

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:

Steven I. Schreiber
Consulting Actuary
Milliman, Inc.

Date: October 14, 2005

I. INTRODUCTION

Q: Please state your name for the record.

A: Steven Schreiber.

Q: Mr. Schreiber, where do you and Mr. McCarthy currently work and what are your positions there?

A: I am a Principal and Consulting Actuary at Milliman, Inc. ("Milliman") in the firm's New York Life and Health consulting practice. Mr. McCarthy is also a Principal and Consulting Actuary at Milliman in the firm's New York Life and Health consulting practice. Milliman is one of the largest consulting and actuarial firms in the United States, and has played a major role in many insurance company reorganizations, including assisting a number of mutual life insurance companies in the formation of mutual insurance holding companies.

Q: Please describe your educational and professional background.

A: I obtained my bachelor's of science from Binghamton University. I am currently a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I have spoken at meetings of the Society of Actuaries and the Actuarial Society of Greater New York, as well as at various other industry meetings. I am a member of Milliman's Insurance Steering Group, which is a steering committee for Milliman's insurance consultants active in international activities.

I joined Milliman in 1986, and I worked as a consulting actuary. I have led a number of the firm's major consulting projects, and over the past several years, I have advised

insurance companies, banks and financial guarantors on capital market transactions, including closed block securitizations. I specialize in life insurance matters, and my assignments have included mergers and acquisitions and insurance company reorganizations, including demutualizations.

Q: Please describe Mr. McCarthy's educational and professional background.

A: Mr. McCarthy obtained his bachelor's of science from Fordham University, and is a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries. He has served on the governing boards of both the Society of Actuaries and the American Academy of Actuaries, and was a past president of the Academy. For six years, Mr. McCarthy was also one of nine members of the Actuarial Standards Board, which promulgates actuarial standards of practice for actuarial practices in the United States.

Mr. McCarthy began his actuarial career at Equitable Life, and joined Milliman in 1972. Since joining Milliman, he has worked as a consulting actuary and has led a number of the firm's major consulting projects. Beginning in the early 1990s, Mr. McCarthy served as the firm's chairman, and continued to work on consulting projects during that time. He specializes in life insurance and healthcare matters, and his assignments have included mergers and acquisitions and insurance company reorganizations.

II. GENERAL BACKGROUND

Q: What experience have you and Mr. McCarthy had that is relevant to Milliman's engagement in this matter?

A: As I mentioned, I specialize in life insurance matters, and my assignments have included mergers and acquisitions and insurance company reorganizations. I have substantial experience with the formation and operation of closed blocks by mutual insurance companies. I have directed work of Milliman in developing and testing the adequacy of closed blocks that were established in connection with various insurance company reorganizations.

As I mentioned, Mr. McCarthy specializes in life insurance and healthcare matters, and his assignments have included mergers and acquisitions and insurance company reorganizations. Among others, Mr. McCarthy was on the Milliman team that advised Western & Southern Life Insurance Company on their conversion to a mutual insurance holding company structure.

Mr. McCarthy also has substantial experience with the formation and operation of closed blocks by mutual insurance companies. He has directed work of Milliman in developing and testing the adequacy of closed blocks that were established in connection with numerous demutualizations and mutual insurance holding company reorganizations. In that work, Mr. McCarthy has been retained by both insurers and on occasion on behalf of regulators.

In addition, Milliman has advised Ohio National Life Insurance Company, Western & Southern Life Insurance Company, Minnesota Life Insurance Company, Pacific Life Insurance Company, Principal Financial, and National Life of Vermont on their conversions to a mutual holding company structure. We have also advised many of the U.S. life insurers in connection with their demutualizations, including UNUM, Equitable, Prudential, John Hancock, State Mutual, Principal Financial, and Provident. In several situations, such as the AmerUs mutual holding company conversion and the MetLife demutualization, Milliman advised the state insurance regulators.

III. SCOPE OF WORK OF MILLIMAN

Q: Mr. Schreiber, please describe Milliman's engagement by The Union Central Life Insurance Company ("Union Central" or the "Company").

