REGULATORY SETTLEMENT AGREEMENT

In the matter of
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS

This Regulatory Settlement Agreement (hereinafter "Agreement") is entered into as of the date all parties hereto have executed this agreement (hereinafter "Execution Date"), by and among the American Family Life Assurance Company of Columbus (hereinafter "Company"), a Nebraska domestic insurer; and the Commissioner of the Department of Commerce, State of Minnesota; the Director of the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri; and the Director of the Department of Insurance, State of Idaho (collectively, the "Participating States" or "States"). The Company carries National Association of Insurance Commissioners (NAIC) Number 60380 and is currently authorized to solicit insurance in the states of Minnesota, Missouri, and Idaho. The parties hereto agree to adopt this Agreement as follows:

A. Recitals

1. The Company is a Nebraska domestic insurance company and, at all relevant times, has been a licensed insurance company admitted to do business in the states of Missouri, Minnesota and Idaho.
2. In 2009, the Participating States initiated a market conduct examination of the Company (hereinafter the "Examination") for the purpose of reviewing the Company's underwriting, sales and marketing, producer licensing, complaint handling, and claims practices. Specific items reviewed during the course of the Examination include the following:
    a. Sales of duplicate accident and health coverage;
    b. Sales that are a replacement or conversion of existing coverage;
    c. Suitability/overselling;
    d. Policies containing waiting periods;
    e. Record retention and claim date stamps;
    f. Supervision - advertising created and disseminated by producers;
    g. Supervision - sales;
    h. Supervision - producer bonuses, incentives, contests, prizes and awards;
    i. Solicitation and delivery of individual policies and cross border sales;
    j. Delivery of individual contracts for multi-state accounts
    k. Discounts and special offers;
    l. Offering of value added services;
    m. Qualified plan requirements (Minnesota only); and,
    n. Suitability requirements (Minnesota only).
3. As a result of this Examination of the Company, the Participating States shared with the Company various areas of regulatory concern that were identified during their Examination. The Participating States and the Company engaged in settlement discussions with respect to the Examination and plan of corrective actions as set forth in this Agreement.
4. The Company neither admits nor denies that their conduct in the areas of regulatory concern identified during the Examination violated any law or regulation, and desires to enter into this Agreement in order to promote regulatory efficiency. By the execution and delivery of this Agreement and (except as necessary to enforce the terms hereof) payment of the Monetary Penalty set forth in Section D., each Participating State agrees that this

Agreement constitutes a full and complete settlement and release of any and all claims against the Company with respect to all matters addressed and resolved in this Agreement.

5. Contemporaneously with this Agreement, separate consent orders or like forms are entered where necessary under the law or practice of each of the Participating States' jurisdiction.

B. Corrective Action Plan and Reporting

1. The Company agrees to develop a Corrective Action Plan, which will include and consist of plans designed to ensure full compliance with regard to claims handling, sales and marketing procedures, and agent supervision and compensation practices as well as full and timely achievement of each of the standards in the Corrective Action Plan. The Company will submit to the Participating States a Corrective Action Plan for review and approval no later than ten (10) business days after the Execution Date of this Agreement.
2. The Company agrees to adopt and comply with the Corrective Action Plan in accordance with the standards and criteria of the Participating States within 18 months of the Execution Date hereof.
3. The Company shall submit to the Participating States semi-annual reports stating the progress made to implement the Corrective Action Plan requirements. Reporting shall include, but not be limited to, progress, completion and updates of all Corrective Action Plan requirements. The Company shall provide the semi-annual reports no later than 30 calendar days after the end of the semi-annual period and for six semi-annual periods, with the first report covering the second half of calendar year 2012, or the next semi-annual period following the Execution Date of this Agreement, whichever is later.
4. The semi-annual reports shall be used in the implementation of the Corrective Action Plan to monitor compliance regarding the recommendations made and any requirements as identified in the Corrective Action Plan. The Participating States will monitor the Company's compliance with this agreement for a total of 36 months from the Execution Date of this Agreement.

C. Monitoring

1. The Participating States shall monitor the Company's compliance with this Agreement and any Consent Order to which it is attached. Compliance with the Agreement will be measured according to the standards set forth in the Corrective Action Plan and the full and timely implementation of the Corrective Action Plan.
2. The review and monitoring of the Company for compliance with the terms of this Agreement constitutes an ongoing examination by the Participating States during the Monitoring Time Period. Monitoring Time Period is defined as the total of 36 months from the Execution Date of this Agreement in accordance with section C.5. of this Agreement.
3. To the extent permitted by law, the work papers, including but not limited to, recorded information and documents, produced by, obtained by, or disclosed to the Participating States by the Company, including the Corrective Action Plan and semi-annual reports as discussed in Section B to this Agreement, shall be given confidential treatment at all times and shall not be subject to subpoena and may not be made public by the Participating States or any other person, and shall not be public records subject to disclosure as provided by respective state law. Nothing in this Agreement is intended to, nor shall it, preclude the Participating States from disclosing the results of compliance with this Agreement.

