



P.O. Box 989, Manchester, NH 03105 603.625.8577 800.222.8577 Fax: 603.625.1214 www.aca-assurance.org  
ACA is a Fraternal Life & Health Insurance Benefit Society Established in 1896 as Association Canado-Américaine

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### IMPORTANT NOTICE

**ACA Assurance (“ACA”) was placed in Rehabilitation on September 8, 2008 by order of the New Hampshire Superior Court, Merrimack County (the “court”), and the New Hampshire Insurance Commissioner was appointed Rehabilitator (the “Rehabilitator”). The Board of Directors of ACA and the Rehabilitator have imposed an assessment of 25% against the face value of your life insurance policy or annuity policy issued by ACA. Please read this communication in its entirety, including the Questions and Answers attached. If after reading this letter you have any unanswered questions, you may visit ACA’s website which has a new section addressing the assessment at: [www.aca-assurance.org](http://www.aca-assurance.org). Finally, you can speak to an ACA representative at 1-800-222-8577.**

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September 19, 2008

Member/Agent Name  
Member /Agent street  
Member/Agent State

Dear Member/Agent:

Due to the substantial size of operating losses during 2008 and because ACA’s reserves have been impaired, a twenty-five percent (25%) assessment is being imposed upon your ACA policy effective as of September 8, 2008.

This assessment was authorized by the board of directors of ACA, the Rehabilitator and the Court. As a fraternal benefit association, ACA is authorized under both New Hampshire law and under ACA’s own Constitution and By-laws to place an assessment on the face value of any policy it has written with its members. These assessments are required to maintain the financial condition of ACA Assurance as a Fraternal Benefit Society.

***ACA is not demanding that you pay this or any amount. In fact, the Rehabilitator of ACA is asking that you not pay this amount.*** Instead, the assessment, while it remains in place, will either: (i) constitute an indebtedness against the certificate; or (ii) lower the benefits payable by ACA under your certificate. The Rehabilitator has not determined which election will apply, but either election will have the effect of reducing or offsetting the payment that would otherwise be made to you under your ACA policy. You will not need to pay any additional amount to ACA or to the Rehabilitator. The assessment will apply to any claims, annuity distributions, loans or policyholder surrenders.

ACA and the Rehabilitator are aggressively investigating options to protect the interests of members going forward. We will provide additional information in the future.

For additional information and answers please log onto our internet Web-Site at: [aca-assurance.org](http://aca-assurance.org) or call our special call center at 1-800-222-8577. A copy of this letter is also being mailed to agents and producers and, with respect to pre-need policies, the appropriate funeral director.

Fraternally,

Pauline L. Lally  
President/CEO

John R. Milnes  
Chief Financial Officer

## FREQUENTLY ASKED QUESTIONS

### **Why are you assessing my policy?**

Due to recent operating losses, ACA must have additional capital and surplus. As a nonprofit fraternal benefit association, ACA's board of directors has concluded that the only practical source of surplus is assessments on members. This assessment is needed to ensure the protection of the policyholders. If an assessment had not been put in place, the Rehabilitator would have been forced to withhold immediately an even greater percentage of claims payments.

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

This assessment will result in a twenty-five percent (25%) proportionate reduction in benefits payable under your policy. In other words, while the assessment is in place, ACA will pay 75% of the amount of any death claims.

### **What is the effect of the assessment on my annuity?**

The face value of your annuity will be reduced by twenty-five percent (25%). In order to maintain the duration of the income stream, the amount of any periodic payment you receive will also likely be reduced by 25%.

### **Can I surrender my policy?**

There is currently a moratorium in place with respect to the surrender of policies and with respect to new policy loans. If this moratorium is lifted, the assessment would reduce the amount of any available surrender amounts or loan amounts.

### **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 twenty-five percent (25%) 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 there is currently a moratorium in effect with respect to policy loans and surrenders.

### **How long will this last?**

This assessment will remain in place indefinitely.

### **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. As to other dividend or interest rates, please contact ACA. For annuities, it is anticipated that the assessment will apply to both current and prior accrued interest and principal.

### **What effect will there be on agents or producers?**

Please contact ACA at 1-800- 222-8577 to discuss.