A: The Company officially retained Milliman in December, 2005, as actuarial advisors to: (1) review, from an actuarial point of view, the fairness of the proposed reorganization of Union Central from a mutual insurer to a stock insurer in a mutual insurance holding company structure (the "Conversion") and subsequent merger with The Ameritas Acacia Companies ("Ameritas Acacia") (the "Merger," collectively with the Conversion, the "Reorganization"); and (2) review the proposed arrangements for the establishment and operation of a Closed Block in connection with the Reorganization.

Q: What is the compensation arrangement for Milliman's engagement?

A: Pursuant to a written engagement agreement between Milliman and Union Central, Union Central is to pay Milliman on a time and expense basis, not on a contingent fee or bonus basis.

Q: What was your role in connection with Milliman's engagement in this matter?

A: Along with Daniel McCarthy, a Principal and Consulting Actuary at Milliman, I oversaw Milliman's work relating to the proposed Reorganization and development of the Closed Block.

Q: Please describe Milliman's involvement in this matter.

A: In January 2005, Milliman assisted Union Central representatives who were working with Ameritas Acacia to develop the terms of a draft merger agreement and we discussed various issues relating to the proposed transaction, including the formation of a Closed Block.

From January, 2005 through early July, 2005, we worked with Union Central to:

- 1. help define which categories of policies should be included in and excluded from the Closed Block,**
- 2. review Union Central's historical dividend setting practices to form a view as to the appropriateness of the assumptions to be used in funding the Closed Block,**
- 3. review the proposed method of operation of the Closed Block, and**
- 4. review the method for determining the amount of assets to be allocated to the Closed Block.**

We are currently working with Union Central on reviewing the final funding calculations for the Closed Block.

Mr. McCarthy and I rendered actuarial opinions to the Board of Directors relating to the fairness of the Reorganization from an actuarial point of view and to the Closed Block.

Q: Are you and Mr. McCarthy qualified to render the opinions set forth in your opinion letters?

A: Yes, we are both qualified under the Qualification Standards of the American Academy of Actuaries to render the opinion set forth in our opinion letters to the Union Central Board of Directors relating to the Reorganization and the Closed Block.

IV. ACTUARIAL OPINIONS

Q: What were the subjects of the actuarial opinions you and Mr. McCarthy rendered to Union Central?

A: As I mentioned earlier, Mr. McCarthy and I rendered two separate opinions. The first opinion concerned the fairness of the transaction to Union Central's Policyholders from an actuarial point of view. The second opinion concerned the appropriateness of the Closed Block.

A. Fairness Opinion of Independent Actuaries

Q: What was the subject of the actuarial opinion concerning the fairness of the transaction to Union Central's policyholders?

A: That opinion relates to the fairness, from an actuarial point of view, of the Reorganization, as described in the Plan of Reorganization (the "Plan"), including the Merger Agreement, to Union Central's policyholders ("Union Central Policyholder").

Q: What information did you and Mr. McCarthy use in forming your opinion?

A: In forming our opinion, Mr. McCarthy and I relied upon extensive information concerning both Union Central and Ameritas Acacia. To the best of our knowledge, we were provided all the information we required to the extent it was available or could reasonably be developed. We made no independent verification of this information, although we reviewed it where practicable for general reasonableness and internal consistency.

Q: Describe the process undertaken by you and Mr. McCarthy in rendering your fairness opinion.

A: Our review was based on information provided to us by Union Central, our knowledge of Union Central and Ameritas Acacia, and our general knowledge of actuarial concepts as they have customarily been applied to transactions of this type. In addition, to the extent our opinion depends on quantitative results, we, or personnel working under our supervision, either derived the results personally or reviewed the results developed by Union Central.

Q: Is there a specific set of criteria by which actuarial fairness is judged in a transaction like the one contemplated in the Reorganization?

