

NO. D-1-GV-08-000945

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
v.	§	
	§	
MEMORIAL SERVICE LIFE	§	TRAVIS COUNTY, TEXAS
INSURANCE COMPANY, LINCOLN	§	
MEMORIAL LIFE INSURANCE	§	
COMPANY, AND NATIONAL	§	
PREARRANGED SERVICES, INC.	§	250TH JUDICIAL DISTRICT

AFFIDAVIT OF JOHN H. TWEEDIE

I, John H. Tweedie, being duly sworn, states as follows:

1. I am President and Chief Executive Officer of Northstar Group Holdings Limited (“NGH”), a company which owns all of the stock of Northstar Reinsurance Ireland Limited (“Northstar”), the Movant. I am also a director of Northstar. One of my principal duties is to exercise ultimate management authority and control over the activities of Northstar. I am very familiar with the day to day operations of Northstar.

2. I am personally familiar with the terms of the Reinsurance Agreement (the “Agreement”) between Northstar and Lincoln Memorial Life Insurance Company (“Lincoln”), a true and correct copy of which is attached as Exhibit A to Northstar’s Motion to Lift Stay.

3. Pursuant to Article VI of the Agreement, Lincoln is required to submit a Monthly Accounting Report to Northstar not later than ten (10) days following the end of each month. Essentially, the Monthly Accounting Report reflects the “Cash Settlement” owed to either party at the end of each monthly accounting period, and provides the underlying detail of all of the financial components of the Cash Settlement, including reinsurance premiums, commissions and expense allowance, and charge-backs and benefit payments.

4. Pursuant to Article VI, Paragraph 4, net amounts due to Northstar are due and payable within twenty (20) days of the end of the monthly accounting period. If Lincoln fails to

pay amounts due to Northstar within sixty (60) days of the end of the monthly accounting period, Northstar has the right to terminate the Agreement on thirty (30) days written notice, pursuant to Article VII, Paragraph 3.

5. On February 25, 2008, Northstar received Lincoln's Monthly Accounting Report for January 2008, which showed the Cash Settlement for January 2008. A copy of the Report is attached as Exhibit C to the Motion to Lift Stay. The January 2008 Accounting Report which was prepared by Lincoln showed a balance of \$846,671.63 due from Lincoln to Northstar.

6. As of April 1, 2008, sixty (60) days following the end of the January Accounting Period and upon expiration of the forty (40) day grace period afforded Lincoln for bringing its obligations to Northstar current, Lincoln still had not made any payment to Northstar for the balance owed per the January Accounting Report. Accordingly, on April 2, 2008, Northstar exercised its right to terminate the Agreement for non-payment of amounts due and provided Lincoln with the contractually required thirty days notice of termination, a copy of which is attached as Exhibit B to the Motion to Lift Stay.

7. As of this date, in addition to Lincoln's failure to pay the \$846,671.63 due on the January Monthly Accounting Report, Lincoln has also failed to pay Northstar the Cash Settlement due to Northstar of \$606,149.94 per the February Monthly Accounting Report prepared by Lincoln and received by Northstar on March 13, 2008. Lincoln has failed to prepare Monthly Accounting Reports for any month subsequent to February 2008. At no time has Lincoln attempted to cure its defaults.

8. On November 27, 2007, Northstar demanded arbitration of certain disputes with Lincoln. During the course of that arbitration, and after the thirty day notice of termination expired, Northstar has asked the Panel to declare that the Agreement has been terminated for the

reasons discussed in paragraphs 3 through 6 above, that Northstar has no further liability for the reinsured policies, and that the collateral it has posted as security for its own obligations be released. In the arbitration, Northstar has also asked for rescission and for damages relating to certain misrepresentations made by Lincoln during the underwriting of this Agreement.

