

Disclosure Schedules

These Disclosure Schedules (the “Disclosure Schedules”) are being delivered by Honor Capital Corp., a Delaware corporation (“Seller”) and Universal Fidelity Life Insurance Company (“Buyer”), pursuant to the Stock Purchase Agreement (the “Agreement”), dated as of the 9th day of July, 2020, by and between Seller and Buyer. Any capitalized terms used in the Disclosure Schedules but not otherwise defined herein shall be defined as set forth in the Agreement.

The Disclosure Schedules set forth certain information called for by the Agreement and, as the case may be, exceptions and qualifications to the information provided in connection with the representations and warranties of Seller and Buyer, as the case may be, contained in the Agreement. Nothing in the Disclosure Schedules is intended to change the scope of any representation, warranty, covenant or agreement contained in the Agreement or to create any representation, warranty, covenant or agreement on the part of Seller or Buyer, as the case may be, except as and to the extent expressly provided in the Agreement. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any Contract or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Inclusion of information in the Disclosure Schedules in connection with disclosure of matters that are not in the ordinary course of business shall not be construed as an admission that the included items or actions are not in the ordinary course of business. No reference in the Disclosure Schedules to any Contract or other document shall be construed as an admission or indication by any party to the Agreement to any third party (other than the parties to the Agreement) of any matter whatsoever, including that such Contract or other document is enforceable or currently in effect or that there are any obligations remaining to be performed or any rights that may be exercised under such Contract or other document.

Matters reflected in the Disclosure Schedules are not necessarily limited to matters required by the Agreement to be disclosed in the Disclosure Schedules, and each of the Seller and Buyer may, in their respective exclusive discretion, include in the Disclosure Schedules items that are not material or required by the Agreement. The inclusion of any items or information, or reference to any dollar amount, in the Disclosure Schedules shall not be construed as an admission that: (i) such item or information (or any non-disclosed item or information of comparable or greater significance), or reference to any dollar amount, is “material” or would have a “Material Adverse Effect” or is otherwise required to be scheduled as an exception from any representation, warranty or covenant or otherwise referred to or disclosed in the Disclosure Schedules; or (ii) any other item of similar significance which is not included should have been included.

The Disclosure Schedules are arranged in sections corresponding to those contained in the Agreement. Seller has prepared **Sections 3.04 through 3.19(b), and Section 6.02(a)**, and Buyer has prepared **Section 4.02** of the Disclosure Schedules. Consistent with Section 8.03 of the Agreement, any matter, information, item or other disclosure set forth in any section of the Disclosure Schedules (whether or not an explicit cross-reference appears) shall be deemed to be referred to and incorporated in any other section of the Disclosure Schedules to which it is specifically referenced or cross-referenced, and also in all other sections of the Disclosure Schedules to which the application or relevance of such matter, information, item or other

disclosure is reasonably apparent even if not specifically referenced or cross-referenced. The Disclosure Schedules are hereby incorporated into the Agreement and are hereby made a part thereof as if set out in full in the Agreement. The section headings contained in the Disclosure Schedules are for reference purposes only and shall not affect in any way the meaning or interpretation of the Disclosure Schedules or of the Agreement.

The attachments to and documents referenced in any section of the Disclosure Schedules form an integral part of the Disclosure Schedules and are incorporated by reference for all purposes as if set forth fully in the Disclosure Schedules. References to all agreements and documents in the Disclosure Schedules are only summaries and are not intended to be full descriptions of such agreements and documents. References in the Disclosure Schedules to any Contract or other document include references to such Contract's or other document's exhibits and schedules.

All matters, information and items disclosed in the Disclosure Schedules shall be treated as confidential and governed by the terms of the Confidentiality Agreement. In disclosing the information set forth in the Disclosure Schedules, each of Seller and Buyer expressly do not waive any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed herein.

Section 2.05(e)(v)

Contracts to Remain In-force After the Closing

All documents necessary to enable the following Contracts to remain in force after the Closing Date:

1. Co-Insurance Agreement entered into as of September 30, 2004, by and between Guaranty Income Life Insurance Company and the Company.
2. Reinsurance Trust Agreement entered into on August 31, 2006, by and between the Company and Guaranty Income Life Insurance Company.
3. Software License Agreement as of January 1, 2015, by and between QLAdmin Solutions, Inc. and the Company, as further described in item 3 of **Section 3.09(a)** of the Disclosure Schedules.
4. LN Non-FCRA Agreement between the Company and LexisNexis Risk Solutions FL Inc. dated March 23, 2016, and the Addendum for Access to Limited Access DMF Data dated January 5, 2018, as further described in item 5 of **Section 3.09(a)** of the Disclosure Schedules.
5. Agreements dated August 4, 2014, and November 25, 2014, between the Company and Slappy Telephone, Inc., as further described in item 2 of **Section 3.09(a)** of the Disclosure Schedules.
6. Lease Agreement dated April 1, 2019, and the amendment thereto, by and between Mouron Brothers, LLC and the Company, which is currently in effect on a month-to-month basis, as further described in **Section 3.09(b)** of the Disclosure Schedules.
7. Agreement dated March 5, 2019, between the Company and Lantech Solutions Inc.
8. The Complete Package Clickwrap Agreement, effective as of the invoice date of March 28, 2019, between Aon Benfield Inc. d/b/a/ Brooke Seminars and the Company, as further described in item 4 of **Section 3.09(a)** of the Disclosure Schedules.

Section 2.05(e)(vi)

Contracts to be Terminated Prior to Closing

All of the following Contracts are to be terminated prior to the Closing Date:

1. The Health Insurance Policy, subject to any applicable COBRA or other continuation requirements pursuant to applicable Law, including, but not limited to, any notification or compliance requirements, for which Seller shall be solely responsible and liable, and any other Employee Benefit Plans or “fringe” benefits for current or former employees of the Company under which the Company has, or may have, any liability or responsibility, including, but not limited to, any notification or compliance requirements.
2. The Employment Agreements by and between the Company and each of Tracy Billingsley and Donna Nelson.
3. Tax Sharing Agreement dated as of December 31, 1988, by and between Honor Capital Corp. and the Company.
4. Agreement of May 1, 2004, by and between the Company and Southern Financial Corp.
5. Agreement dated as of November 17, 2014, and the amendment thereto, by and between the Company and Independence Holding Company.
6. Agreement dated as of January 1, 1991, and the amendments thereto, by and between the Company and Southern Mortgage Holdings, Inc.
7. Agreement dated as of January 1, 1989, and the amendments thereto, by and between the Company and Geneve Corporation.
8. Agreement dated as of January 1, 1991, and the amendments thereto, by and between the Company and Southern Investors Corp.
9. Investment Counsel Agreement made as of January 1, 1989, and the amendments thereto, by and between Argent Investors Management Corporation and the Company.

[Continued on next page]

Section 2.05(e)(vi) - Continued

Contracts to be Terminated Prior to Closing

10. The following insurance policies/coverages:

- a. Commercial Property;
- b. Commercial General Liability;
- c. Automobile Insurance;
- d. Workers' Compensation;
- e. Umbrella;
- f. Employment Practices Liability – Claims Made;
- g. Fiduciary Liability – Claims Made;
- h. Crime/Financial Institution Bond;
- i. Professional Liability – Claims Made;
- j. Directors & Officers and Entity Securities Liability – Claims Made;
- k. Cyber Security Network; and
- l. Business Travel Accident.

Section 3.04

Subsidiaries

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation or Formation</u>	<u>Authorized Shares or Membership Interests</u>	<u>Issued and Outstanding Shares or Membership Interests</u>
Southern Financial Corp.	Delaware	1,000 shares of Common Stock, par value \$.01 per share	100
Southern Mortgage Holding Corporation	Delaware	2,000 shares of Series A Cumulative Non-Voting Preferred Stock, par value \$.01 per share — 1,000 shares of Common Stock, par value \$.01 per share	0 87
Southern Investors Corp.	Delaware	2,000 shares of Series A Cumulative Non-Voting Preferred Stock, par value \$.01 per share — 1,000 shares of Common Stock, par value \$.01 per share	0 258

Section 3.05

No Conflicts; Consents

The Company must file an extraordinary dividend report with the Domiciliary Regulator and receive permission (i) to redeem the Preferred Shares (the redemption value of each Preferred Share shall be an amount equal to the sum of (A) the liquidation value of each Preferred Share and (B) the aggregate unpaid dividends accrued with respect each Preferred Share (whether or not declared and with such dividends accruing to the date of redemption); (ii) for the transfer by the Company to Seller of all of the issued and outstanding capital stock of the Subsidiaries; and (iii) for the transfer by the Company to Seller of excess cash in an amount such that, following such transfer, each of the Adjusted Capital and Surplus and the Estimated Adjusted Capital and Surplus of the Company is \$3,250,000.

Additionally, the Company must notify the appropriate Governmental Authorities in each state (other than Wisconsin) of the filing of a Form A by Buyer with the Domiciliary Regulator.

The disclosure set forth in **Section 4.02** of the Disclosure Schedules is incorporated by reference into this **Section 3.05** of the Disclosure Schedules.

Section 3.09(a)

Title to Assets; Real Property

1. The disclosure set forth in the response to **Section 3.09(b)** of the Disclosure Schedules is incorporated by reference into this **Section 3.09(a)** of the Disclosure Schedules.
2. The Company's phone and internet service is provided by Slappey Telephone, Inc. ("**STI**") pursuant to purchase orders dated July 29, 2014 and September 16, 2014. STI maintains ownership of the telephones, hardware and wiring installed at the Company's leased Real Property (as described in **Section 3.09(b)** of the Disclosure Schedules).
3. The Company utilizes the QuickLife Insurance Processing System software in its operations pursuant to the terms of that certain Software License Agreement dated as October 1, 1995 by and between Rudd & Wisdom, Inc. ("**RWI**") and the Company, as modified by that certain Assignment, Assumption and Release Agreement dated January 1, 2015 by and between, RWI, QLAdmin Solutions, Inc. and the Company.
4. The Company utilizes Booke and Company software in the preparation of its quarterly and annual statements; such software is utilized pursuant to the terms of the The Complete Package Clickwrap Agreement as renewed pursuant to The Complete Package Renewal Form for 2020 Software, March 10, 2020.
5. The Company utilizes a LexisNexis database, "Accurint" as the database similar to the Social Security Master file pursuant to the terms of that certain LN Non-FRCA Application and Agreement and the Schedule A attached thereto, dated as March 23, 2016, between LexisNexis Risk Solutions FL Inc. and the Company, as modified by that Addendum for Access to Limited Access DMF Data dated January 5, 2018 (as described in **Section 3.11(a)** of the Disclosure Schedules).
6. The Company utilizes and owns Quickbooks software for its check writing and bill paying system.

