

**STATE OF OHIO**

**DEPARTMENT OF INSURANCE**

**In the Matter of**

**The Plan of Reorganization of THE UNION  
CENTRAL LIFE INSURANCE COMPANY**

**No.** \_\_\_\_\_

**PRE-FILED DIRECT TESTIMONY OF:**

**Gary T. Huffman**  
Executive Vice President  
The Union Central Life Insurance Company

Date: October 17, 2005

**I. INTRODUCTION**

**Q: Please state your name for the record.**

A: Gary T. Huffman.

**Q: Mr. Huffman, where do you currently work and what is your position there?**

A: I am Executive Vice President of The Union Central Life Insurance Company ("Union Central"). I oversee all operations of Union Central's Insurance and Annuities, including product development, distribution, underwriting, research and marketing, and client services. Among other things, I am responsible for the successful execution of One Company Marketing.

**Q: Please briefly describe your educational background.**

A: I received a bachelors degree in business administration in 1975 from the University of Kentucky. I became a Chartered Life Underwriter in 1981 and received a Chartered Financial Consultant designation in 1990. I am also a NASD Registered Representative.

**Q: Please briefly describe your professional background prior to joining Union Central.**

A: Prior to joining Union Central in 1999, I was employed as a Senior Vice President with Mass Mutual, having also worked as a General Agent for the company. In my role as Senior Vice President with MassMutual, I served as the co-lead of the product integration team for integration planning and was responsible for integrating distribution when Mass Mutual merged with Connecticut Mutual.

**Q: Do you belong to any professional organizations?**

A: Yes. I have been actively involved in a number of industry organizations. I am currently a board member and chairman of the audit committee of the Life Insurance Marketing Research Association. I am also a member of the American Society of Financial Service Professionals, the Association of Advanced Life Underwriters, the Million Dollar Round Table, and the Cincinnati Association of Insurance and Financial Advisors.

**II. BACKGROUND ON ONE COMPANY MARKETING**

**Q: You mentioned that you are responsible for the successful execution of the One Company Marketing strategy. What is that?**

A: One Company Marketing is Union Central's primary operating strategy. One Company Marketing focuses on understanding and meeting a customer's total protection and accumulation needs through Union Central's wide range of complementary products and services. With One Company Marketing, Union Central's sales force, operations, and systems have been integrated to promote the seamless delivery of products and services that satisfy a customer's needs independent of particular product lines or distribution channels.

**Q: Has One Company Marketing been successful?**

A: Very much so. Over the past five years, ending December 31, 2004, Union Central has averaged an annual sales growth of 13% in total individual life, 18% in individual noncancellable disability income, 2 % in individual annuities, and 7% in new business group annuities. This success is largely attributable to this strong marketing and operating strategy.

**III. ONE COMPANY MARKETING AFTER THE REORGANIZATION**

**Q: Will the UNIFI companies continue to implement One Company Marketing following the Reorganization?**

**A:** Yes. During the process of evaluating a potential combination of Union Central and Ameritas Acacia, the companies agreed that one of the major principles that would form the basis for a potential combination was that the combined company would adopt One Company Marketing as its core marketing strategy for individual insurance products and retirement plans. Indeed, from the perspective of Union Central, the primary reasons for the Reorganization are to seek to strengthen Union Central and position it for future growth through a combination with Ameritas Acacia while, at the same time, preserving the separate existence of Union Central within the UNIFI group of companies and preserving and extending One Company Marketing to UNIFI.

**Q: Will you have a role in the continued implementation of One Company Marketing?**

**A:** Yes. The Merger Agreement and proposed amendments to the UNIFI Articles of Incorporation and By-laws provide for ongoing representation of Union Central in the senior management of UNIFI. After the Reorganization, I will become the senior executive at UNIFI responsible for all individual insurance and retirement plan operations, which is intended to facilitate the implementation of Union Central's One Company Marketing across all of the UNIFI companies.

