each party has signed at least one counterpart.

8.12 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas without regard to the provisions thereof pertaining to the principles of conflict of laws.

8.13 Non·Exclusivity. Central reserves the right to contract with third parties to provide some or all of the services that are the subject of this Agreement.

9.14 Arbitration. Any controversy or claim ·arising out or related to this Agreement or the breach thereof, shall be settled by arbitration in accordance with the American Arbitration Association and the Expedited Procedures thereof, and judgment upon the award rendered by the Arbitrator may be entered in any Court having jurisdiction thereof. Unless otherwise agreed to by the parties, the arbitration shall take place in Spokane, Washington. A party to this Agreement may invoke this arbitration provision by giving written notice to the other party of its intent to arbitrate at least thirty (30) days before any arbitration proceeding may be demanded. If after said thirty (30) day period a mutually agreed solution is not achieved, then either party may demand that the dispute(s) in question be arbitrated. The arbitration will be conducted by a single arbitrator chosen by the parties in accordance with the above rules. The Arbitrators shall be an active or retired executive officer of a life insurance company. In no event shall any demand for arbitration be made after the date on which the legal or equitable claim would be barred by the applicable statute of limitations nor shall any arbitrator have the jurisdiction, power of authority to award any damages excluded under this Agreement or otherwise not available in the court with jurisdiction.

8.14. Contact Person. The contact person for WULA is Dan George, CEO. The contact person for Central is John McGettigan, Sr. Vice President.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CENTRAL UNITED LIFE INSURANCE COMPANY

By:_____

WESTERN UNITED LIFE ASSURANCE COMPANY

By:_____