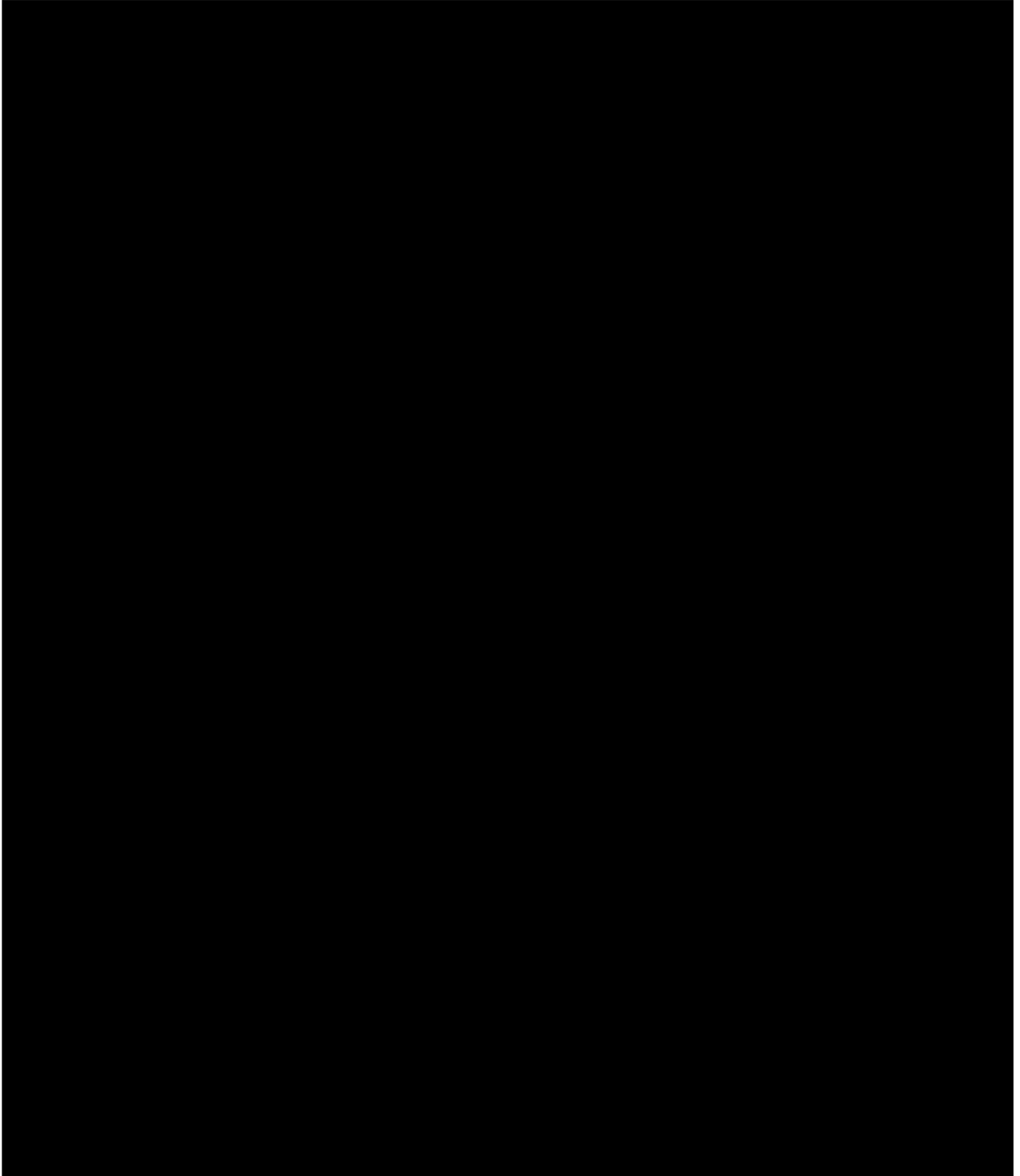
Section 3.09(b)

Title to Assets; Real Property

On February 8, 2019, the Company and Mouron Brothers, LLC entered into a Lease Agreement, effective as of April 1, 2019, as amended by that Amendment to Lease dated January 24, 2020 (collectively, the "2019 Lease"), with respect to the leased Real Property located at 402 Office Park Drive, Suite 101, Birmingham, AL (the "Premises"); pursuant to the terms of the 2019 Lease, the Company's tenancy at the Premises is on a month-to-month basis.

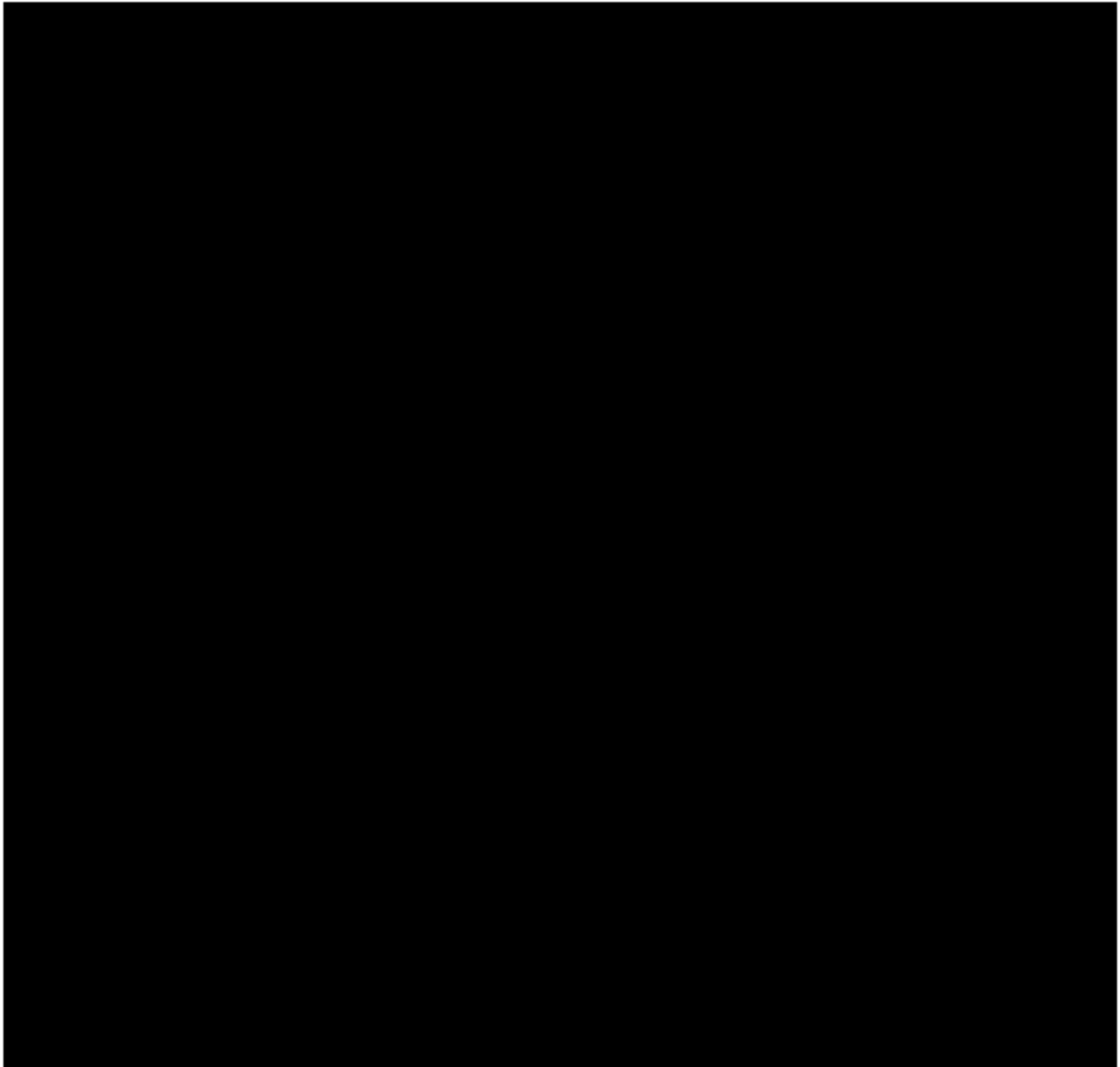
Section 3.10(b)

Legal Proceedings; Governmental Orders



Section 3.11(a)

Compliance and Laws; Permits



The State of Florida amended Title XL, §717.107 to provide that insurers have an affirmative obligation to compare the records of their insureds' life insurance policies against the US Social Security Administration Death Master File (or any database or service that is at least as comprehensive as the US Social Security Administration Death Master File). The Company believes that the Index provides information that is at least as comprehensive as the US Social Security Administration Death Master File.

The Florida law provides that insurers have until May 1, 2021 to report and remit any unclaimed life insurance policy proceeds relating to the new law to the Florida Department of Financial Services.

The Company routinely escheats to the appropriate state agencies amounts payable under insurance policies due to (i) the death of the insured and/or (ii) such insurance policies having reached maturity, in each case where, after a diligent search therefor, the Company has not been able to locate the beneficiary of such policies.

Section 3.12(a)

Insurance Matters

<u>State of Licensure</u>	<u>Lines of Authority</u>
Alabama (License No. 88323)	Life; and Accident and Health
Delaware (Certificate of Authority No. 3334)	Life, including annuities; Health; and Credit Health
Florida (License No. 91-13-2933432)	Life, Group Life, Annuities; and Accident and Health
Louisiana (Certificate of Authority No. 1241)	Health and Accident; and Life
Mississippi (License No. 8100005)	Accident and Health; Industrial Life, Industrial Accident and Health; and Life
Texas (Amended Certificate of Authority No. 08-0972)	Life; and Accident and Health
Wisconsin (Certificate No. 450-88323)	Disability; Life; and Annuities Participating and Non-Participating

The Company is domiciled in the State of Wisconsin.

The Company's Jefferson County Business License number is 2019-00047403; such Business License expires on September 30, 2020.

The Company's Mountain Brook County Business License number is 202000107; such Business License expires on December 31, 2020.

Section 3.12(e)

Insurance Matters

The Company has not provided Buyer with a sample form of the insurance policies issued as “Plan 50, Endowment at age 65.” The Company has identified “Plan 65” as a reference for the Plan 50, Endowment at age 65 form.

Section 3.12(f)

Insurance Matters

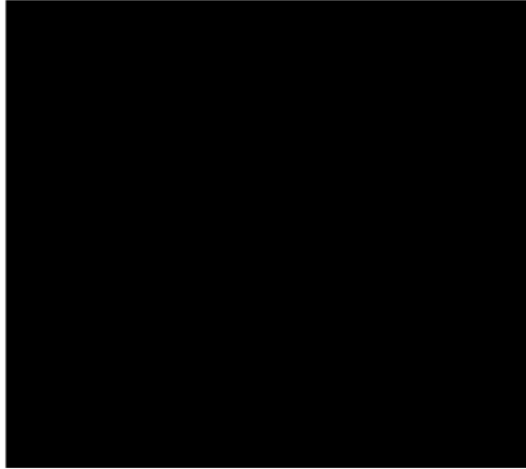
The attached printout shows the reserve listings for the Group Annuities and the Single Premium Term riders, the reserves for which are calculated and reserved for in accordance with the Excel spreadsheets previously provided to Buyer. There may have been some deaths or surrenders that have occurred since the end of the previous quarter; these changes will be reflected in the Excel spreadsheets prepared for the next quarter.

The Insurance Reserves for Accidental Death and Disability provisions are not calculated using the QL System. The Insurance Reserves for the Accidental Death and Disability provisions for both the Industrial and Ordinary lines of business are reduced annually in proportion to the decrease in the number of in-force policies for both the Industrial and Ordinary lines of business.

Claim liabilities for incurred but not reported and pending death claims are not calculated using the QL System; claim liabilities with respect to such policies are calculated manually.