A: No. However, in our view, the appropriate criteria for making an assessment as to actuarial fairness to Union Central Policyholders include considering two questions:

(1) Will Union Central Policyholders be part of an entity that is at least as financially strong (and hence at least as able to meet its commitments to policyholders) as is Union Central today?

(2) Do the arrangements between the parties provide for the continued reasonable financial treatment of the Union Central Policyholders?

Q: How did you and Mr. McCarthy answer these two questions?

A: Based upon the analysis set forth in our fairness opinion, we concluded that the answer to both questions was "Yes" and, therefore, that the Reorganization was fair to Union Central Policyholders from an actuarial point of view.

Q: What analysis did you and Mr. McCarthy consider in support of your opinion?

A: The analysis, as set forth in our fairness opinion, included the following:

With respect to the first question, the Ameritas Acacia Group is a strong organization financially, with financial ratings that are stronger than Union Central's ratings. There is every reason to expect that the merged entity will be stronger from a financial perspective than Union Central on a standalone basis.

With respect to the second question, the Union Central Policyholders will become voting members of the merged mutual insurance holding company entity. In addition, the Merger Agreement contains provisions to provide for the continued reasonable financial treatment of Union Central Policyholders after the Merger, including provisions relating to the Board of Directors of UNIFI Mutual Holding Company ("UNIFI") and the

intermediate holding company, a continued role for certain executive officers of Union Central in the UNIFI organization, assurance of policyholder dividend treatment, continued Executive Committee control of Union Central's non-guaranteed element practices, and fair and equitable treatment in a possible subsequent demutualization (though I note that the company has told me that there are no plans for any such demutualization).

Q: Did you and Mr. McCarthy provide a fairness opinion to the Union Central Board on January 28, 2005, the date on which the Board approved the Merger Agreement?

A: Yes. At an all-day meeting of the Union Central Board of Directors on January 28, 2005, Mr. McCarthy and I rendered an opinion to the Board that, as of that date, and subject to the assumptions, qualifications, and limitations expressed in the opinion, the Reorganization was fair to Union Central Policyholders from an actuarial point of view.

Q: Did you and Mr. McCarthy issue an updated fairness opinion?

A: Yes. On July 20, 2005, Mr. McCarthy and I issued our updated opinion to the Union Central Board, which was substantially the same as our opinion rendered on January 28, 2005. The July 20, 2005 updated opinion stated that, as of that date, subject to the assumptions, qualifications, and limitations expressed in the opinion, the proposed Reorganization is fair to Union Central Policyholders from an actuarial point of view.

B. Actuarial Opinion Related to Union Central's Proposed Closed Block

Q: What was the subject of the actuarial opinion relating to the Closed Block?

A: That opinion related to the establishment by Union Central of a Closed Block in connection with the proposed Reorganization, as described in the Plan.

Q: What information did you and Mr. McCarthy use in forming your opinion?

A: In forming our opinion, Mr. McCarthy and I received extensive information concerning Union Central's past and present dividend practices and financial results. To the best of our knowledge, we were provided all the information we required to the extent it was available or could reasonably be developed. We made no independent verification of this information, although we reviewed it where practicable for general reasonableness and internal consistency. Mr. McCarthy and I relied on this information in forming our opinion, and the opinion depends on the substantial accuracy of that information.

Q: Describe the process undertaken by you and Mr. McCarthy in rendering your opinion relating to the Closed Block.

A: Mr. McCarthy and I, or staff working under our supervision, either conducted the analysis on which our opinions rest ourselves, or reviewed any analysis prepared by the staff of Union Central.

Q: What is a "Closed Block"?

A: A Closed Block is an accounting mechanism that the company is forming to protect the reasonable dividend expectations of holders of dividend-paying individual life insurance

policies. Under a Closed Block, a defined amount of assets are “walled off” to ensure continuation of current dividend treatment for the holders of Closed Block Policies.

Q: What is the purpose of the Closed Block?

