



NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY IN REHABILITATION

February 15, 2019

To the Policyholders of North Carolina Mutual Life Insurance Company

On December 3, 2018, North Carolina Mutual Life Insurance Company (“NC Mutual” or “Company”), was placed in rehabilitation by order of the Superior Court of Wake County, North Carolina, with the consent of the Board of Directors of NC Mutual. Initially the Rehabilitation Order was confidential and sealed by order of the Court. On February 1, 2019, an order was entered by the Superior Court of Wake County to unseal the court file.

Pursuant to the Rehabilitation Order, North Carolina Insurance Commissioner Mike Causey serves as Rehabilitator and he has appointed Jackie Obusek, Senior Deputy Insurance Commissioner and Jeffrey A. Trendel, Deputy Insurance Commissioner, to serve as Special Deputy Rehabilitators to act for him in the rehabilitation.

The Consent Order of Rehabilitation is available on the North Carolina Department of Insurance website at: http://ncdoi.com/FAR/Regulatory_Actions.aspx. A copy of the Order of Rehabilitation can also be obtained by mailing a written request, a self-addressed envelope, and a check in the amount of \$5.00 to handle copying and postage, to the following address:

North Carolina Mutual Life Insurance Company in Rehabilitation
c/o North Carolina Department of Insurance
1203 Mail Service Center
Raleigh, North Carolina 27699-1203

NC Mutual offered life insurance, accident and health products to individuals and groups, as well as annuity products. The holders of all contracts of any type issued by NC Mutual will be referred to in this letter as “policyholders.”

At this early stage in the rehabilitation effort, Commissioner Causey, as Rehabilitator, and his staff believe that it is reasonable to work towards the development of a Plan of Rehabilitation for NC Mutual with the goal of returning the Company to solvency and to a condition where all contractual claims of policyholders can be honored by the Company. While a Plan of Rehabilitation is being developed, the Rehabilitator believes, in order to preserve the assets of the Company, that it is necessary to impose a moratorium on cash surrenders, annuitizations, and policy loans against NC Mutual policies. He has, therefore, requested that the Court supervising the rehabilitation impose such a moratorium, and the Court has entered such an order imposing a moratorium. A copy of the Order Granting

Motion for Moratorium on Policy Surrenders and Other Relief is also available from the North Carolina Department of Insurance website. NC Mutual will continue to administer in-force policies and pay claims but no new policies will be issued.

Surrenders and loans will be allowed on a case-by-case basis for genuine hardship situations upon written application to the Rehabilitator at the address shown above or via email at nemutual@ncdoi.gov. The Rehabilitator has developed initial uniform criteria to deal with hardship cases and examples of the documentation that are required. This information is available on the attached "Request for Hardship" form and from the website. Please send the applicable documentation along with anything else you may feel would help substantiate your hardship.

The Rehabilitator believes that a Plan of Rehabilitation is in the best interests of all policyholders and creditors. While, in the event of a liquidation, some of the claims of NC Mutual's policyholders would be covered by various state guaranty associations, there is a chance that not all will be. Every state guaranty association imposes limits subject to each state guaranty association law on the amount of net cash surrender values and death benefits that are provided. Benefits provided by the state guaranty associations are generally for any single life irrespective of the number of policies. For example, net cash surrender value caps range from \$100,000 in most states to \$300,000 (such as in North and South Carolina), and \$500,000 in Washington. Total aggregate benefits provided by state guaranty associations (which include death benefits and net cash surrender values) range from \$300,000 in most states to \$500,000 in certain other states such as Washington. In addition, some state guaranty association laws provide for reduction of the rate of interest credited on policies and annuities below that specified in the policies in certain situations or provide other reductions in the amount that may be covered (for example, California will only cover 80% of the contractual obligations). Based upon our current information, we believe that it is more likely that policyholders will receive their full policy benefits with a successful rehabilitation as opposed to a liquidation.

The Rehabilitator is imposing a moratorium now because continued surrenders would only make the financial condition of the Company worse, lessen the likelihood that all policyholders will receive their full benefits, and potentially create a preference of the rights of certain policyholders over others.

NC Mutual has a large number of policyholders, and for this reason, we regret that it is not practical or economical to respond to telephone calls to the Rehabilitator and his limited staff. However, we will attempt to respond to written inquiries that seek information that is relevant and not otherwise available. We have created a Frequently Asked Question ("FAQ") page which can be found at http://ncdoi.com/FAR/Regulatory_Actions.aspx to help answer some basic questions about the NC Mutual rehabilitation efforts. If you have questions not addressed there, please call the offices of NC Mutual at (919)-682-9201 or 1-800-626-1899(toll-free) and ask to speak to a NC Mutual representative or a representative of the Rehabilitator's staff on-site.

We thank you in advance for your patience in this matter and regret any inconvenience the rehabilitation may cause you.