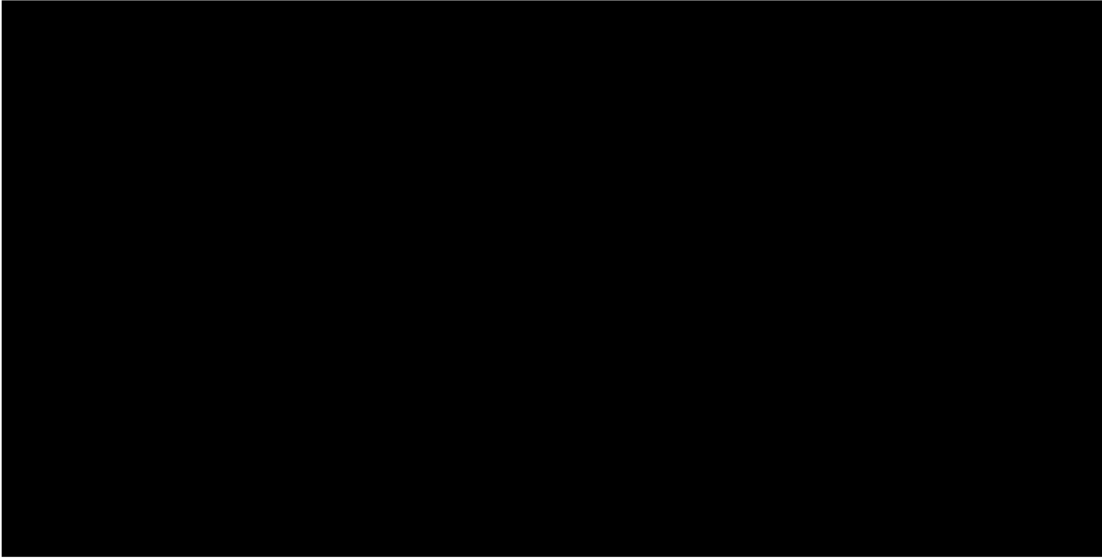
Summary

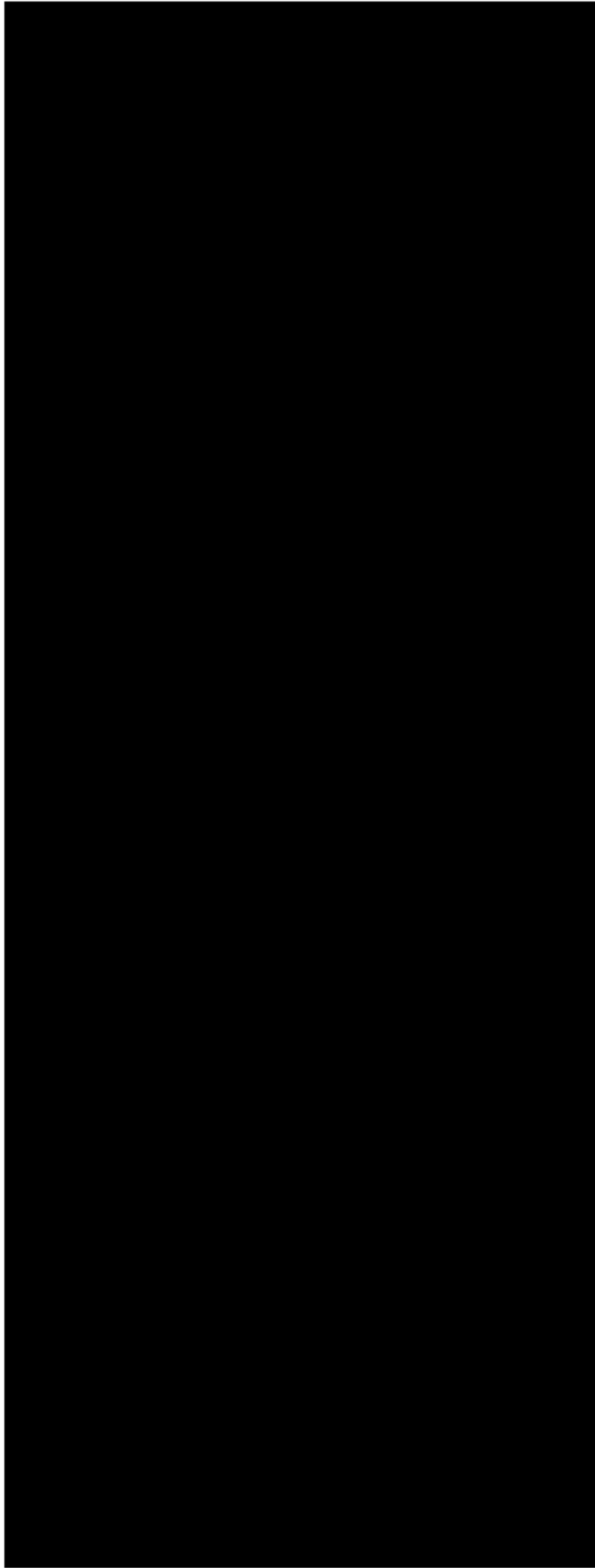
Southern Group Annuity Reserves
As of 3/31/2020