**Q: Do Union Central and Ameritas Acacia have a general understanding of how UNIFI and its subsidiaries will operate after the Merger?**

A: Yes. Union Central and Ameritas Acacia agreed upon a non-binding statement of operating principles (the "Statement of Operating Principles") to realize the competitive advantages of linking the businesses as contemplated in the Merger Agreement. Of course, the parties acknowledge that there will be deviations from the post-merger integration principles set forth in the Statement of Operating Principles to allow the parties the maximum flexibility necessary to achieve an efficient integration. The focal points of the Statement of Operating Principles include maintaining the independence of Ameritas Life, Acacia Life, Union Central, and their subsidiaries, implementing the integration plan, implementing the One Company Marketing philosophy, and increasing economies of scale and reducing overhead costs.

**Q: How might UNIFI extend One Company Marketing after the Reorganization?**

A: One of the potential advantages of the Reorganization is the anticipated improvement in revenue growth. One Company Marketing plays a role in that. After the Reorganization, the life insurance subsidiaries of UNIFI can seek to grow by combining and building upon highly complementary products and distribution channels. Union Central's professional insurance agents will have the ability through One Company Marketing to sell a variety of products to meet a larger share of Union Central's customers' protection and savings needs.

**Q: Please give us an example of how professional insurance agents could do that.**

A: An example is that a UNIFI agent discussing life insurance needs with a customer would be able to also identify the customer's needs for a UNIFI retirement savings plan and sell that service by coordinating with a UNIFI retirement savings agent to design a customized savings plan for the customer.

**IV. INTEGRATION PLANNING**

**Q: Have Union Central and Ameritas Acacia worked on an integration plan?**

A: Yes. Over a period of several months, staff from the companies have worked hard to prepare an integration plan. That plan provides the guide for integrating distribution under a UNIFI brand, and sets the stage for sales and revenue growth for individual and retirement businesses.

**Q: What are the main business objectives of the integration plan?**

A: The integration plan has three fundamental business objectives: (1) supporting growth; (2) producing an integrated, seamless, UNIFI as soon as possible; and (3) reducing expenses. The goal is for UNIFI to be significantly integrated by July 1, 2006. Integration teams are working to ensure that these business objectives are achieved.

**Q: Did the Compensation Committee of the Union Central Board authorize a bonus to be paid to you in connection with the Merger Agreement?**

A: Yes. The Compensation Committee authorized a one-time cash bonus in the amount of \$100,000 to be paid to me for what the committee viewed as my role in the negotiation

and execution of the Merger Agreement. The committee also authorized one-time cash bonuses be paid to John Jacobs and David Westerbeck.

**Q: Did you have prior knowledge of that bonus?**

**A:** No. The Compensation Committee initiated and authorized the bonus. I had no advance knowledge that the bonus would be paid.

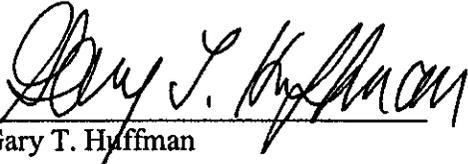
**V. CONCLUSION**

**Q: Does that conclude your testimony?**

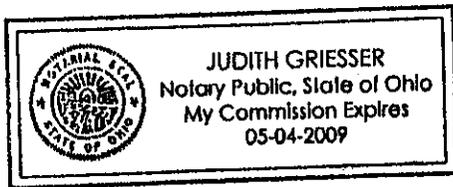
**A:** Yes, it does. Union Central is excited about the prospects the Reorganization provides for the Company and its current and future policyholders, and we appreciate the opportunity the Superintendent has given us to discuss the Reorganization at this public hearing.

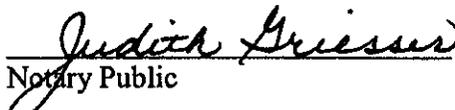
**VERIFICATION**

I, Gary T. Huffman, say on oath or affirm that I have read the foregoing document and, to the best of my knowledge, believe all answers made in the document are true.

  
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Gary T. Huffman

SWORN BEFORE ME THIS 14<sup>th</sup> DAY OF OCTOBER, 2005.



  
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Notary Public