4. If the Participating States determine that the semi-annual reports show, and/or if the Participating States otherwise have information from any reliable source, that the Company has not fully and timely complied with parts of the Corrective Action Plan, including but not limited to, the failure to fully and timely achieve certain standards as stated in the Corrective Action Plan, the Participating States, at their election, may notify and brief the Board of Directors of the Company about the Company's failure or inability to achieve an applicable standard or item in the Corrective Action Plan. The Company hereby consents to provide timely access to its Board of Directors for this purpose.
5. The Participating States agree that during the Monitoring Time Period, their regulatory agency:
    a. will not engage in any investigative or examination activities of the Company relating to any of the issues subject to this Agreement;
    b. will not impose a fine, injunction or any other remedy on the Company for any of the matters that are the subject matter of this Agreement; and
    c. may only participate in any assessment or remedy that may be imposed under this Agreement pursuant to the terms set forth in this Agreement.

   Notwithstanding the foregoing, this Agreement would not prevent any Participating State from taking any appropriate action should the Company violate any provision of the Participating States' insurance laws and regulations outside the scope of this Agreement. Further, nothing in this Agreement limits the authority of the Participating States to conduct any regulatory functions, including dealing with specific instances of consumer complaints, licensing changes, or rate and form filings. This Agreement is not intended and may not be construed to limit the authority of any Participating State to investigate, examine and take appropriate action, including bringing an administrative enforcement action with claim for penalties, against the Company with regard to a consumer complaint.

D. Assessments, Penalties and Remedies

1. In full and final settlement and resolution of the Examination of the Company as set forth in the Corrective Action Plan, the Company agrees to pay a civil penalty in the total amount as provided and as allocated among the Participating States as stated in Exhibit "A."
2. The civil penalty shall be payable within 30 days of the Execution Date of this Agreement. The Participating States find that such civil penalty is sufficient to deter and discipline the Company with respect thereto, and no additional discipline is warranted with respect to, all actions and or inactions of the Company from January 1, 2004 through the Execution Date regarding underwriting, claims, complaint handling, and marketing and sales practices concerning or relating to the Examination. This limitation does not limit any action taken relating to the Company's failure to comply and resolve issues in the Corrective Action Plan.
3. In addition to the civil penalty outlined in D.1., if the Participating States determine that the Company has failed to timely implement or fully implement a corrective action or standard in the Corrective Action Plan, the Participating States shall notify the Company and give the Company 30 days to correct such failure in accordance with E.6. below. After notifying the Company and giving the Company an opportunity to cure, the Participating States may assess an additional penalty of $2,500.00 per day in conjunction with any action brought pursuant to paragraph E.6. This penalty will be calculated from the date 30 days after the Company receives notice of the failure to properly or timely implement the Corrective Action Plan until such time that the Company provides evidence to the Participating States that they have properly and/or timely implemented the Corrective Action Plan.

E. Other Provisions

1. By entering into this Agreement, the Participating States and the Company intend to resolve all of the concerns addressed during the Examination. In no event shall the Company be excused from any actions required of the Company by the Corrective Action Plan.
2. This Agreement shall be binding on and inure to the benefits of the Participating States and the Company and their respective legal representatives, successors and assigns.
3. Each and every Participating State has full and unqualified legal authority to enter into this Agreement, and, where such signatory is signing on behalf of a party, to bind that party now and in the future.
4. The failure of the Participating States at any time to require the strict performance by the Company of any of the terms, provisions or conditions hereof shall in no way affect the right thereafter to enforce the same, nor shall the waiver by the Participating States of any breach of any terms, provisions or conditions hereof be construed or deemed to constitute a waiver of any subsequent breach of any term, provision or condition thereof.
5. When an issue pertaining to this Agreement is specific to a particular state, the Participating States and the Company agree that the particular substantive law of that state shall be utilized for the purpose of interpreting, applying and enforcing any provision of this Agreement in that state. In such case(s), the appropriate forum shall be the courts or regulatory agency of that particular state, as appropriate. Nothing in this Agreement enlarges, supersedes or preempts the insurance laws and regulations of any of the Participating States.
6. If the Company defaults with respect to any obligation under this Agreement, it shall use reasonable efforts to cure such default as soon as reasonably practicable. If such default is not remedied within 30 days following personal delivery or delivery by facsimile of a written notice pursuant to paragraph 17 below specifying such default, during which period the Participating States and the Company shall make reasonable efforts to amicably resolve any disputes regarding the default, the Participating States may seek administrative and/or judicial enforcement of this Agreement in the forums of each respective state. In addition to any administrative or judicial enforcement relief sought; in the event of a claimed breach of contract hereof, any Participating State may seek relief therefor and any applicable legal remedy(ies) in a court of proper jurisdiction.
7. Nothing herein shall confer any rights upon any persons or entities other than the Participating States and the Company.
8. This Agreement shall not be effective until the Execution Date. The Execution Date shall be the date on which the last party hereto has executed this Agreement.
9. The Participating States and the Company may mutually agree, in writing, to any reasonable extensions of time that might become necessary to carry out the provisions of this Agreement.
10. This Agreement and any Consent Order or like order relating hereto, if any, is the entire Agreement among the parties with respect to its subject matter and supersedes all prior agreements, arrangements or understandings (whether in written or oral form) between the Participating States and the Company.
11. Nothing in this Agreement or any of its terms and conditions shall be interpreted to alter in any way the contractual terms of any insurance policy or health benefit plan issued or acquired either by the Company or by the parties to such insurance contract.