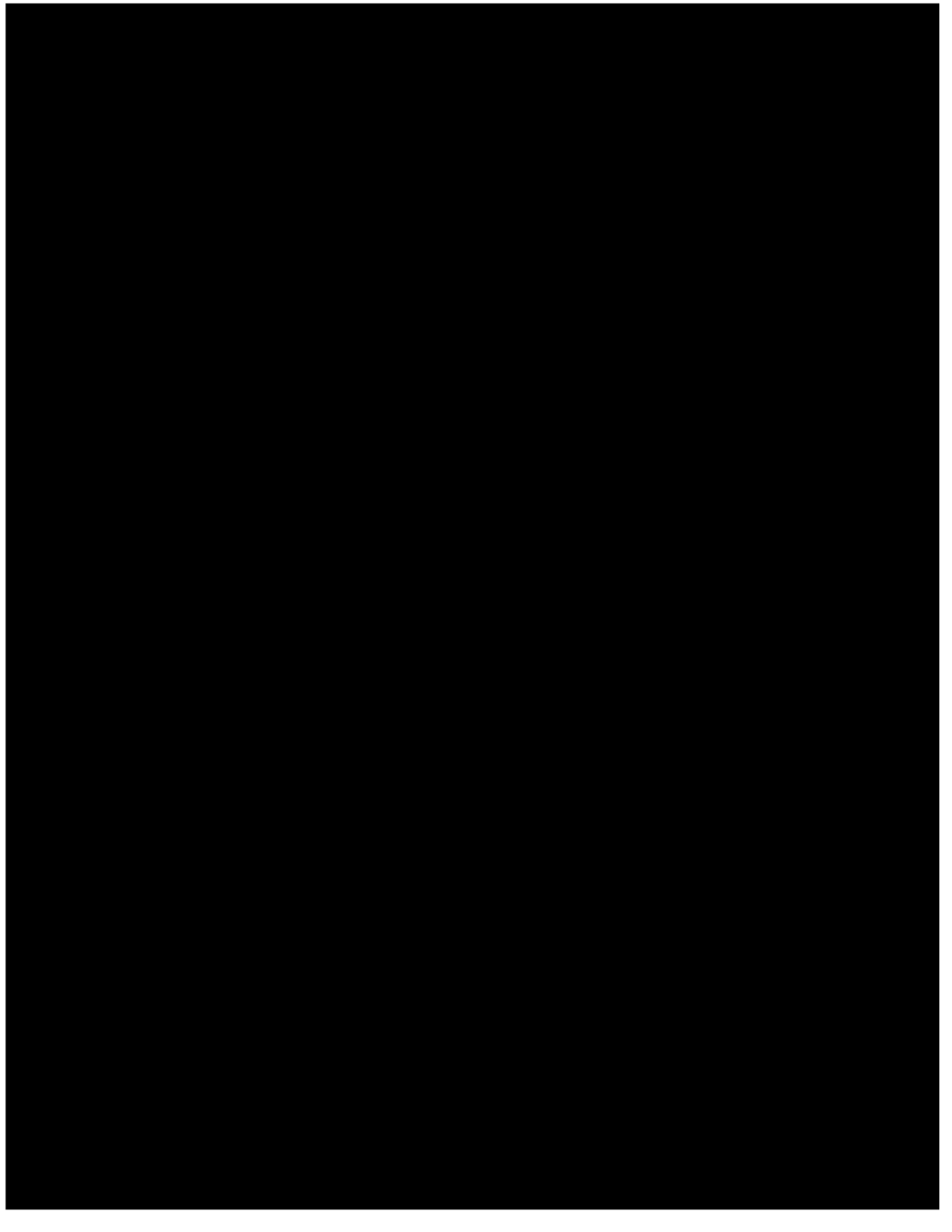


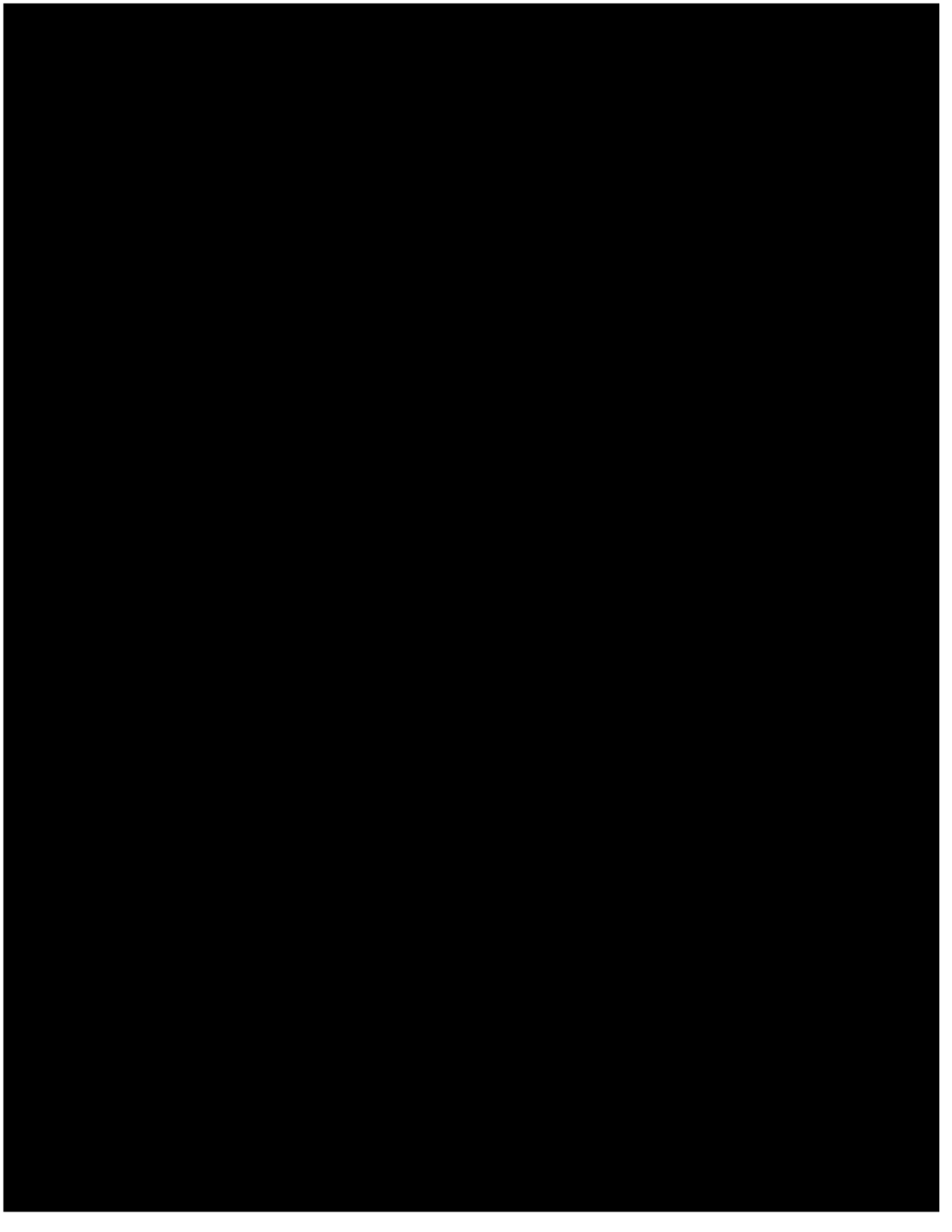
SOUTHERN LIFE AND HEALTH INSURANCE COMPANY
SINGLE PREMIUM TERM RESERVES

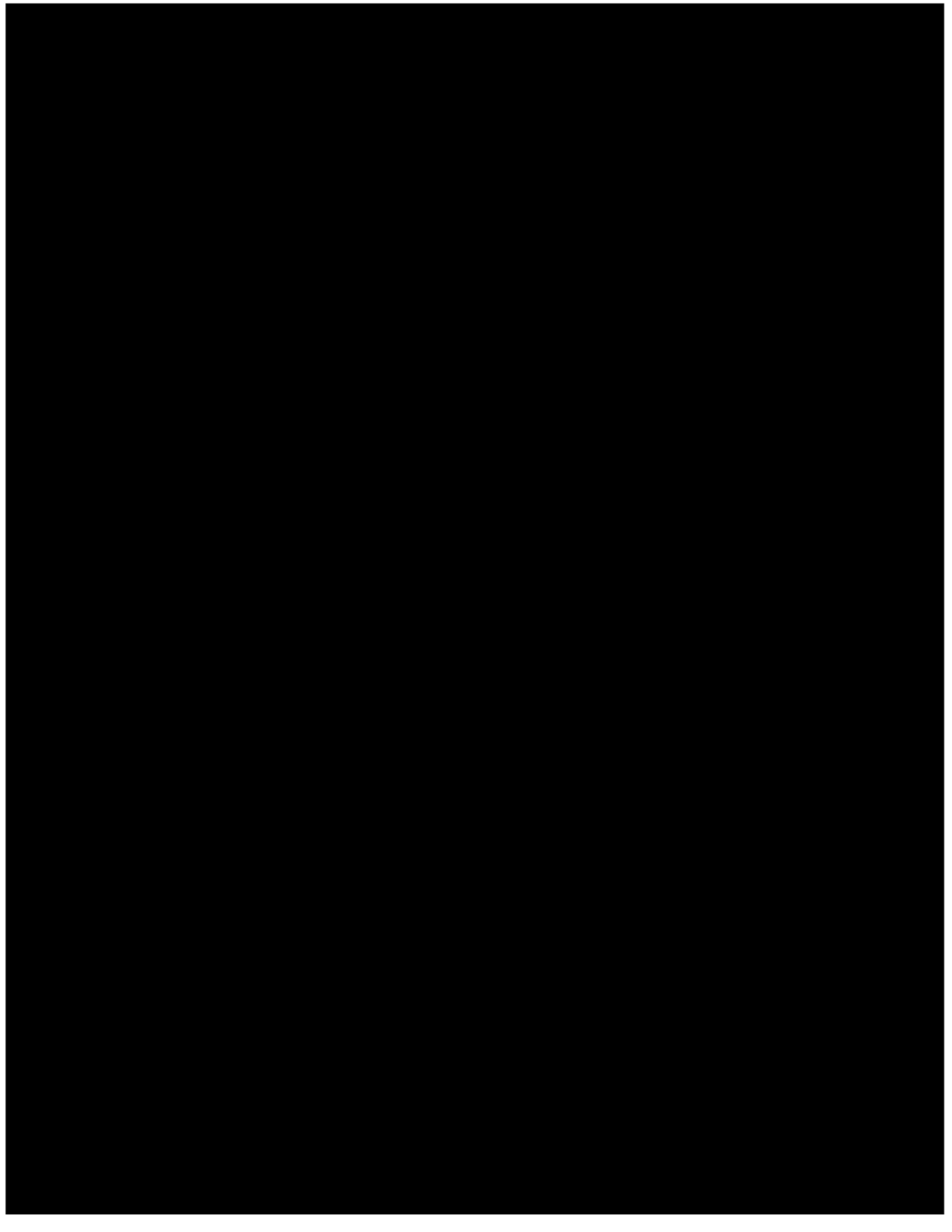
March 31, 2020

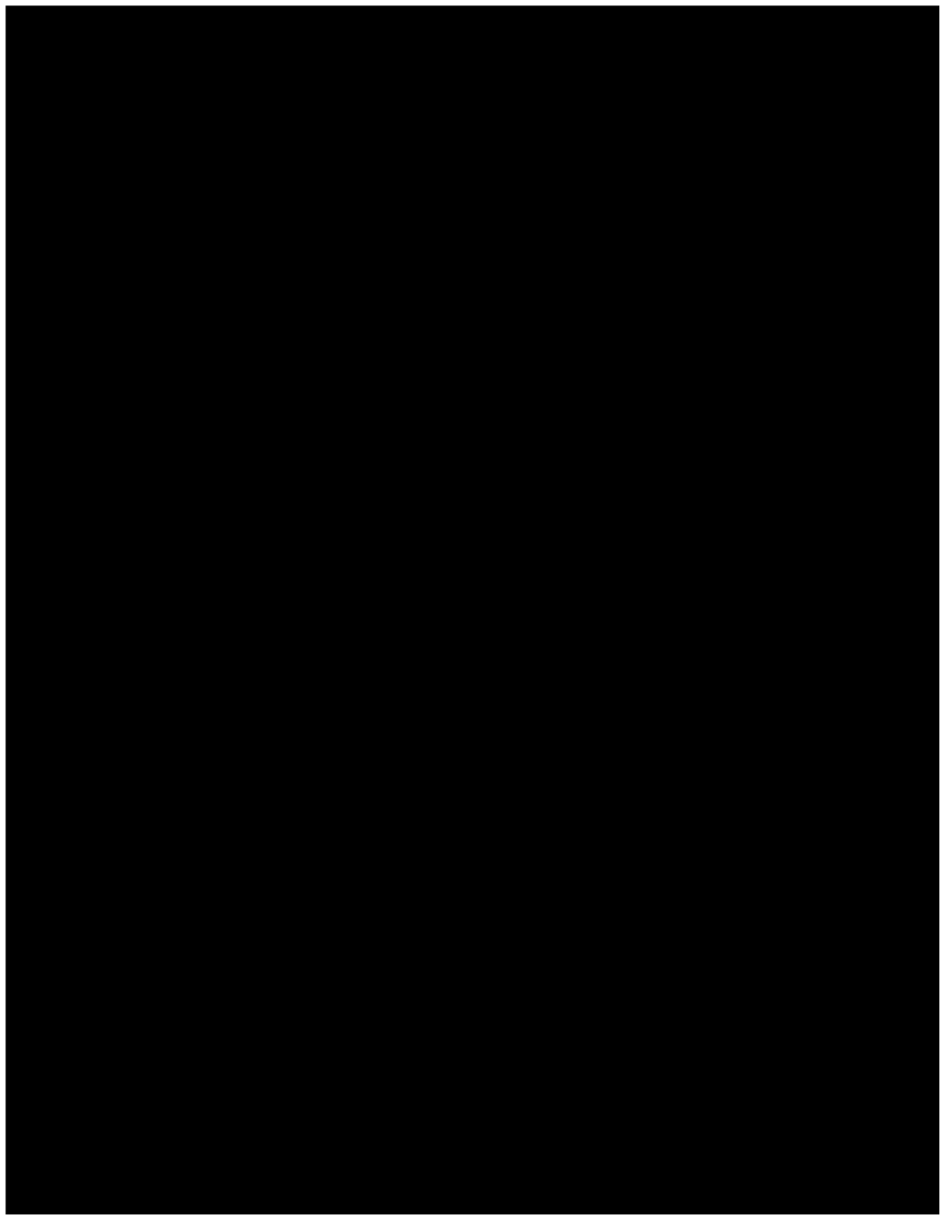


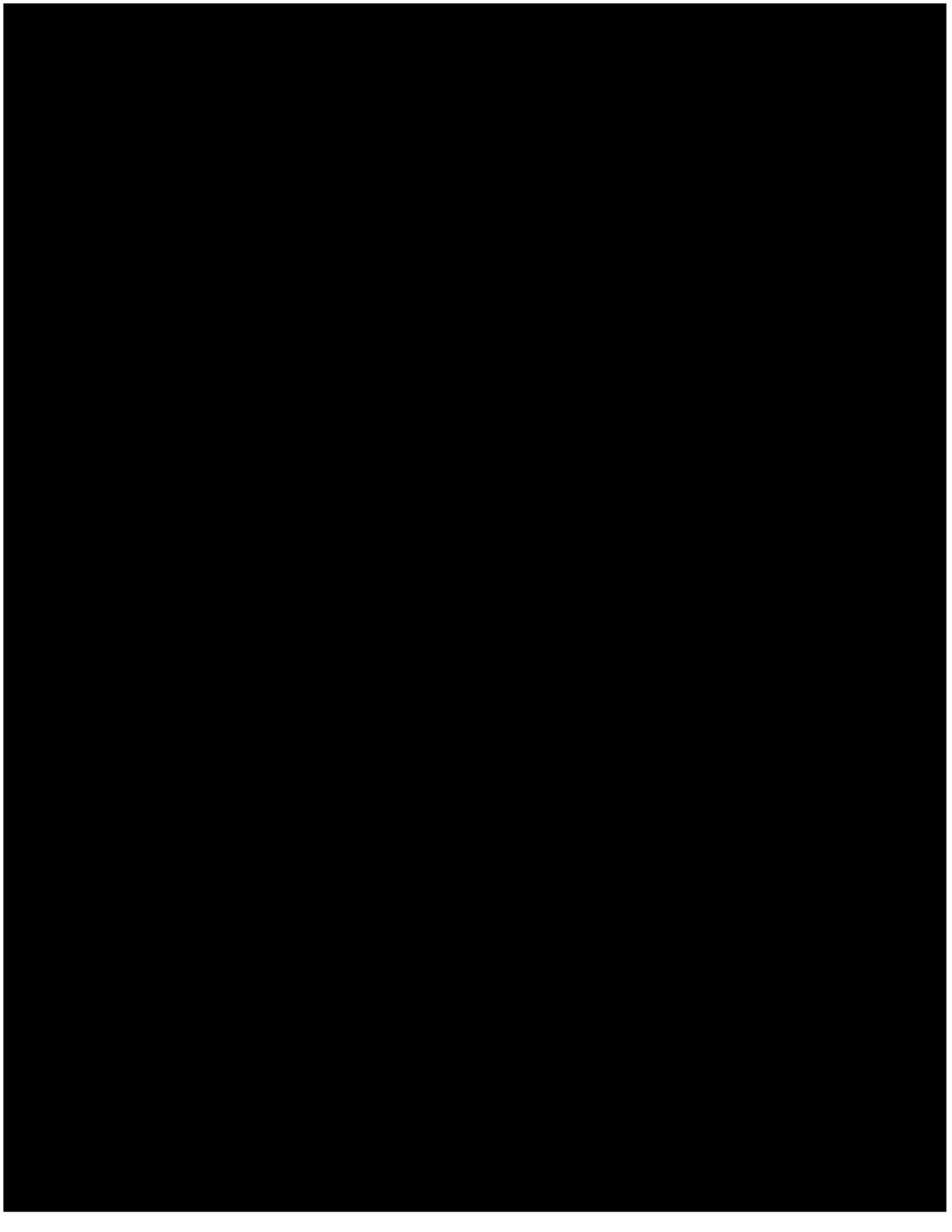


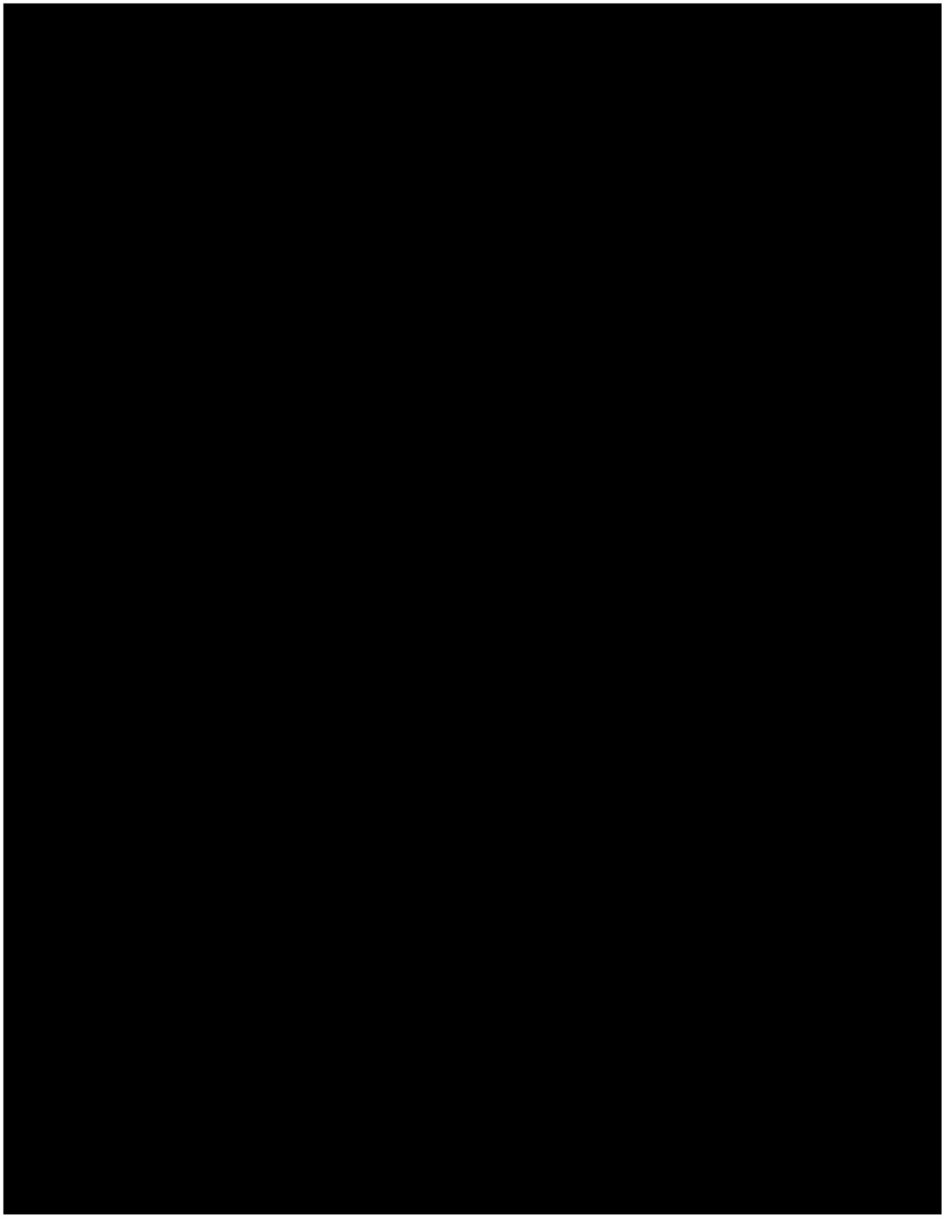


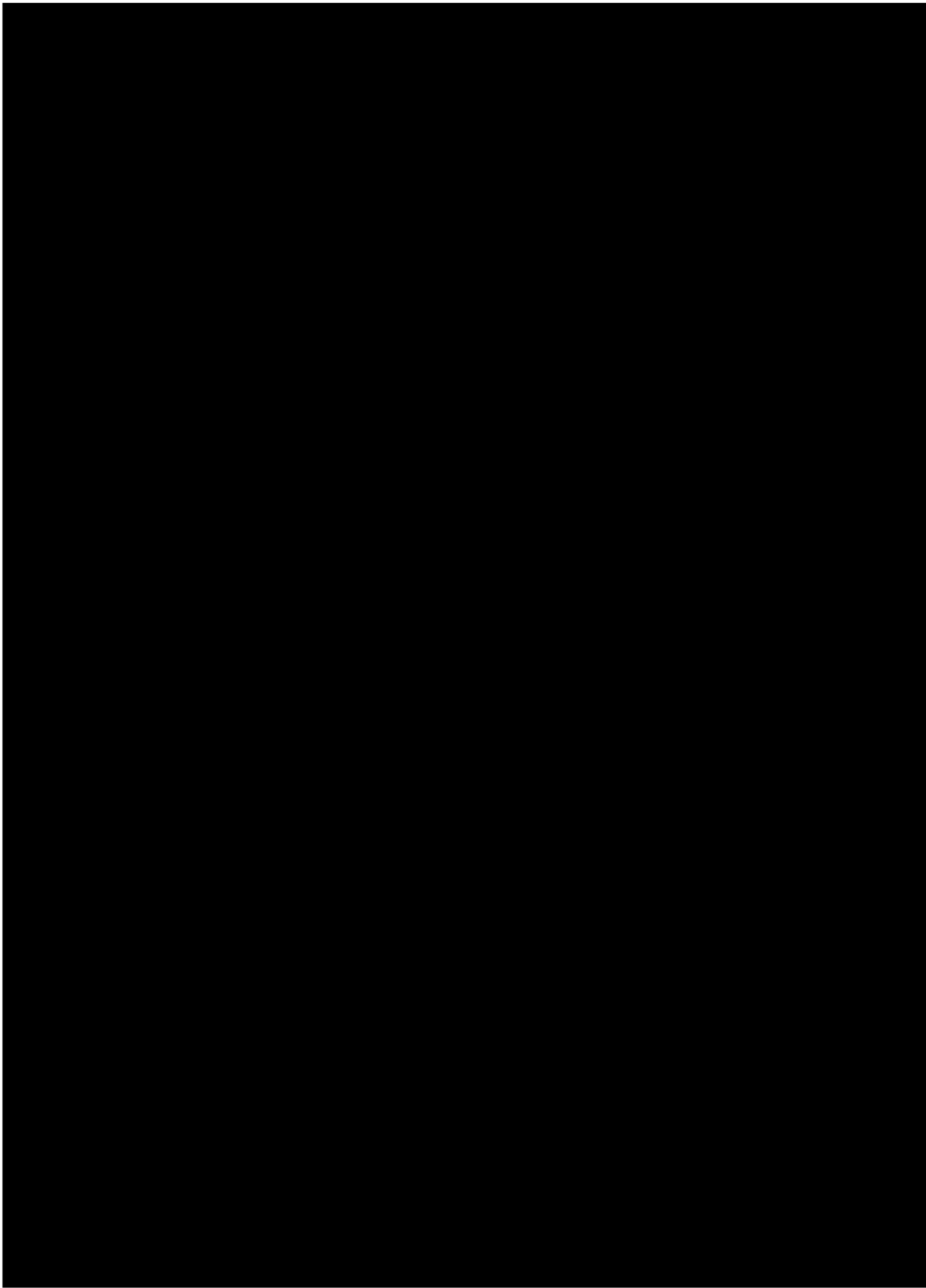


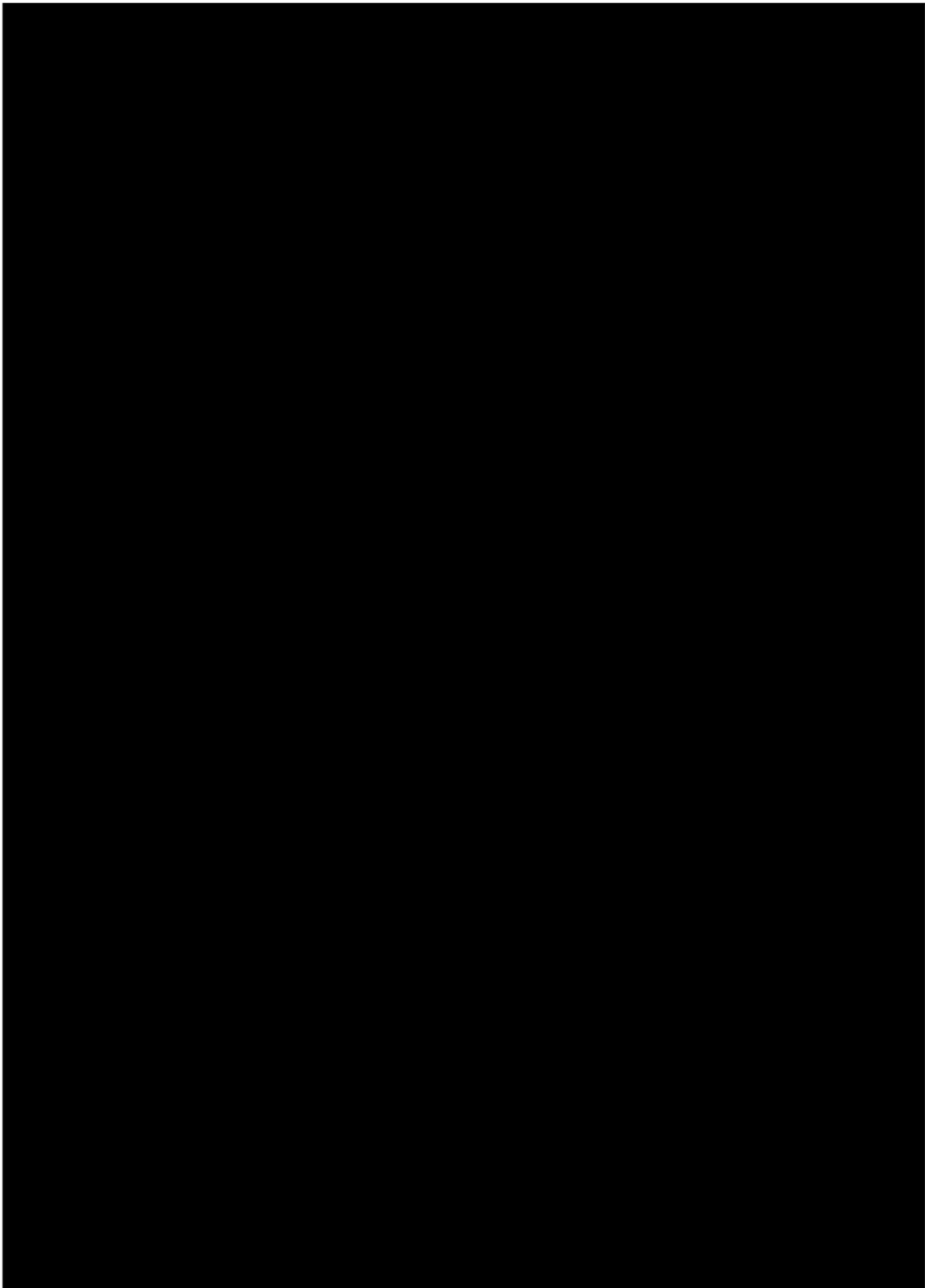


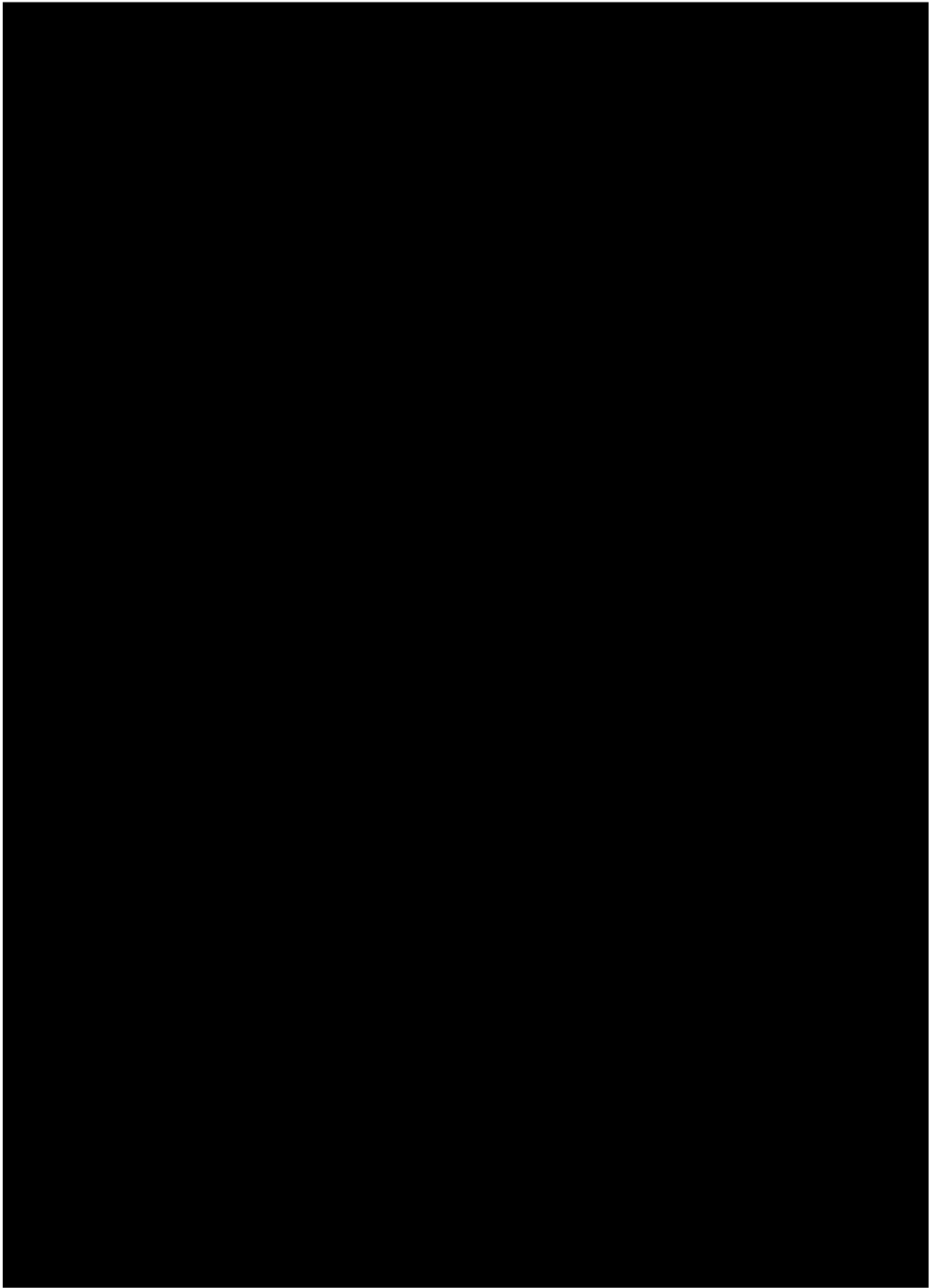


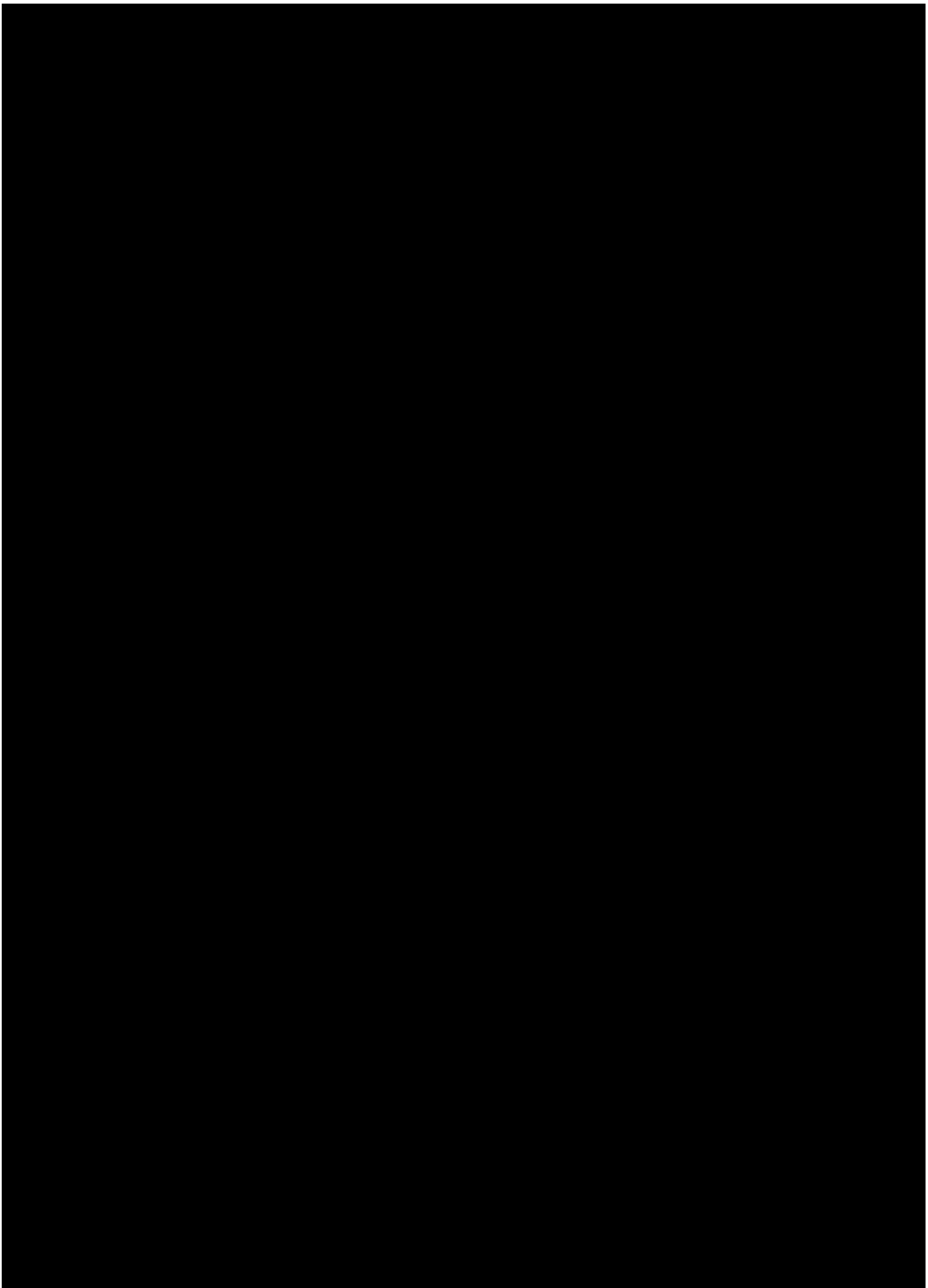


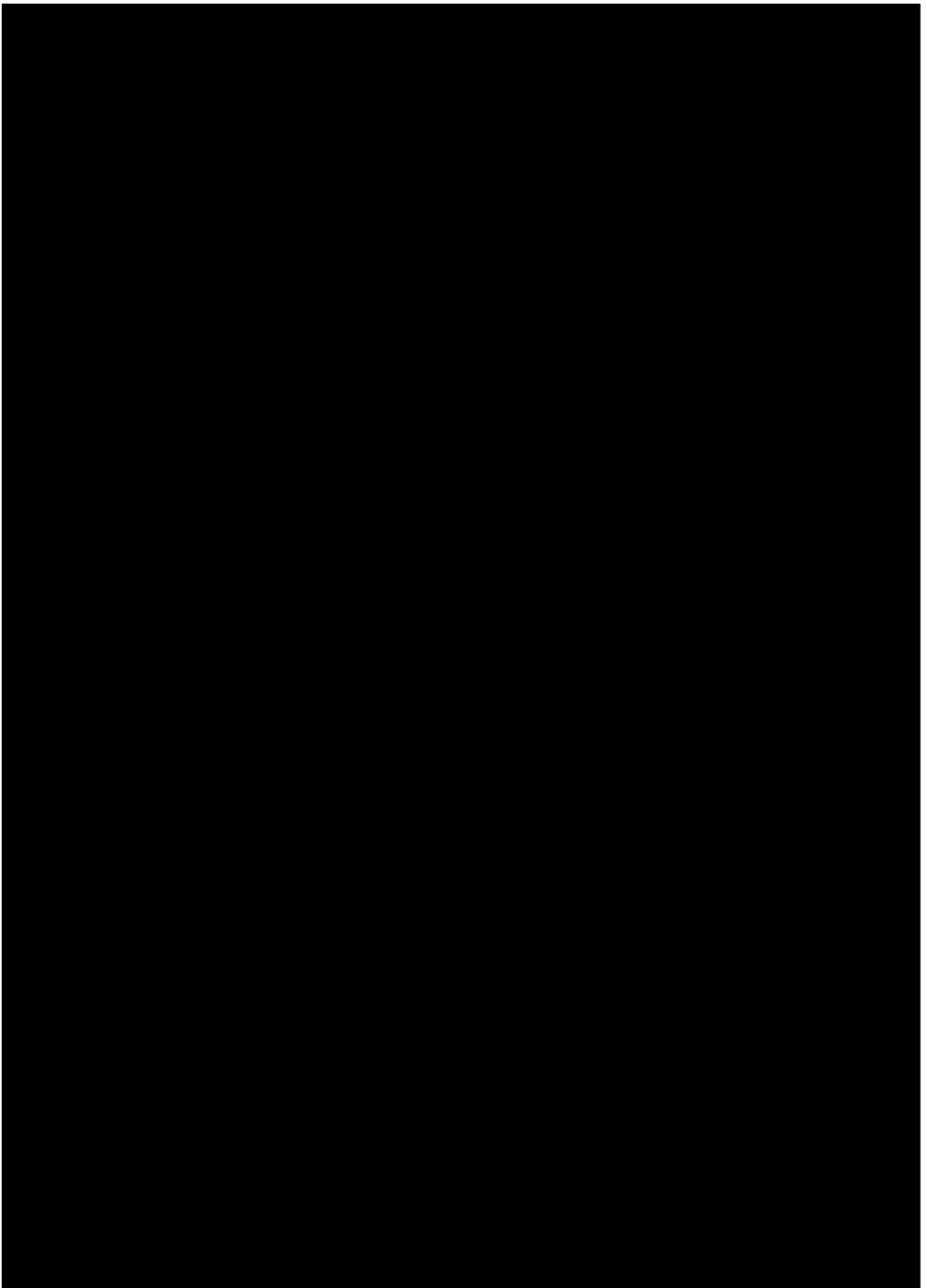


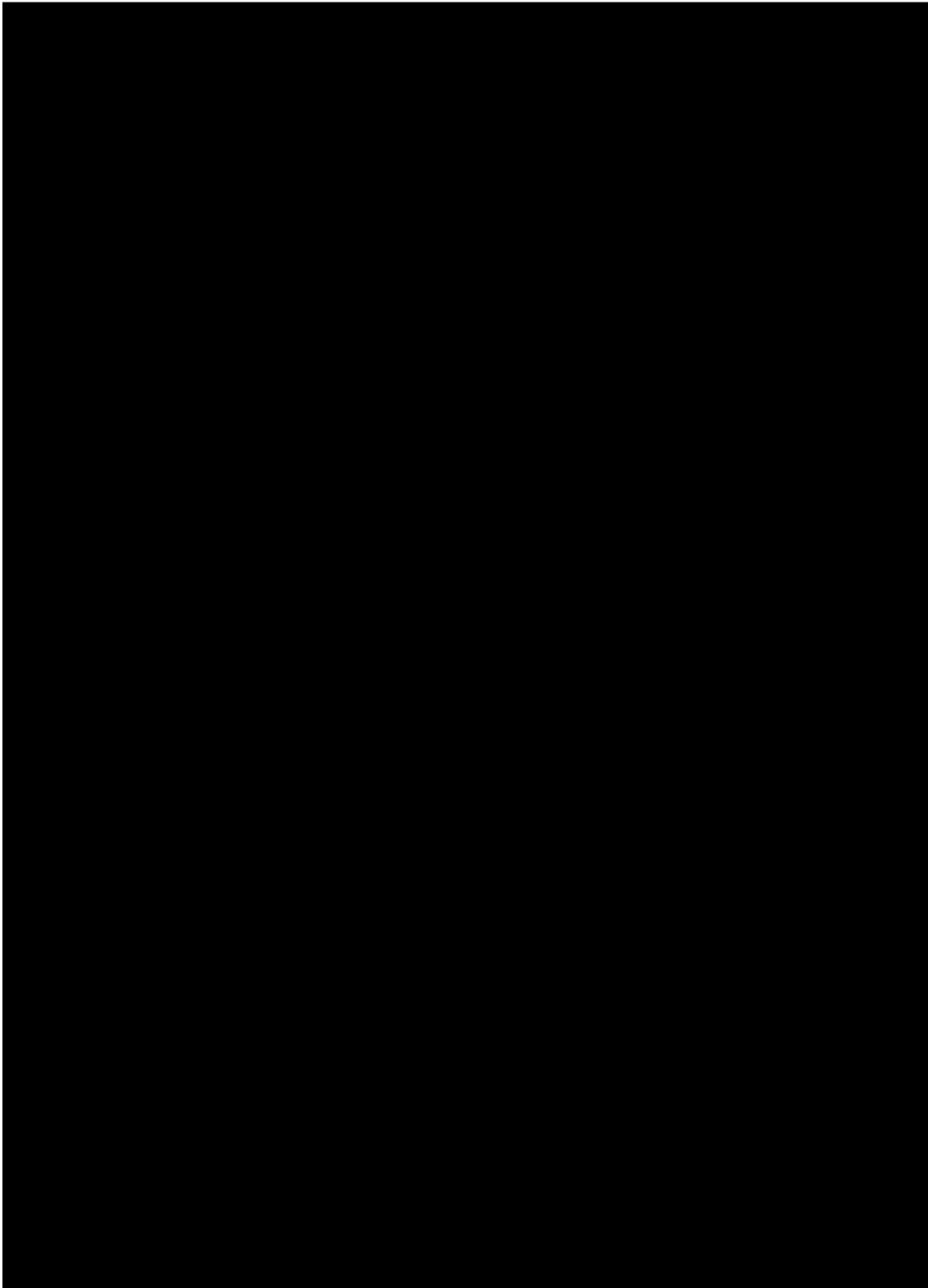


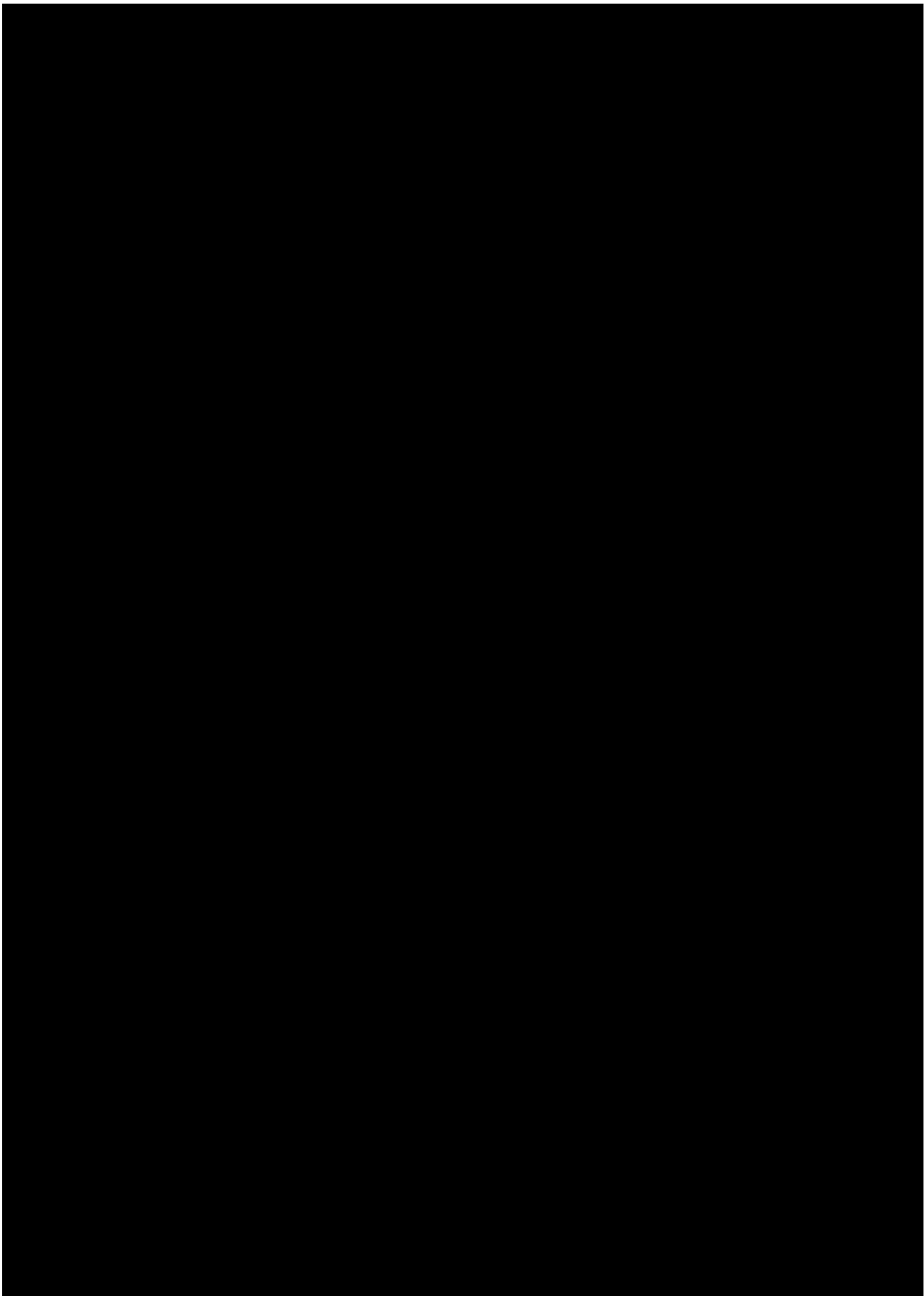


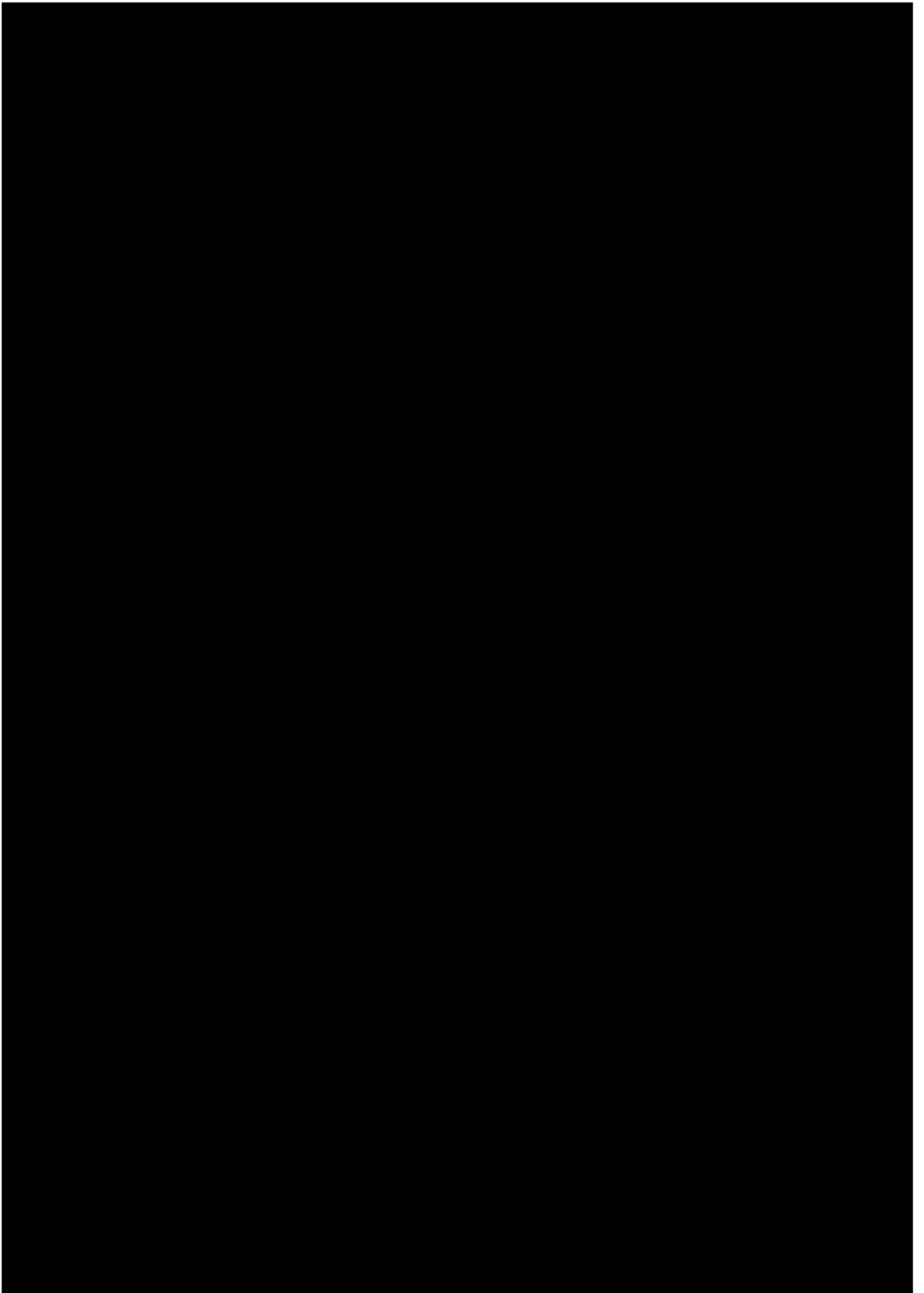


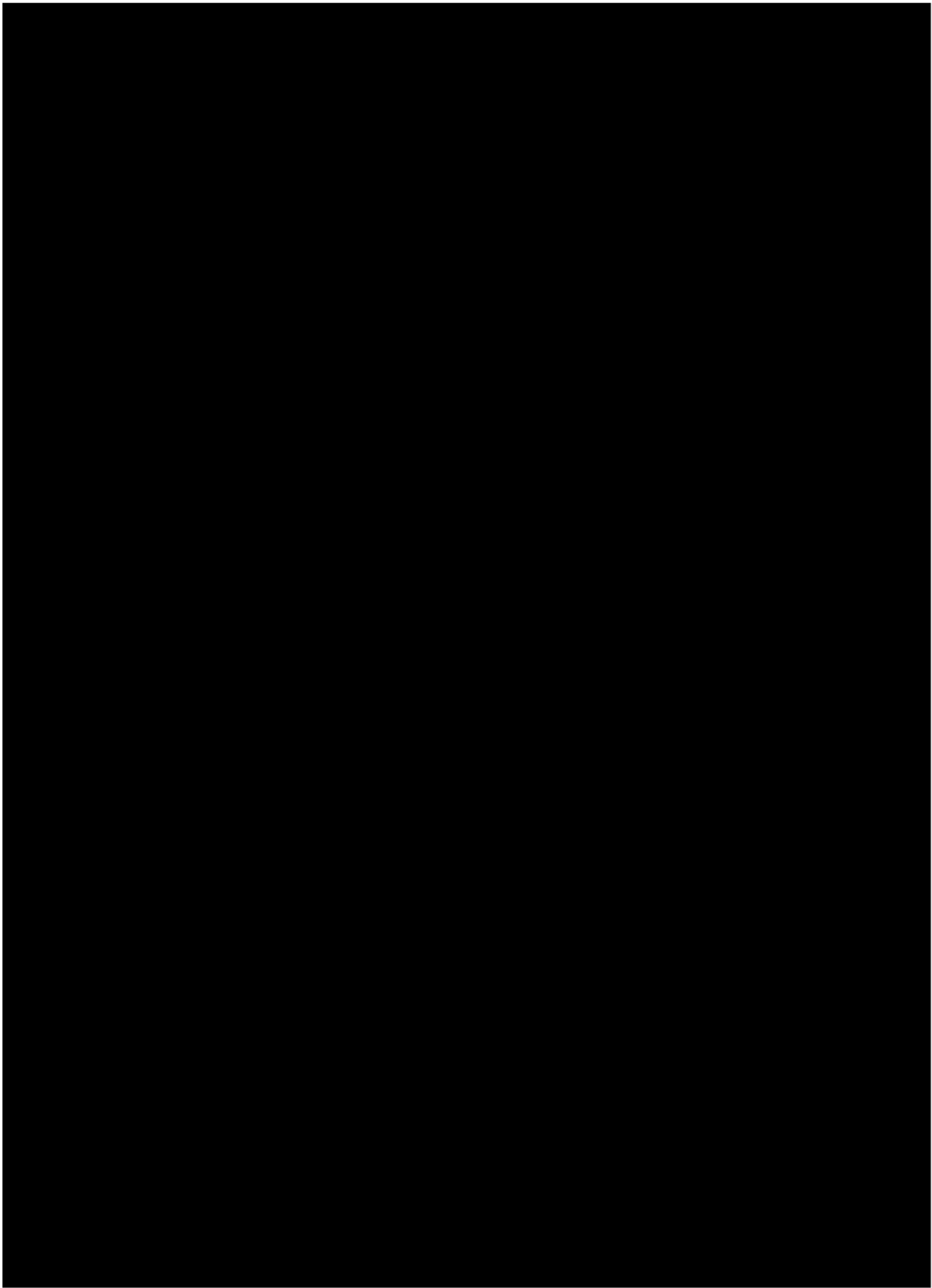


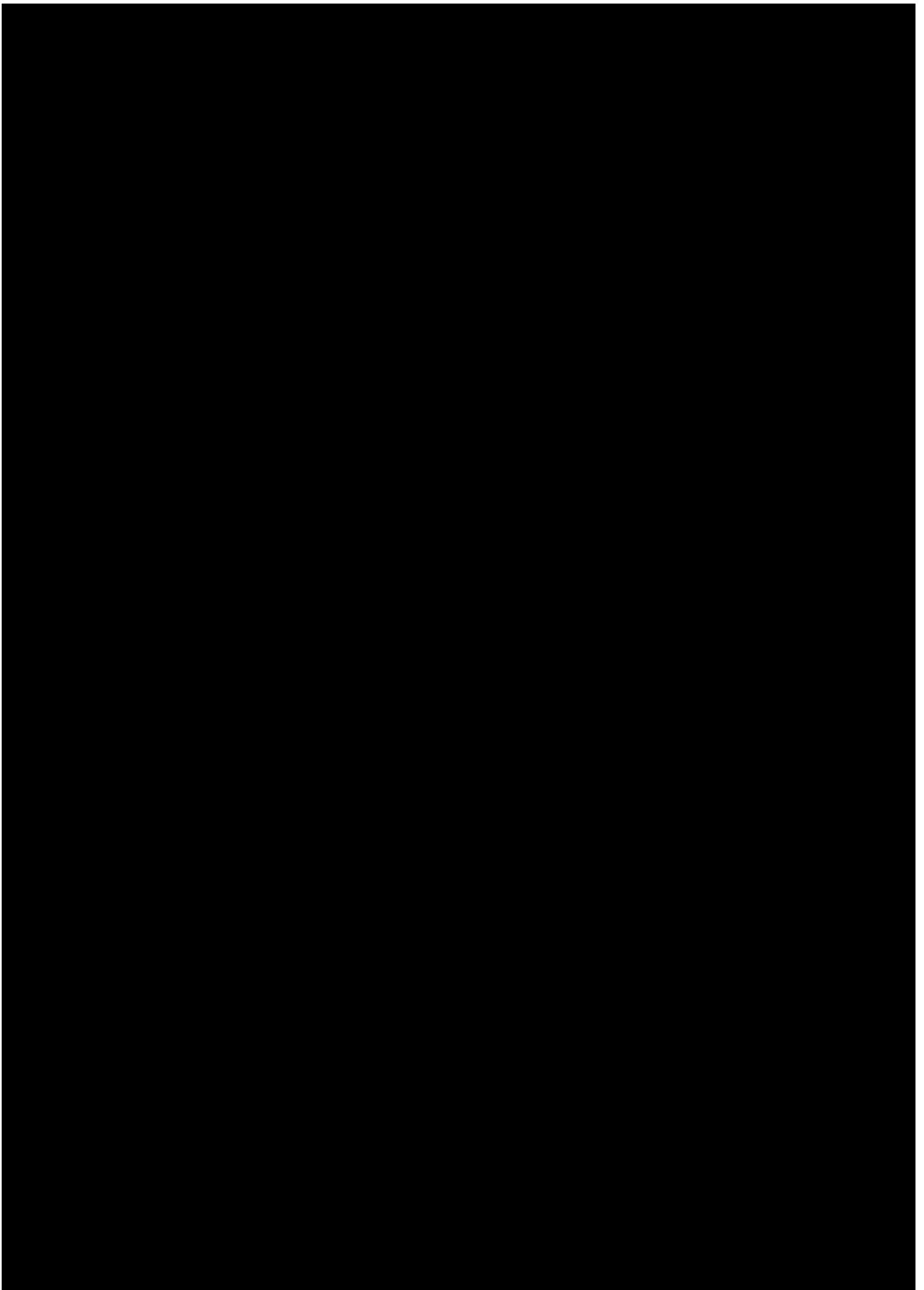


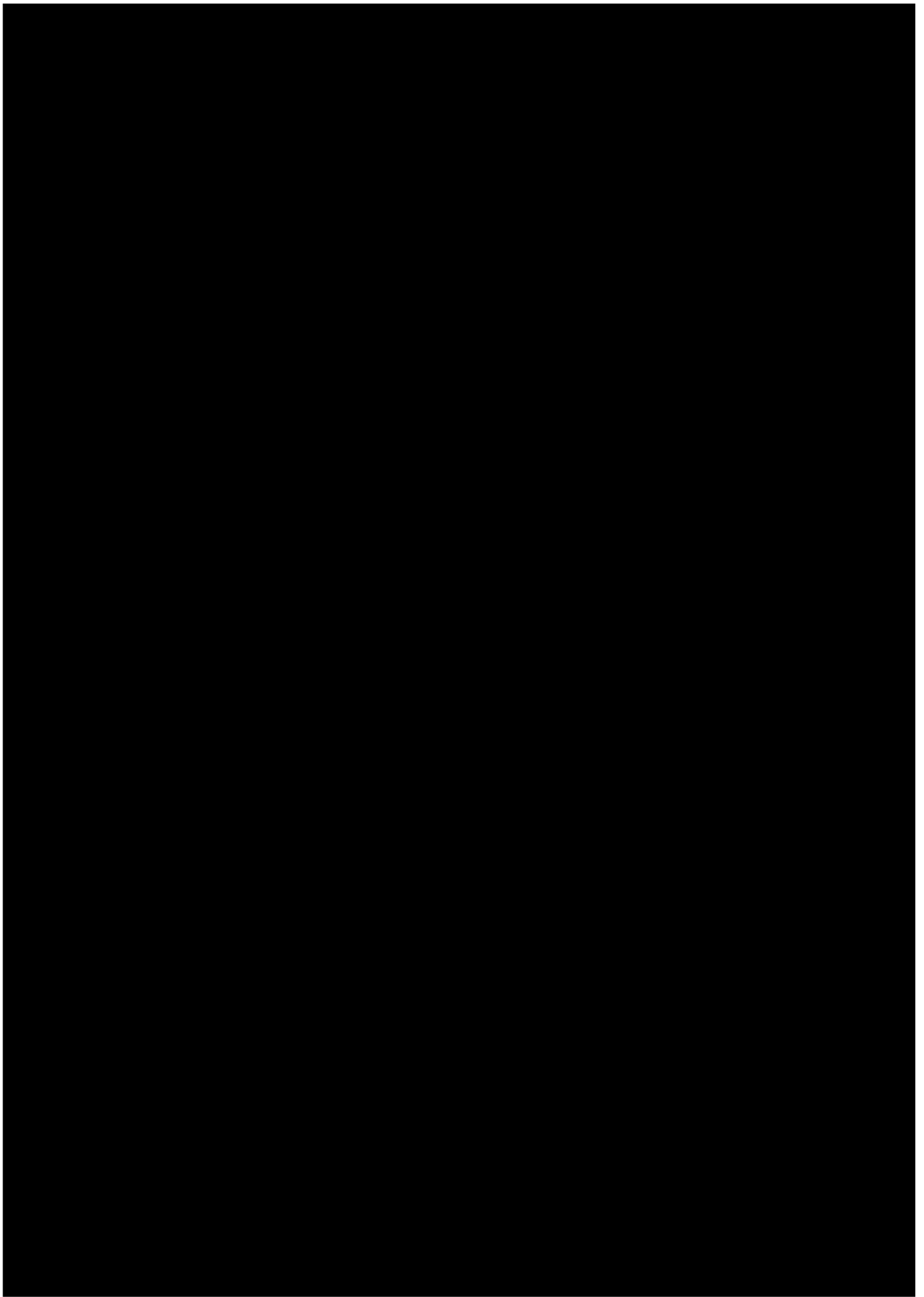










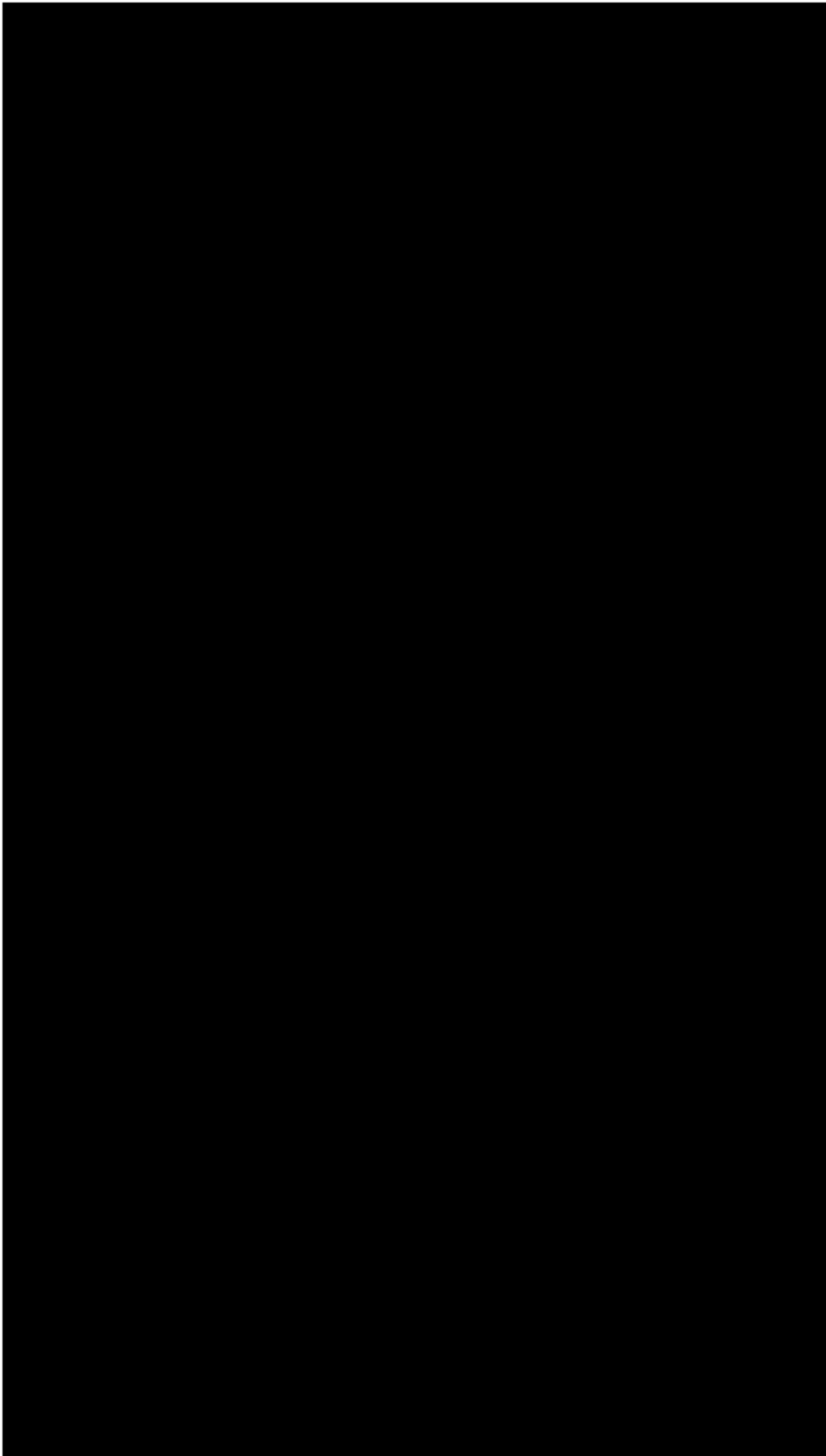


Section 3.16(a)

Investments

The Company has on deposit, with the State of Wisconsin's State Controller's Office, U.S. Treasury Notes with a par value of [REDACTED]

See attached list of investments as of the date of the Agreement, which includes the aforementioned U.S. Treasury Notes that are on deposit with State of Wisconsin's State Controller's Office