9. Northstar at all times has been, and continues to be, in full compliance with its obligations under the Agreement even though it has demanded arbitration. Northstar has not repudiated those obligations. In fact, pursuant to its obligation under Article IV of the Agreement, at the end of December 2007, Northstar increased the amount of the Letter of Credit it has posted as security from \$25 million to \$28.5 million so that the Letter of Credit, together with the Trust assets it has posted, would equal the full amount of statutory reserves reported by Lincoln. Northstar increased the amount of this collateral even after it had demanded arbitration.

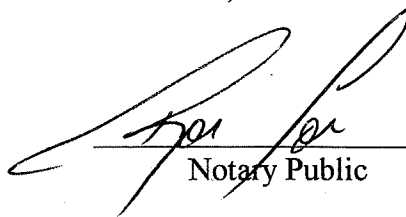
10. The continuation of the stay imposed by the Liquidation Order works a very significant hardship on Northstar and threatens its continued viability as a reinsurer. Northstar is a relatively small reinsurer that is allowed by United States insurance regulators to reinsure companies in the United States as long as it places security in the United States for its reinsurance obligations. Northstar complied with this requirement for the Lincoln treaty by placing \$9.6 million trust assets in a trust located in the United States and by procuring a letter of credit in the amount of \$28.5 million issued by a United States bank. The Lincoln treaty is a significant part of Northstar's business. The assets which Northstar has committed as security for the Lincoln treaty obligations represents 12.8% of all regulatory capital which Northstar has committed as security for all of its treaty obligations. As a practical matter, Dresdner Bank, N.A., the bank that issued the letter of credit for the Agreement, is unwilling to issue any further letters of credit to support any new business for Northstar because of the present unresolved

issues concerning the letter of credit on the Lincoln treaty. The Liquidation Order presently ties up these \$38 million in assets even though Northstar has terminated the Agreement. Before Lincoln's default, the Agreement with Lincoln was providing 30% of Northstar's revenues. Because Northstar's revenues have dropped 30% as a result of Lincoln's default, Northstar will have to reduce its staff. Notwithstanding the reduction in staff, Northstar's expenses continue to exceed its revenues. Northstar will continue to sustain operating losses unless it can find a new revenue source from new business. However, since it is unable to obtain any further letters of credit as long as the stay is in effect with respect to the Letter of Credit for the Lincoln treaty, Northstar cannot contract for any new business to replace the existing Lincoln treaty. With continued losses and no means of writing new business, Northstar will be forced to wind up its affairs as an ongoing business unless the stay is lifted and the collateral supporting the Agreement is released.

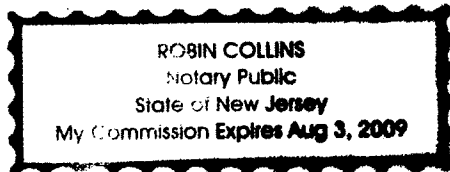


John H. Tweedie

SUBSCRIBED AND SWORN to
before me this 14th day of
November, 2008.



Notary Public



TREATY 027

LINCOLN MEMORIAL LIFE INSURANCE COMPANY

CEDED TO
NORTHSTAR REINSURANCE IRELAND LIMITED

Code is 14I

1/31/2008 SETTLEMENT SUMMARY

DUE LINCOLN MEMORIAL LIFE

CLAIMS-LIFE	495,155.84
SURRENDERS-LIFE	25,765.99
COMMISSION & EXPENSE ALLOWANCE	512,452.26
TOTAL DUE LINCOLN:	1,033,374.09

DUE NORTHSTAR

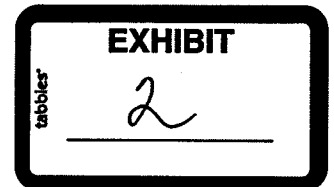
PREMIUMS-LIFE	1,880,045.72
TOTAL DUE NORTHSTAR	1,880,045.72

DUE NORTHSTAR FOR CURRENT MONTH ACTIVITY: 846,671.63

PAY TO:

NORTHSTAR

G/L ACCT: 108-227-000
PAYEE CODE:



LINCOLN MEMORIAL
January-08

BUSINESS REINSURED WITH NORTHSTAR (Rein Code 0141)
ALL HIGHLIGHTED NUMBERS ARE 100%

		First	Single	Renewal	Factor	Ceded to Northstar
MEMORIAL SERVICE	Co # 02					
PREMIUMS COLLECTED	LIFE	199,424.62	416,407.32	201,828.18	0.90	735,894.11
CLAIMS PAID	LIFE			147,697.43	0.90	132,927.69
SURRENDERS	LIFE			195.30	0.90	175.77

LINCOLN MEMORIAL	Co # 08					
PREMIUMS COLLECTED	LIFE	343,963.24	799,920.70	127,395.63	0.90	1,144,151.61
CLAIMS PAID	LIFE			402,475.72	0.90	362,228.15
SURRENDERS	LIFE			28,433.58	0.90	25,590.22

AFTER THE 90% NORTHSTAR FACTOR IS APPLIED)

PREMIUMS	LIFE					1,880,045.72
CLAIMS	LIFE					495,155.84
SURRENDERS	LIFE					25,765.99

COMMISSION EXPENSE	Memorial	Lincoln	Total	Factor	
Reinstatements	981.54	1,310.96	2,292.50	0.90	2,063.25
Rewrites		2,952.18	2,952.18	0.90	2,656.96
Chargebacks	(7,438.69)	(83,729.11)	(91,167.80)	0.90	(82,051.02)
Comm Summar	171,248.73	256,082.00	427,330.73	0.90	384,597.66

EXPENSE ALLOWANCE CALCULATION

	Memorial	Lincoln	Total	Factor	
Premiums	73,582.75	114,415.04	187,997.79	0.90	169,198.01
first year policies	3,700.00	10,846.00	14,546.00	0.90	13,091.40
policies	7,599.00	17,841.00	25,440.00	0.90	22,896.00
TOTAL COMMISSION AND EXPENSE ALLOWANCE					512,452.26

DO NOT USE

COMMISSION GRID SUMMARY--100%	Memorial	Lincoln
Jan		
Feb		
Mar		
Apr		
May		
June		
Total	0.00	0.00

**LINCOLN MEMORIAL LIFE INSURANCE CO (WSL)
JOURNAL ENTRY**

Period: Jan-08
 Subject: LML - NORTHSTAR (14I) Settlement

Account	Description	DR	CR
302-427-027	Premiums LIFE ceded	1,880,045.72	
402-227-027	Claims LIFE ceded		495,155.84
462--227-027	Surrenders LIFE ceded		25,765.99
381-227-027	Comm & Exp Allowance		512,452.26
108-227-000	Due Northstar	0.00	846,671.63
		Balance Check	0.00

Explanation:

Initiated By: <u>CTG</u>	J/E #: _____
Date Entered: _____	

Premium Accounting Summary

Co: 02 Premium Summary By Business Type Date Range: 01/01/08 - 01/31/08
 Reinsurance Treaty: 0141 - NORTHSTAR REINSURANCE - NORTHSTAR REINSURANCE

Plan Type	Life/Ord/RPU	Cash	To/(From) Suspense	Ovr/(Undr) Other	Premium Applied	Sgl Prem	Premium Applied Split First Year	Renewal
Total LO		365,097.59	-452,614.87	52.34	817,660.12	416,407.32	199,424.62	201,828.18
	Total	365,097.59	-452,614.87	52.34	817,660.12	416,407.32	199,424.62	201,828.18

Claims Paid

02/25/08

Co: 02 Claims Paid By BizTyp Date Range: 01/01/08 - 01/31/08
 Reinsurance Treaty: 014I - NORTHSTAR REINSURANCE - NORTHSTAR REINSURANCE