12. Nothing contained herein shall limit the authority of the Participating States to address specific instances of consumer complaints, licensing changes, rate and form filings, investigatory or enforcement actions relating to representatives or producers of the Company, or conducting other office-based regulatory functions. Such regulatory functions shall not be deemed within the scope of this Agreement. Nothing herein shall prevent or otherwise restrict a Participating State from pursuing regulatory actions against the Company for regulatory issues not the subject of this Agreement.
13. The Agreement may be signed in multiple counterparts, each of which shall constitute a duplicate original, which taken together shall constitute but one and the same instrument.
14. In the event that any portion of this Agreement is held invalid under any particular state's law as it is relevant to a Participating State, such invalid portion shall be deemed to be severed only in that state and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
15. The Company understands and agrees that by executing this Agreement it waives any and all rights to notice, hearing and appeal relating to the issues and claims that arose out of the Examination; provided however, with regard to any questions or issues that arise out of the implementation and monitoring of this Agreement other than a default subject to paragraph E.6. above, the Company may, upon notice and request for hearing, have such questions or issues heard in the proper venue of the Participating State or States where such questions or issues arose in accordance with procedures as provided by law.
16. No changes or amendments to the Agreement shall be effective unless made in writing and signed by all parties to the Agreement.
17. All notices permitted or required to be delivered under this Agreement shall be in writing, addressed to the principal thereof, and shall be deemed delivered, one (1) business day after transmission by facsimile or other electronic system (evidenced by machine generated receipt), five (5) business days after being placed in the hands of a commercial courier service for express delivery; or ten (10) business days after placement in the U.S. Mail by registered or certified mail, return receipt requested, postage prepaid and addressed to the following addresses or a party's most current principal address of which the party sending the notice has been notified:

The Company:

Jeffrey A. Link
Vice President, Director, Compliance Department
American Family Life Assurance Company of Columbus
1932 Wynnton Road
Columbus, Georgia 31999
Facsimile: (706) 660-7080

Participating States:

Minnesota:

Paul Hanson
Enforcement Director
Minnesota Department of Commerce
Enforcement Division
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-3165
Facsimile: (651) 296-4328

Missouri:

Jim Mealer
Chief Market Conduct Examiner
Missouri Department of Insurance, Financial Institutions and Professional Registration
P.O. Box 690
Jefferson City, MO 65102-0690
Facsimile: (573) 526 7819

Idaho:

Georgia Siehl
Bureau Chief, Company Activities Bureau
Idaho Department of Insurance
PO Box 83720
Boise, Idaho 83720-0043
Telephone: (208)334-4250
Facsimile: (208) 334-4298

IT IS SO AGREED.

Dated this 22ND day of May, 2012.

AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS ["AFLAC"]

By Jeffrey A Lisle

Its Vice President, Compliance

Dated this 1st day of June, 2012.

MINNESOTA DEPARTMENT OF COMMERCE

By Mike Rothman
MIKE ROTHMAN
Commissioner

Dated this _____ day of _____, 2012.

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

By_____
JOHN M. HUFF
Director

Dated this _____ day of _____, 2012.

IDAHO DEPARTMENT OF INSURANCE

By_____
WILLIAM W. DEAL
Director

Dated this _____ day of _____, 2012.

MINNESOTA DEPARTMENT OF COMMERCE

By_____
MIKE ROTHMAN
Commissioner

Dated this 4th day of June, 2012.

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

By_____
JOHN M. HUFF
Director

Dated this _____ day of _____, 2012.

IDAHO DEPARTMENT OF INSURANCE

By_____
WILLIAM W. DEAL
Director

Dated this _____ day of _____, 2012.

MINNESOTA DEPARTMENT OF COMMERCE

By_____
MIKE ROTHMAN
Commissioner

Dated this _____ day of _____, 2012.

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

By_____
JOHN M. HUFF
Director

Dated this 30TH day of MAY, 2012.

IDAHO DEPARTMENT OF INSURANCE

By William W. Deal
WILLIAM W. DEAL
Director

EXHIBIT "A"

The civil penalty to be imposed against the Company is in the amount of $1,600,000.00, assessed on a per state basis as follows:

State of Minnesota:	$700,000.00
State of Missouri:	$700,000.00
State of Idaho:	$200,000.00