Section 3.16(c)

Investments

The Company has on deposit, with the State of Wisconsin's State Controller's Office, U.S. Treasury Notes with a par value of [REDACTED].

Section 3.19(a)

Employment Matters

<u>Employee</u>	<u>Compensation*</u>	<u>Most Recent Pay Increase (Date/Amount)</u>	<u>Date of Hire</u>	<u>Employment Agreement</u>
Donna Nelson	[REDACTED]			Yes
Tracy Billingsley	[REDACTED]			Yes
Nancy Roberts	[REDACTED]			No

*Reflects salary effective as of January 1, 2020, and bonus for calendar 2019.

Copies of the Employment Agreements by and between the Company and each of Donna Nelson and Tracy Billingsley have been made available to Buyer prior to the date of the Agreement.

Section 3.19(b)

Employment Matters

Employee Benefit Plans

Health Insurance – Blue Cross and Blue Shield of Alabama-Group 35456-999 (the “Health Insurance Policy”) (Southern directed)

Dental Insurance – IHC Health Solutions (Group No. 2410)

Vision – Davis Vision

Healthcare Flexible Spending/Dependent Care Flexible Spending – take care® by WageWorks (the “Flexible Spending Program”) (Southern directed)

Short-term Disability – Cigna (Policy No. FLK-960464)

Long-term Disability – Cigna (Policy No. LK-962315)

