

Bureau canadien :

142, rue Heriot - C.P. 696
Drummondville (Québec) J2B 6W9
Tél. : 1 866 441-7224
Télec. : 819 474-1990
www.aca-assurance.com

**Canadian Office:**

142, Heriot Street - P.O. Box 696
Drummondville (Québec) J2B 6W9
Phone : 1 866 441-7224
Fax : 819 474-1990
www.aca-assurance.com

Reference Number : AC0000000000 - 000000

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 issued by ACA. Please read this communication in its entirety, including the Questions and Answers on back. 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. Finally, you can speak to an ACA representative at 1-866-441-7224.

September 19, 2008

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, 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 or call our special call center at 1-866-441-7224. A copy of this letter is also being mailed to your agent.

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.

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 effect will there be on agents or producers?

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