A: The Closed Block is designed to give reasonable assurance to holders of Closed Block Policies that assets will be available to provide for continuation, in the aggregate, of dividends throughout the life of such policies based on the 2005 dividend scale if the experience underlying the dividend scale continues, and for appropriate adjustment in the dividend scale if experience changes. The Closed Block consists of identifiable assets and cash flows agreed by Union Central and the Superintendent to be designated for the benefit of holders of Closed Block Policies, and is designed to maintain those policyholders’ reasonable dividend expectations. The purpose of the Closed Block is to reduce the potential of conflict, in the event shares of the intermediate holding company are sold to investors who are not Union Central Policyholders, between the interests of Union Central Policyholders who receive policy dividends and shareholders of the intermediate holding company who receive shareholder dividends.

Q: Did the company consider any other alternatives to a Closed Block?

A: As I will discuss shortly, the company is proposing alternatives to a Closed Block for certain small blocks of dividend-paying policies and contracts and for non-dividend paying participating universal life policies and interest-sensitive annuity contracts. For dividend-paying individual life policies, no alternative to a Closed Block was considered. I do note that the company’s proposal to form a Closed Block is consistent with the

actions in two prior MHC conversions of Ohio-domiciled companies in which closed blocks were formed.

Q: How will dividends be set after the reorganization?

A: The Plan requires that dividends on Closed Block policies will be apportioned and allocated among Closed Block Policies so as to reflect the underlying experience of the Closed Block and the degree to which the various classes of policies in the Closed Block have contributed to such experience. In addition, the Plan requires that the Board apportion dividends on Closed Block Policies in accordance with applicable law and with the objective of minimizing tontine effects and exhausting assets allocated to the Closed Block with the final payment under the last policy contained in the Closed Block.

Q: Does Union Central intend to lower the policyholder dividends on Closed Block policies?

A: Dividends on Closed Block policies in the future will be adjusted in total to reflect experience changes; such experience changes may result in an increase (to reflect favorable experience) or a decrease (to reflect less favorable experience). This approach is consistent with how dividends responded prior to the reorganization.

Q: Will the use of the Closed Block likely result in different dividend payouts than if Union Central had remained a mutual insurance company?

A: There is no way to know exactly what dividends would be paid if Union Central were to remain a mutual life insurance company. However, the Closed Block is designed so that the kinds of factors that Union Central would take into account in setting dividend scales as a mutual life insurance company are, in general, also taken into account in setting dividend scales under the Closed Block. Therefore, it is reasonable to believe that the dividends that will be paid under the Closed Block will be roughly the same as those that Union Central would pay were it to remain a mutual life insurance company.

Q: Why does Union Central plan to develop three-factor dividend rates during 2006 for the dividend scale payable in 2007? Does this represent a continuation of Union Central's historic dividend policy?

A: Union Central has historically used a three-factor approach for setting dividends. As is common with companies using the three-factor approach, Union Central does not re-calculate its entire three-factor dividend scale each year for all of its business, but, instead, various adjustments are made to the three-factor scale to reflect emerging experience, until the entire three-factor scale is re-calculated. The recalculation of the three-factor dividend scales is done at different times for different blocks of business. The Company has committed to the Ohio Department of Insurance that it will re-develop its three-factor dividend rates in 2006 for the dividend scale payable in 2007 for all of the business in the Closed Block.

Q: Which policies are included within the Closed Block?

A: Generally, participating individual life insurance policies issued by Union Central prior to the Effective Time of the Reorganization and which receive dividends will be included in the Closed Block.

Q: Are there any dividend paying policies not included in the Closed Block?

A: For administrative reasons, certain small classes of dividend-paying deferred annuities and supplementary contracts are not included in the Closed Block. Union Central's Plan does provide reasonable assurances as to the continuation of the current dividend practices in the future for such contracts.

Q: Why aren't participating universal life policies and interest-sensitive annuity contracts included in the Closed Block?

A: These policies and contracts are not included in the Closed Block because they historically have not received dividends and there are no expectations of projected dividends in the future. These policies and contracts have non-guaranteed elements which have been reset since 2001 under a set of principles and practices adopted by Union Central's Board of Directors. Under the Statement of Operating Principles exhibit to the Merger Agreement, the company will continue its current practices for resetting non-guaranteed elements until such time as it is revised by the Union Central Board of Directors. In certain situations, Union Central would need to obtain approval from the Ohio Department of Insurance before making any changes.