Plan Type	Life		Annuities		Total	
	Pol Cnt	Amt Paid	Pol Cnt	Amt Paid	Pol Cnt	Amt Paid
LO100 Life/Ord/W L/Par	43	147,697.43	0	0.00	43	147,697.43
Treaty: 014I Totals	43	147,697.43	0	0.00	43	147,697.43

Premium Accounting Summary

Co: 08 Premium Summary By Business Type Date Range: 01/01/08 - 01/31/08
 Reinsurance Treaty: 014I - NORTHSTAR REINSURANCE - NORTHSTAR REINSURANCE

Plan Type	Life/Ord/RPU	Cash	To/(From) Suspense	Ovr/(Undr) Other	Premium Applied	-----Premium Applied Split-----		
						Sgl Prem	First Year Renewal	
Total LO		299,569.66	-988,547.53	-3,159.38	1,271,276.57	799,920.70	343,963.24	127,392.63
		<u>299,569.66</u>	<u>-988,547.53</u>	<u>-3,159.38</u>	<u>1,271,276.57</u>	<u>799,920.70</u>	<u>343,963.24</u>	<u>127,392.63</u>

Claims Paid

02/25/08

Co: 08 Claims Paid By BizTyp Date Range: 01/01/08 - 01/31/08
 Reinsurance Treaty: 014I - NORTHSTAR REINSURANCE - NORTHSTAR REINSURANCE

Plan Type	Life		Annuities		Total	
	Pol Cnt	Amt Paid	Pol Cnt	Amt Paid	Pol Cnt	Amt Paid
LO100 Life/Ord/W L/Par	119	391,316.97	0	0.00	11	391,316.97
LO110 Life/Ord/W L/NP	1	1,000.00	0	0.00	1	1,000.00
LO710 Life/Ord/RPU	18	10,158.75	0	0.00	16	10,158.75
Treaty: 014I Totals	138	402,475.72	0	0.00	138	402,475.72

Surrenders Paid - Life

02/25/08

Co: 02 Surrenders Paid By BizTyp Date Range: 01/01/08 - 01/31/08
Reinsurance Treaty: 014I - NORTHSTAR REINSURANCE - NORTHSTAR REINSURANCE

Plan Type	Life	
	Pmnt Cnt	Amt Paid
LO100	2	195.30
Totals	2	195.30

Surrenders Paid - Life

02/25/08

Co: 08 Surrenders Paid By BizTyp Date Range: 01/01/08 - 01/31/08
Reinsurance Treaty: 014I - NORTHSTAR REINSURANCE - NORTHSTAR REINSURANCE

Plan Type	Life	
	Pmnt Cnt	Amt Paid
LO100	12	28,433.58
Totals	12	28,433.58

Northstar Reinstatement Summary
Memorial Service Life Insurance Company
Number of Units Reinstated in Month Ended 01/31/08

Plan	Age 0-50		Age 51-60		Age 61-70		Age 71-80		Age 81-90		Age 91+	
	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units
501												
502												
503												
504												
505												
506												
510												
511	16.4	5,985										
518												
519												
522												
523												
671												
672												
675												
676												
680												
681												
688												
689												
760												
761												
764												
765												
766												
767												

Policy Count 1
 Total Units 5,985.00
 Commission Allowance 981.54
 90% Quota Share 883.38

Northstar Reinstatement Summary
Lincoln Memorial Life Insurance Co
Number of Units Reinstated in Month Ended 01/31/08

Plan	Age 0-50		Age 51-60		Age 61-70		Age 71-80		Age 81-90		Age 91+	
	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units
501												
502												
503												
504												
505												
506												
510												
511	16.4	1.200										
518												
519												
522												
523					27.7	1.900	11.9	4.940				
671												
672												
675												
676												
680												
681												
688												
689												
760												
761												
764												
765												
766												
767												

Policy Count 3
 Total Units 8.04000
 Commission Allowance 1,310.96
 90% Quota Share 1,179.86

Northstar Rewrite Listing
Lincoln Memorial Life Insurance Co
For Month Ended 01/31/08

