

**Why are you assessing my policy?**

Due to ACA's prior operating losses and legacy obligations, the outcome of a lengthy dispute with federal and provincial taxing authorities in Canada with respect to historic income tax obligations of ACA, and the expenses associated with the protracted rehabilitation, including the dispute with Canada, ACA must have additional capital and surplus in order to effectuate the assumption of the policies by Royal Arcanum, which the Rehabilitator believes is in the best interests of pre-need policyholders.

As a nonprofit fraternal benefit association, ACA's board of directors has concluded, based upon the advice and recommendation of the Rehabilitator, that the only practical source of surplus is assessments on members. This assessment is needed to ensure the protection of the policyholders. If an additional assessment had not been put in place, the Rehabilitator would have likely been forced to convert the rehabilitation proceeding into one of liquidation, which would effectively terminate the life insurance policies and convert policyholders into preferred creditors of ACA with a claim equal to the amount of their cash surrender value. Such an outcome would have halted claims payments for an indeterminate period of time and left uninsurable policyholders without insurance.

**How does the current assessment relate to prior assessments?**

In 2007, ACA imposed an assessment of 12% on pre-need policies. This assessment was replaced by a 25% assessment on almost all ACA policies in September 2008. The policies transferred to Royal Arcanum in the first transaction in April 2009 were transferred subject to this 25% assessment, which was made permanent.

The current assessment results in a further increase in the aggregate amounts of assessments from 25% to 40%. These assessments are cumulative, meaning that the total assessment applicable to all pre-need policies is now 40%.

**What benefits are payable upon my death?**

This assessment will result in a forty percent (40%) proportionate reduction in benefits payable under your policy. In other words, while the assessment is in place, ACA will pay 60% of the amount of any death claims received on or after April 1, 2011. Upon the assumption of your policy by Royal Arcanum, Royal Arcanum will likewise pay 60% of the amount of any death claims received.

**Can I surrender my policy?**

Yes.

A moratorium had been in place with respect to the surrender of policies and with respect to new policy loans from September 2008 until April 22, 2011. This moratorium has been lifted as to surrenders, and you may surrender your policy to ACA at any time prior to the closing date of the assumption of your policy by Royal Arcanum. If you elect to surrender your policy during this period, your payment will equal the cash surrender of your policy reduced by 40%. In other words, you will receive 60% of the cash surrender value.

If you surrender after your policy is assumed by Royal Arcanum, the cash surrender value will similarly be reduced by 40%.

**Are there any alternatives to an assessment? For instance, if I turn in my policy will I get my money back?**

This assessment will result in a forty percent (40%) proportionate reduction in benefits payable under your policy. In other words, if you decide to cash in your policy to claim the Cash Surrender Value (if your policy indeed has accrued a cash surrender value) you will be paid only the Cash Surrender Value, less any applicable assessment amount. Please be advised that any policy surrender would have to be elected during the surrender period referenced above.

**How long will the assessment last?**

This assessment is permanent.

If additional funds are available after all other obligations of ACA are resolved, certain of these remaining funds will be paid to Royal Arcanum for the benefit of ACA policyholders. However, at this time, there can be no assurance that additional funds will remain.

**Will the assumption of my policy by Royal Arcanum affect my rights as a policyholder?**

No. You will continue to have all of the same rights and obligations; however, Royal Arcanum and not ACA will assume the obligations to you under the policy. Your policy will remain subject to the 40% assessment upon transfer to Royal Arcanum, and this reduction will be permanent.

**How will I know when my policy has been assumed by Royal Arcanum?**

Assuming you do not elect to surrender your policy during the surrender period referenced above, you will receive a Certificate of Assumption from Royal Arcanum evidencing the assumption of your policy by Royal Arcanum.

**What if I have questions about my policy after it has been assumed by Royal Arcanum?**

Once your policy has been assumed by Royal Arcanum, all payments, notices, inquiries and other communications should be directed to Royal Arcanum by mail at Supreme Council of the Royal Arcanum, 61 Batterymarch Street, Boston, MA 02110, or by phone at 1-888-272-2686.

**What will the dividend or interest rate on my policy be during the period of the assessment?**

The board of directors of ACA set the dividend rate for pre-need policies at zero percent (0%) in 2006 until further notice.