

**FORM D**  
**PRIOR NOTICE OF A TRANSACTION**

Filed with the Office of the Commissioner of Insurance,  
State of Wisconsin

by

**Universal Fidelity Life Insurance Company**  
Name of Registrant

On behalf of the following insurer:

**Southern Life and Health Insurance Company**  
402 Office Park Drive, Suite 101  
Birmingham, Alabama 35223

Date: August 4, 2020

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

Carleton B. ("Brent") Haggard  
President and Chief Executive Officer  
Universal Fidelity Life Insurance Company  
13931 Quail Pointe Drive  
Oklahoma City, OK 73134  
Telephone: (800) 366-8354, Ext. 100  
Email: bhaggard@uflic.com

With a copy to:

Jed Roher  
Husch Blackwell LLP  
33 East Main Street, Suite 300  
Madison, WI 53703  
Telephone: (608) 243-6013  
Email: jed.roher@huschblackwell.com

## ITEM 1. IDENTITY OF PARTIES TO TRANSACTION

Furnish the following information for each of the parties to the transaction covered under s. 617.21 (2), Stats., and s. Ins 40.04 (2), Wis. Adm. Code:

**(a) Name;**

The parties to the transaction are Universal Fidelity Life Insurance Company (“Universal”) and Southern Life and Health Insurance Company (“Southern”).

**(b) Home office address;**

Universal’s home office is located at 13931 Quail Pointe Drive, Oklahoma City, OK 73134.

Southern’s home office is located at 1241 John Q Hammons Drive, Madison, Wisconsin 53717.

**(c) Principal executive office address;**

Universal’s principal executive office is located at 13931 Quail Pointe Drive, Oklahoma City, Oklahoma 73134.

Southern’s principal executive office is located at 402 Office Park Drive, Suite 101, Birmingham, Alabama 35223.

**(d) The organizational structure, i.e., corporation, partnership, individual, trust, etc.;**

Universal is an Oklahoma corporation.

Southern is a Wisconsin stock life insurance corporation.

**(e) A description of the nature of the parties’ business operations;**

Universal is licensed and authorized to conduct business and provide life, health, and accident insurance in Arizona, Arkansas, Mississippi, Nebraska, New Mexico, Oklahoma, and Texas; Universal is also licensed and authorized to provide third party administrative and underwriting services for Final Expense, Medicare Supplement, self-funded Group Health, Blanket Accident, Group Term Life, Individual and Group Worksite, and Stop Loss policies to other insurance companies in all states requiring a license for the provision of those services. Universal typically reinsures its third party administrator clients on the products it administers. Additionally, Universal issues its own Medicare Supplement, Accident, and Final Expense products.

Southern is not currently writing business, but has life policies that have become paid-up or extended term through non-forfeiture election and assumed annuity policies.

**(f) Relationship, if any, of other parties to the transaction to the insurer filing the notice, including any ownership or debtor/creditor interest by any other parties to the transaction in the insurer seeking approval, or by the insurer filing the notice for the affiliates;**

Universal and Southern are the only parties to the transaction addressed in this Form D. Universal is in the process of acquiring all of the outstanding capital stock of Southern, as described in the accompanying Statement Regarding the Acquisition of Control of or Merger with a Domestic

Insurer (the “Form A Filing”), pending the approval of the Commissioner of Insurance of the State of Wisconsin and the closing of that stock purchase.

**(g) Where the transaction is with a non-affiliate, the name(s) of the affiliate(s) which will receive, in whole or in substantial part, the proceeds of the transaction.**

At the time of the transaction addressed in this Form D, and as discussed above, Southern will be a wholly-owned subsidiary of Universal.

## **ITEM 2. DESCRIPTION OF THE TRANSACTION**

**Furnish the following information for each transaction for which notice is being given:**

**(a) A statement as to whether notice is being given under s. Ins 40.04 (2) (a), (b), (c), (d), (e) or (f);**

This notice is being provided under s. Ins 40.04 (2) (d) regarding the disclosure of certain management agreements and service contracts between the parties.

**(b) A statement of the nature of the transaction;**

Universal will purchase all of the issued and outstanding shares of the common stock of Southern (the “Stock Purchase”) pursuant to the terms of a Stock Purchase Agreement (the “Stock Purchase Agreement”) between Universal and Honor Capital Corp. (the “Seller”), which Stock Purchase Agreement is subject to the Form A Filing. Following the closing of such Stock Purchase, Southern will be a wholly owned subsidiary of Universal.