Policy	Stmnt Date of Issue	Stmnt Date of Previous Rewrite	As of Issue or Previous Rewrite				Current				Commission Allowance Adjustment		
			Plan	Iss Age	Ultimate Face Amt	Comm. Rate	ITD Earned Commission Allowance	Plan	Iss Age	Ultimate Face Amt		Comm. Rate	ITD Earned Commission Allowance
Other Changes													
492509203	02/28/06	04/30/07	502	76	1,400.00	14.0	196.00	502	76	1,900.00	14.0	266.00	70.00
492701220	02/28/06	//	502	78	2,000.00	14.0	280.00	502	78	3,000.00	14.0	420.00	140.00
95002020	06/30/06	12/31/07	501	67	2,600.00	19.1	496.60	501	67	2,700.00	19.1	515.70	19.10
95002045	06/30/06	07/31/07	502	80	1,700.00	14.0	238.00	502	80	2,500.00	14.0	350.00	112.00
92701371	08/31/06	//	502	39	2,500.00	37.6	940.00	502	39	3,500.00	37.6	1,316.00	376.00
95002257	09/30/06	10/31/07	502	47	5,612.37	37.6	2,110.25	502	47	6,612.37	37.6	2,486.25	376.00
92608058	04/30/07	//	523	68	1,700.00	27.7	470.90	523	68	1,900.00	27.7	526.30	55.40
98000696	05/31/07	12/31/07	501	75	1,500.00	3.9	58.50	501	75	2,400.00	3.9	93.60	35.10
97001719	06/30/07	//	502	78	3,511.89	14.0	491.66	502	78	7,622.32	14.0	1,067.12	575.46
92511870	09/30/07	//	502	35	1,200.00	37.6	451.20	502	35	2,200.00	37.6	827.20	376.00
97002083	09/30/07	12/31/07	501	71	1,750.00	3.9	68.25	501	71	2,000.00	3.9	78.00	9.75
98000813	09/30/07	//	501	79	3,000.00	3.9	117.00	501	79	6,291.50	3.9	245.36	128.36
97002365	11/30/07	//	501	41	2,100.00	30.8	646.80	501	41	2,900.00	30.8	893.20	246.40
92512163	12/31/07	//	502	41	500.00	37.6	188.00	502	41	1,000.00	37.6	376.00	188.00
92512196	12/31/07	//	501	28	6,143.84	30.8	1,892.30	501	28	6,903.84	30.8	2,126.38	234.08
92512198	12/31/07	//	501	72	7,062.75	3.9	275.44	501	72	7,332.59	3.9	285.97	10.52
Other Changes Totals:					44,280.85			60,762.62		2,952.18			

Lincoln Memorial Life Insurance Co Totals:

44,280.85

60,762.62

2,952.18

90% Quota Share

2,656.96

Northstar Chargeback Summary
Memorial Service Life Insurance Company
Number of Units Terminated in Month Ended 01/31/08

Plan	Age 0-50	Age 51-60	Age 61-70	Age 71-80	Age 81-90	Age 91+
	Rate	Rate	Rate	Rate	Rate	Rate
	Units	Units	Units	Units	Units	Units
501	30.8		19.1	3.9		
502	1,314		28.9	14.0		
503						
504						
505						
506						
510						
511		18.8				
518						
519						
522						
523						
671						
672						
675						
676						
680						
681						
688						
689						
760			14.0	0.8		
761						
764			16.3			
765						
766						
767						

Policy Count 21
 Total Units 68,35500
 Commission Allowance -7,438.69
 90% Quota Share -6,694.82

Northstar Chargeback Summary
Lincoln Memorial Life Insurance Co
Number of Units Terminated in Month Ended 01/31/08

