

UNIFI Insurance Group Members Ratings Lowered To 'A+' From 'AA-'; Outlook Stable

Overview

- We believe the competitive position of the members of the UNIFI Insurance Group has modestly weakened.
- In addition, the group's sources of operating earnings have become less diversified, and we expect them to remain so for the foreseeable future.
- As a result, we have lowered our counterparty credit and financial strength ratings on the members of the group to 'A+' from 'AA-'.
- The stable outlook reflects our belief that the group's competitive position, though weakened, will remain strong.

Rating Action

On March 16, 2010, Standard & Poor's Ratings Services lowered its counterparty credit and financial strength ratings on UNIFI Mutual Holding Co.'s insurance operating companies—Ameritas Life Insurance Corp., Acacia Life Insurance Co., First Ameritas Life Insurance Corp. of NY, and Union Central Life Insurance Co.—to 'A+' from 'AA-'. The outlook on these companies (collectively referred to as UNIFI) is stable.

Rationale

The rating actions reflect Standard & Poor's expectation that UNIFI's earnings stream will be more concentrated as well as our view that the company's competitive position has modestly weakened. Although the group's insurance operating earnings did improve in 2009, the improvement stemmed from stronger results in the individual segment. In 2009, 79% of UNIFI's total pretax GAAP insurance operating earnings were from the individual segment

Primary Credit Analysts:

Jon Reichert
New York
(1) 212-438-7234
jon_reichert@
standardandpoors.com

Secondary Credit Analysts:

Neal Freedman
New York
(1) 212-438-1274
neal_freedman@
standardandpoors.com

Publication Date

March 16, 2010

UNIFI Insurance Group Members Ratings Lowered To 'A+' From 'AA-'; Outlook Stable

compared with 61% in 2007. Over this same period, the contributions from the group and retirement plans segments decreased accordingly. Standard & Poor's anticipates that UNIFI's insurance operating earnings will remain more reliant on the individual segment, as we believe group dental earnings and margins will continue to face significant pressure for the foreseeable future from the general economic climate as well as competitive forces.

We believe UNIFI's competitive position has modestly weakened because of our expectation that core individual life sales would have benefited more from a flight to quality in 2009. Although moderately weaker, we still consider UNIFI's competitive position to be strong. The group maintains a Top Five position in the group dental market and is a Top 30 producer of universal life and whole life. Beginning in 2009, management purposely curtailed the sales of some of its more aggressively priced individual life products and began focusing more attention on the core general agent sales force. Although we view these steps favorably, their full impact on the group's competitive position remains to be seen.

We believe UNIFI's management is committed to maintaining an extremely strong level of capitalization. Despite weakening in 2008, UNIFI maintained extremely strong statutory capitalization, with a slight redundancy at the 'AAA' level at year-end 2008. The group ended 2009 with statutory total adjusted capital of approximately \$1.3 billion, roughly on par with its level at the beginning of the year.

Outlook

The stable outlook reflects our expectation that UNIFI will maintain its strong competitive position, enabling it to continue generating a strong level of earnings and to maintain very strong capitalization for at least the next 12 to 18 months.

Related Criteria And Research

- Analysis Of North American Life Insurance Operating Performance, May 13, 2009.

Ratings List

Downgraded

	To	From
Union Central Life Insurance Co. Counterparty Credit Rating Local Currency	A+/Stable/—	AA-/Negative/—
Financial Strength Rating Local Currency	A+/Stable/—	AA-/Negative/—
Subordinated	BBB+	A-
Acacia Life Insurance Co. First Ameritas Life Insurance Corp. of NY Ameritas Life Insurance Corp. Counterparty Credit Rating Local Currency	A+/Stable/—	AA-/Negative/—
Financial Strength Rating Local Currency	A+/Stable/—	AA-/Negative/—

UNIFI Insurance Group Members Ratings Lowered To 'A+' From 'AA-'; Outlook Stable

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation area, select Find a Rating, then Credit Ratings Search.

Published by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. Executive and Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280 Option 2. Copyright © 2010 by Standard & Poor's Financial Services LLC (S&P). All rights reserved.

No part of this information may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P. S&P, its affiliates, and/or their third-party providers have exclusive proprietary rights in the information, including ratings, credit-related analyses and data, provided herein. This information shall not be used for any unlawful or unauthorized purposes. Neither S&P, nor its affiliates, nor their third-party providers guarantee the accuracy, completeness, timeliness or availability of any information. S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such information. S&P, ITS AFFILIATES AND THEIR THIRD-PARTY PROVIDERS DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained herein even if advised of the possibility of such damages.

The ratings and credit-related analyses of S&P and its affiliates and the observations contained herein are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or make any investment decisions. S&P assumes no obligation to update any information following publication. Users of the information contained herein should not rely on any of it in making any investment decision. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of each of these activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P's Ratings Services business may receive compensation for its ratings and credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge) and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

S&P uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from S&P, its affiliates, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 212-438-7280 or write to us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Customer Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 Option 2; or by email to: research_request@standardandpoors.com.