Immediately after the closing of the Stock Purchase, Universal and Southern will enter into the Administration and Services Agreement attached hereto as **Exhibit A** whereby Universal will provide third party administrative services, management services, and home office services to Southern in exchange for a monthly fee for management and home office services, and per-policy and per-event fees for third party administrative services (the “Service Agreement”). The duration of the Service Agreement will begin on the date of the closing of the Stock Purchase, and will continue for an initial term of thirty-six (36) months, and thereafter for successive twelve (12) month periods.

**(c) A statement of how the transaction meets the “fair and reasonable” standard of s. 617.21, Stats.; and**

The third party administrative services, management services, and home office services to be performed for Southern by Universal under the Service Agreement are critical to the effective functioning and operation of Southern. In exchange for the provision of those services, Universal will charge Southern an amount estimated to approximate Universal’s cost in providing management and home office services to Southern, and an amount approximately equal to Universal’s marginal cost in providing third party administrative services, plus a ten percent (10%) profit margin, which is substantially less than the amount charged by Universal to unrelated third parties for similar third party administrative services.

**(d) The proposed effective date of the transaction.**

The Service Agreement is proposed to become effective on the date of the closing of the Stock Purchase.

**ITEM 3. SALES, PURCHASES, EXCHANGES, LOANS, EXTENSIONS OF CREDIT, GUARANTEES OR INVESTMENTS**

Not applicable.

**ITEM 4. LOANS, EXTENSIONS OF CREDIT, OR GUARANTEES TO OR FOR A NONAFFILIATE**

Not applicable.

**ITEM 5. REINSURANCE**

Not applicable.

**ITEM 6. MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS AND COST-SHARING ARRANGEMENTS**

**For management and service agreements, furnish:**

- (a) A brief description of the managerial responsibilities, or services to be performed;**
- (b) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.**

Under the Service Agreement, Universal will provide third party administrative services, management services, and home office services to Southern. In particular, in providing third party administrative services Universal will provide claim forms to insureds when requested, investigate submitted claims, and settle claims as appropriate; in providing management and home office services Universal will generally administer Southern's insurance business, including management of Southern's assets and reserves and services related to product development, actuarial, marketing, underwriting, accounting, policy issuance, policyholder services, and the like. The basis for the compensation to be paid by Southern to Universal in exchange for the management and home office services provided by Universal is generally an approximation of Universal's cost in providing those services; the basis for the compensation to be paid by Southern to Universal in exchange for the third party administrative services is generally Universal's cost in providing those

services plus a ten percent (10%) profit margin. The compensation to be paid by Southern to Universal will be paid by Southern monthly in arrears.

**For cost sharing arrangements, furnish:**

- (a) A brief description of the purpose of the agreement;**
- (b) A description of the period of time during which the agreement is to be in effect;**
- (c) A brief description of each party's expenses or costs covered by the agreement;**
- (d) A brief description of the accounting basis to be used in calculating each party's costs under the agreement.**

Not applicable.

#### **ITEM 7. TRANSACTIONS NOT IN THE ORDINARY COURSE OF BUSINESS**

**Provide a brief but complete description of any transaction not in the ordinary course of business.**

The transactions described above in Items 2 and 6 are incorporated herein by reference.

#### **ITEM 8. OTHER TRANSACTIONS REPORTABLE UNDER AN ORDER**

**Provide a brief but complete description of any transaction reportable under an order.**

Not applicable.

*[Signatures on Following Page]*

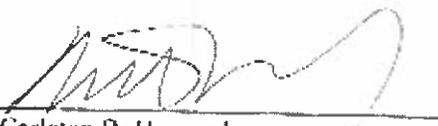
**ITEM 9. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

SIGNATURE -

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Universal Fidelity Life Insurance Company has caused this application to be duly signed on its behalf in the city of Oklahoma City and state of Oklahoma on the 4<sup>th</sup> day of August, 2020.

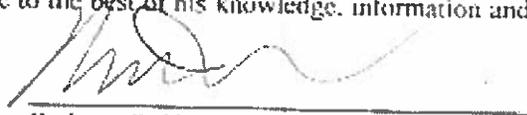
Universal Fidelity Life Insurance Company

By:   
Carleton B. Haggard  
President and Chief Executive Officer

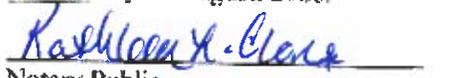
Attest:

  
Kyle D. Conrad  
General Counsel  
Universal Fidelity Life Insurance Company

The undersigned deposes and says that he has duly executed the attached application dated August 4, 2020, for and on behalf of Universal Fidelity Life Insurance Company; that he is the President and Chief Executive Officer of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

  
Carleton B. Haggard  
President and Chief Executive Officer

Subscribed and sworn to this  
4<sup>th</sup> day of August, 2020.

  
Notary Public  
My commission expires on: 5/12/21