Plan	Age 0-50		Age 51-60		Age 61-70		Age 71-80		Age 81-90		Age 91+	
	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units
501	30.8	5,418	22.3	13,100	19.1	20,641	3.9	27,624				
502			32.2	11,284	28.9	14,246	14.0	50,732				
503			17.7	5,290								
504												
505	25.0	1,655					44.6	1,517				
506							60.0	1,512	50.2	5,477		
510	11.2	7,878	7.6	4,970	29.5	2,680						
511	16.4	12,003					42.2	3,693				
518												
519							31.8	2,963				
522	35.8	3,085	24.6	16,715	16.6	33,201	0.7	77,764				
523	44.3	4,492	36.6	11,062	27.7	60,451	11.9	109,285				
671												
672												
675												
676												
680												
681												
688												
689												
760												
761												
764												
765												
766												
767												

Policy Count 198
 Total Units 508,74823
 Commission Allowance -83,729.11
 90% Quota Share -75,366.20

Northstar Commission Summary
Memorial Service Life Insurance Company
Number of Units Issued in Month Ended 01/31/08

Plan	Age 0-50		Age 51-60		Age 61-70		Age 71-80		Age 81-90		Age 91+	
	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units
501	30.8	27,874	22.3	6,010	19.1	44,248	3.9	98,188				
502	37.6	1,276	32.2	20,579	28.9	58,466	14.0	133,798				
503	34.8	0,895	17.7	6,970	48.0	0,675						
504	39.8	2,295	27.2	3,595	58.5	3,965						
505	25.0	4,544	7.8	15,598	33.9	1,907						
506	30.4	8,572	18.2	22,271	46.1	13,499	60.0	12,091				
510	11.2	45,257	7.6	26,450	29.5	12,934	24.1	8,135				
511	16.4	91,797	18.8	56,417	43.5	16,460						
518					16.7	0,995						
519					27.2	1,195						
522												
523					27.7	0,886	11.9	7,545				
671												
672												
675												
676												
680												
681												
688												
689												
760	22.9	2,070	16.1	9,090	14.0	46,550	0.8	21,370				
761	30.2	3,105	25.7	13,115	22.8	17,279	9.0	31,546				
764			18.4	5,076	16.3	2,951	1.3	11,072				
765	34.3	4,885	29.1	0,675			11.3	17,239				
766			11.3	6,721	8.7	6,190	0.0	5,868				
767			18.8	15,831			4.3	9,879				

Policy Count 233
 Total Units 985,844.39
 Commission Allowance 171,248.73
 90% Quota Share 154,123.85

Northstar Commission Summary
Lincoln Memorial Life Insurance Co
Number of Units Issued in Month Ended 01/31/08

Plan	Age 0-50		Age 51-60		Age 61-70		Age 71-80		Age 81-90		Age 91+	
	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units	Rate	Units
501	30.8	22,034	22.3	64,038	19.1	116,849	3.9	99,293				
502	37.6	14,144	32.2	39,018	28.9	123,943	14.0	291,710				
503	34.8	4,831	17.7	3,500	48.0	1,000						
504			27.2	1,682	58.5	4,282	77.7	1,000	74.9	3,815		
505	25.0	16,022	7.8	5,259	33.9	13,065	44.6	1,200				
506	30.4	11,012	18.2	12,660	46.1	6,000			50.2	3,805		
510	11.2	24,626	7.6	12,443	29.5	8,340	24.1	13,380				
511	16.4	45,675	18.8	25,290	43.5	12,388	42.2	10,741				
518	42.1	3,617			16.7	13,381	21.5	8,446	23.6	3,113		
519			35.4	4,000	27.2	8,830	31.8	23,576	33.1	2,066		
522	35.8	4,887	24.6	4,815	16.6	15,699	0.7	71,805				
523	44.3	4,237	36.6	20,059	27.7	24,513	11.9	29,795				
671							4.9	10,803				
672							16.6	24,915				
675												
676												
680							24.1	8,428				
681												
688												
689												
760			16.1	3,990								
761					22.8	2,625	9.0	6,633				
764												
765							11.3	4,430				
766												
767					15.4	4,546						