Q: How will assets initially be selected for the Closed Block?

A: The Closed Block will initially be funded with policy loans on policies in the Closed Block, due and deferred premiums on the policies in the Closed Block, and certain assets from the traditional life segment of the company's general account. These assets and future assets purchased by the Closed Block will be invested in accordance with the investment policy of the Closed Block. The amount of such assets allocated to the Closed Block will be determined as described in the Closed Block Memorandum.

Q: What restrictions are there with regard to future investments of Closed Block cash flows?

A: New investments acquired for the Closed Block will consist only of investments permitted by the investment policy of the Closed Block.

Q: What are some of the key assumptions relating to the funding and operation of the Closed Block?

A: The factors comprising the experience assumptions used in Closed Block funding are discussed in Section II of the Closed Block Memorandum. Key assumptions include mortality rates, lapse rates, expense rates and the reinvestment rate. Mortality rates are based on the mortality experience underlying the development of the 2005 dividend scale. Lapse rates are based on the Company's recent lapse assumptions, which were developed from a combination of pricing assumptions and recent persistency studies. Expenses and taxes are generally charged in the funding consistent with the schedule of expense charges and taxes to be assessed against the Closed Block. The reinvestment rate assumption is based on the assumed earned rate underlying the 2005 dividend scale.

Q: To the extent that Union Central achieves expense savings as a result of the merger, how would these savings inure to the benefit of the Closed Block Policies?

A: Because the Closed Block will be charged expenses on a fixed schedule basis, future expense increases will not be charged to the Closed Block but any future expense savings will not inure to the benefit of Closed Block Policies. However, it is important to note that Union Central's current dividend scale, which is the basis for Closed Block funding, assumes expense levels that are lower than Union Central's actual current expense levels. Thus, in a sense, the Closed Block policyholders are receiving the benefit of future expense reductions before we even know whether they will occur.

Q: Under what circumstances do you envision Union Central supporting the Closed Block dividend scale out of the general account, pursuant to the comments in the Policyholder Information Booklet?

A: Union Central is not required to support the payment of policy dividends on Closed Block Policies from its general funds, although Union Central could choose to declare dividends in excess of those determined in accordance with the Plan if it determined that it was advantageous to the Company or the Closed Block to do so. There is no way to know at this time whether such circumstances will occur, or what they would be.

Q: Are there any other risks associated with the Closed Block?

A: For the most part, the Closed Block is simply an organized way of tracking the risks that would affect future policyholder dividends in any event. Such risks include changes in mortality rates and policy lapse rates, and the direction of future rates of investment

income. In one sense, the Closed Block changes the risk associated with asset default, because in the Closed Block that risk is concentrated in the assets selected for the Closed Block, rather than being spread among a somewhat larger pool of assets. However, the substantial number and high quality of the Closed Block assets serve to assure that any additional risk from this source is not significant. Also, the investment policy of the Closed Block restricts the maximum asset size for the Closed Block to an amount which is less than 1% of the total Closed Block assets, to help reduce the default risk to the Closed Block. And, as noted earlier, while the Closed Block will not benefit from any expense efficiencies if realized by the transaction, the Closed Block will not be at risk for any increases in expenses that may occur, because of the fixed nature of the expense charges to be assessed against the Closed Block.

Q: Did you and Mr. McCarthy provide an actuarial opinion to the Union Central Board on January 28, 2005 relating to the Closed Block?

A: Yes. At the all-day meeting of the Union Central Board of Directors on January 28, 2005, Mr. McCarthy and I also rendered an opinion to the Board about the appropriateness of the Closed Block as described in the Plan.

Q: What did you and Mr. McCarthy conclude regarding the appropriateness of the Closed Block?

