

**NOTICE REGARDING MODIFIED REHABILITATION PLAN FOR  
COLONIAL INSURANCE COMPANY  
THROUGH APPROVAL OF ASSUMPTION REINSURANCE AGREEMENT**

To: All Remaining Policyholders, Agents, Creditors, and Other Interested Parties of Colonial Insurance Company, in Rehabilitation

On May 13, 2008, Ohio, Mary Jo Hudson, Rehabilitator of Colonial Insurance Company ("Colonial"), filed a Motion with the Court of Common Pleas of Franklin County, Ohio (the "Court"), in Case No. 03 CVC 0100597, asking for an Order approving a Modified Rehabilitation Plan for Colonial through approval of an Assumption Reinsurance Agreement (the "Agreement"). A copy of the full Motion can be found at [www.ohinsliq.com](http://www.ohinsliq.com).

Colonial has operated in run-off under the Rehabilitation Plan approved by the Court on April 5, 2004, only renewing existing policies (the "Policies") Under the Rehabilitation Plan, Colonial is unable to raise new capital through any mechanism other than assessments of its policyholders. Because of diminishing premiums and increased expenses, the Rehabilitator determined that the best alternative for maintaining remaining policyholders' coverage was to sell the Policies to a company in good standing and wind-up Colonial's business. Following a year and a half search and considerable negotiation, on May 6, 2008, Colonial entered into the Agreement with Central United Life Insurance Company for the sale of Colonial's remaining Policies in order to ensure the continuation of coverage for Colonial's remaining policyholders.

Upon approval of the Agreement by the Court and insurance regulators (the "Assumption Date"), Central United will succeed Colonial as the insurer of the Policies, and will be fully responsible for servicing and administering the Policies in accordance with the terms and conditions of the Agreement and the Policies. Central United will also issue a Certificate of Assumption to policyholders advising that policyholders will submit all claims under their Policy and all premiums due under their Policy, to Central United at the following address:

CENTRAL UNITED LIFE INSURANCE COMPANY  
10700 Northwest Freeway  
Houston, TX 77019  
Phone: 713-529-0045  
Toll Free: 1-800-669-9030

Additionally, Colonial's existence will continue solely for the purpose of winding up its business as soon as practicable after the Assumption Date. Further, Colonial's convalescent care agents will receive their accrued commissions set at the Rehabilitation date through Colonial's winding up process.

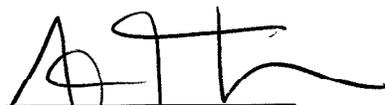
The purpose of this Notice is to provide all remaining policyholders, creditors, agents, and other concerned parties adequate opportunity to object to the Modified Rehabilitation Plan and Assumption Reinsurance Agreement, and to receive notice of a hearing at which the Court will consider the Rehabilitator's Motion, as well as all objections thereto. A copy of the full Motion can be found at [www.ohinsliq.com](http://www.ohinsliq.com).

**Any objections to the Modified Rehabilitation Plan and Assumption Reinsurance Agreement, the Notice, and other matters affecting this rehabilitation, must be made on or before June 9, 2008, by filing such objections with the Court of Common Pleas, Franklin County, Ohio, in Case No. 03 CVC 01 00597, Mary Jo Hudson v. Colonial Insurance Company. The Court's address is: 369 South High Street, Columbus, Ohio 43215. A copy of the objection also must be sent to Attorney for the Rehabilitator, Valoria C. Hoover, Kohrman, Jackson & Krantz, PLL, Metro V, 655 Metro Place South, Suite 600, Dublin, Ohio 43017.**

A hearing to consider the Motion for approval of the Modified Rehabilitation Plan and Assumption Reinsurance Agreement and all objections thereto is set for 2:00 pm on June 24, 2008, in the courtroom of Judge David Fais (Courtroom 6C), Franklin County Hall of Justice, 369 South High Street, Columbus, Ohio 43215.

Inquiries regarding the Motion should be addressed to: The Office of the Chief Deputy Rehabilitator for Colonial Insurance Company, 1366 Dublin Road, Columbus, Ohio 43215-1093; by e-mail through our website at [www.ohinsliq.com](http://www.ohinsliq.com); or by telephone at (614) 487-9200.

Mary Jo Hudson  
Rehabilitator of the Colonial Insurance Company

By 

Anne Thomson  
Chief Deputy Rehabilitator  
Colonial Insurance Company (In Rehabilitation)