Policy Count 300
 Total Units 1,322,27058
 Commission Allowance 256,082.00
 90% Quota Share 230,473.80

Northstar Expense Allowance
Memorial Service Life Insurance Company
For month ended 01/31/08

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Policy	Status	Iss Date	Plan	Sex	Iss Age	Ultimate Face Amt	Period Premium	Expense Allowance		
								Percent of Premium	Year 1 Policy	Expense Allowance
Memorial Service Life Insurance Company Totals:						35,802,897.22	817,579.12	73,582.75	3,700.00	7,599.00
							90% Quota Share	66,224.47	3,330.00	6,839.10

Northstar Expense Allowance
Lincoln Memorial Life Insurance Co
For month ended 01/31/08

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Policy	Status	Iss Date	Plan	Sex	Iss Age	Ultimate Face Amt	Period Premium	Expense Allowance			
								Percent of Premium	Year 1 Policy	Expense Allowance	
Lincoln Memorial Life Insurance Co Totals:						96,581,948.60	1,271,276.57	114,415.04	10,846.00	17,841.00	
								90% Quota Share	102,973.53	9,761.40	16,056.90

TREATY 027

LINCOLN MEMORIAL LIFE INSURANCE COMPANY

CEDED TO
NORTHSTAR REINSURANCE IRELAND LIMITED

Code is 14I

2/29/2008 SETTLEMENT SUMMARY

DUE LINCOLN MEMORIAL LIFE

CLAIMS-LIFE	433,834.45
SURRENDERS-LIFE	285.78
COMMISSION & EXPENSE ALLOWANCE	1,026,855.29
TOTAL DUE LINCOLN:	1,460,975.52

DUE NORTHSTAR

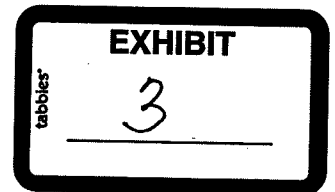
PREMIUMS-LIFE	2,067,125.46
TOTAL DUE NORTHSTAR	2,067,125.46

DUE NORTHSTAR FOR CURRENT MONTH ACTIVITY: 606,149.94

PAY TO:

NORTHSTAR

G/L ACCT: 108-227-000
PAYEE CODE:





Northstar Reinsurance Ireland Limited

IFSC House, Custom House Quay
Dublin 1, Ireland
Phone 353 1 670 0988, Fax 353 1 670 1108

April 2, 2008

BY FEDERAL EXPRESS

L. Keith Hale, Secretary
Lincoln Memorial Life Insurance Company
1250 Capital of Texas Hwy S
Building, 1, Suite 470
Austin, TX 78746

Re: Reinsurance Agreement between Lincoln Memorial Life Insurance Company and Northstar Reinsurance Ireland Limited, effective January 1, 2006

Dear Mr. Hale:

We write on behalf of Northstar Reinsurance Ireland Limited ("Northstar") to provide notice of termination of the above-referenced agreement.

Northstar hereby gives notice that it is terminating the Agreement pursuant to Article VII, paragraph 3 of the Agreement on account of Lincoln Memorial Life Insurance Company's ("Lincoln") failure to pay amounts due for the January 2008 accounting period within sixty (60) days after the end of said accounting period.

This notice is given without waiver of the claims, rights and remedies asserted by Northstar in its pending arbitration with Lincoln arising from the surrenders, policy lapses and RPU's set forth in Lincoln's monthly account reports. Northstar fully reserves all of its rights and remedies with respect to those matters.

Sincerely,

John Kleiman

cc: George Wise, Chief Financial Officer (via Federal Express)
Katherine P. Scannell (via Federal Express)
Joe Cappelman (via Federal Express)

EXHIBIT

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Company Registration Number 391917

Directors: Mr John Tweedie (Bermuda), Mr Philip Clarke, Mr John Kleiman (Bermuda), Mr Terrence Lennon (USA), Mr James Kelly