A: In considering the appropriateness of the Closed Block, Mr. McCarthy and I first considered the legal requirements for such a mechanism. We concluded that, although not specifically required by Ohio law, there was precedent in Ohio for establishing a closed block in connection with the formation of a mutual insurance holding company.

We also considered the relevant actuarial literature relating to the appropriate objectives of a closed block, including the preservation of reasonable dividend expectations of policyholders. Based on these principles and other matters identified in our opinion, we concluded that the purpose of the Closed Block contemplated by the Plan is appropriate as an actuarial matter. Our opinion was subject to the assumptions, qualifications, and limitations expressed in the opinion.

Q: Did you and Mr. McCarthy provide another opinion relating to the Closed Block?

A: Yes. On July 20, 2005, Mr. McCarthy and I issued certain opinions to the Union Central Board to the effect that, as of that date: (i) the purpose of the Closed Block, as described in the Plan, is appropriate; (ii) the classes of policies included in the Closed Block under the Plan are reasonable and consistent with the guidance provided in Actuarial Standard of Practice No. 33; (iii) the use of the 2005 Dividend Scale for determining the funding of the Closed Block is appropriate; and (iv) the arrangements for the establishment and operation of the Closed Block as set forth in the Plan make adequate provision for allocating to the Closed Block assets which will be reasonably sufficient to enable the Closed Block to provide for guaranteed benefits and certain expenses and taxes associated with Closed Block policies, and to provide for the continuation of the 2005 dividend scale in the aggregate if the experience underlying that scale continues. Our opinion was subject to the assumptions, qualifications, and limitations expressed in the opinion.

Q: To the extent the July 20, 2005 opinion letter relates to the funding of the Closed Block, does it relate to the amount of funding itself?

A: No, it relates to the methods and assumptions to be used in establishing the funding, not the amount of the funding itself.

Q: What was the Closed Block Funding Date?

A: The Closed Block Funding Date was July 1, 2005. This is the date on which the Closed Block began operation, based on an estimated amount of assets. However, it will be some months after that date before the actual amount of required funding is determined and verified. When that process is completed, the estimated amount will be updated to the actual amount required.

Q: Will you and Mr. McCarthy provide an additional opinion once the amount of the funding is updated?

A: Yes. Once the actual amount of required funding is determined and verified, Mr. McCarthy and I will provide the Union Central Board of Directors an additional opinion letter discussing whether the funding has been completed in accordance with the Plan and indicating the actual amount of Closed Block funding that has been established. In addition, we will provide an opinion with regard to the Funding Adjustment Charges for new policies issued after the Closed Block Funding Date but before the effective time of the Reorganization. These charges against the Closed Block are amounts that would not be necessary to fund for if the business was already in force on the Closed Block Funding Date.

C. GAAP Adjustments to Certain Union Central Financial Statements

Q: Are you and Mr. McCarthy aware that Union Central restated certain financial statements?

A: Yes. Union Central informed me and Mr. McCarthy that, during the preparation of the June 30, 2005 GAAP financial statements, Union Central identified errors in the calculation of certain reserve items relating to its term life insurance product and that due to these errors, GAAP total equity and net income were overstated for certain periods. We were provided copies of Union Central's restated audited GAAP financial statements.

Q: Do these GAAP adjustments impact your July 20, 2005 opinion?

A: No. Mr. McCarthy and I confirmed to Union Central that these GAAP adjustments have no impact on our fairness opinion, dated July 20, 2005.

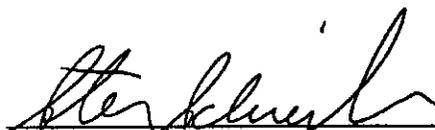
V. CONCLUSION

Q: Does that conclude your testimony?

A: Yes.

VERIFICATION

I, Steven I. Schreiber, 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.


Steven I. Schreiber

SWORN BEFORE ME THIS 14th DAY OF OCTOBER, 2005.


Notary Public

ELENI GEORGAS
Notary Public, State of New York
No. 01GE6106000
Qualified in Queens County
Commission Expires March 1, 2008