Life Insurance (Basic and Voluntary) and Accidental Death and Dismemberment Insurance – Cigna (Policy No. FLX-963210)

Business Travel Accident Insurance – Chubb (Policy No. 9907-16-81)

Geneve Corporation 401(k) Plan

On September 9, 2004, The Southern Life and Health Insurance Company Revised Retirement Plan (the “Southern Plan”) purchased deferred annuity certificates (“DFAs”) for all participants no longer actively employed by the Company pursuant to the terms of a group annuity contract held by the Company as the investment vehicle for the Southern Plan. In accordance with the terms of the Southern Plan, the Company established a trust, and transferred the assets held for investment under the group annuity contract to the trust following the purchase of the DFAs. Thereupon, the Southern Plan was merged, effective on September 10, 2004, into a pension plan sponsored by The Aristotle Corporation; such plan is now known as The Aristotle Corporation Amended and Restated Pension Plan (effective January 1, 2015) (the “Aristotle Plan”). The Aristotle Corporation was an affiliate of the Company until June 30, 2015 when all of its outstanding capital stock was sold to an unaffiliated party. In addition, the Company, in its capacity as insurer under the DFAs, retains the obligations for all retired and deferred vested participants of the Southern Plan; these obligations are reflected in the Company’s annuity reserves in its financial statements.

Donna Nelson and Tracy Billingsley have frozen pension benefits payable pursuant to the terms of the Aristotle Plan. Betty Kincaid, a former employee, is currently receiving a retirement benefit

pursuant to the terms of the Aristotle Plan. No other current or former employee of the Company is entitled to benefits under the Aristotle Plan, and the Company has not contributed to or been required by law to contribute to the Aristotle Plan or the Southern Plan since 2004.

The Health Insurance Policy is maintained by the Company on behalf of its active full-time employees and their eligible dependents. The Health Insurance Policy can be terminated or otherwise discontinued as at the beginning of each calendar month upon delivery of notice. The other Employee Benefit Plans are maintained by one or more of the Company's Affiliates and will remain in-force following the Closing Date, but none of such Employee Benefit Plans will cover the Company or its employees following the Closing Date; provided, however, that, the Company's employees will continue to be able to maintain any account balances in the Geneve Corporation 401(k) Plan, but will not be able to make future payroll contributions thereto following the Closing Date.

Section 4.02

No Conflicts; Consents

Buyer must receive the approval of the Domiciliary Regulator of its Form A prior to the consummation of the Transactions.

The disclosure set forth in **Section 3.05** of the Disclosure Schedules is incorporated by reference into this **Section 4.02** of the Disclosure Schedules.

Section 6.02(a)

Books and Records

Buyer shall, to the extent in its (or in any of its Affiliates') possession, make the following items, among other things, available to Representatives of Seller following the Closing;

1. Regions Bank statements
2. All monthly workpaper files maintained by Tracy Billingsley and Donna Nelson
3. Reports and monthly information from the QL Admin system
4. Guaranty Income Life Insurance Company monthly settlement information
5. Annual statement software for 2020 and prior years.
6. Quickbooks software, paid bill information
7. Access to the Company's consulting actuary, Jeff Yeatman, for reserve calculations and possibly actuarial opinion