

CLYDE & CO

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June 9, 2020

VIA FEDEX

Greg E. Lindberg
2222 Sedwick Road
Durham, NC 27713

Re: Notice and Demand Under June 30, 2017 Guaranty Agreement Between Greg E. Lindberg, Universal Life Insurance Company, and Private Bankers Life and Annuity Co., Ltd.

Dear Mr. Lindberg:

We are counsel for Universal Life Insurance Company (“ULICO”). As you are no doubt aware, ULICO is engaged in an arbitration against PB Life and Annuity Co., Ltd., f/k/a Private Bankers Life and Annuity Co., Ltd. (“PBLA”) arising out of their Coinsurance Reinsurance Agreement dated June 30, 2017 (the “Reinsurance Agreement”). On June 2, 2020, the panel of arbitrators overseeing the arbitration issued an arbitration award ordering PBLA to deposit the amount of \$524,009,051.26 into a segregated account designated by ULICO within 10 business days of the date of the award, or June 16, 2020. ULICO has designated the following account for the ordered deposit:

Bank Account: PNC Bank
Pittsburgh, PA
ABA 031000053
TMI Trust Company
Acct-5303762486

Payment Instructions:

If sent by ACH: ABA 054000030

If sent out of the US: SWIFT Code PNCCUS33

We call your attention to the Guaranty Agreement, effective June 30, 2017, which you executed and which is attached as Exhibit G to the Reinsurance Agreement (the “Guaranty”). A copy of the Guaranty is attached for your convenience. Through this Guaranty, you agreed to

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Greg E. Lindberg
June 9, 2020
Page 2

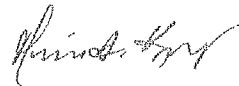
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guaranty the “full and prompt payment when due of [PBLA’s] obligations under the Reinsurance Agreement (the ‘Guaranteed Obligations’). This Guaranty is an agreement of payment and not merely of collection.” (§ 2.1(a)). Upon the written demand of ULICO, the Guaranty obliges you to “pay the full amount or any portion of the Guaranteed Obligations that are then due and payable and have not been paid within thirty (30) calendar days of the due date.” (§ 2.1(b)).

ULICO hereby notifies you that it is exercising its rights under the Guaranty to “proceed directly and at once” to collect from you the full amount owed by PBLA (§ 2.1(c)), to the extent that PBLA fails to comply with the arbitrators’ order that it deposit a total of \$524,009,051.26 into the designated account by June 16, 2020. For the avoidance of doubt, ULICO considers you personally liable for PBLA’s obligations under the arbitration award, including any interest that accrues. Should PBLA fail or refuse to honor its obligations, and should you subsequently fail to honor your obligations under the Guaranty, ULICO will pursue all available remedies.

Please do not hesitate to have your counsel contact the undersigned should you have any questions.

Sincerely,



Michael Knoerzer

Enclosure

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, (this "**Agreement**"), is made and entered into as of June 30, 2017 by **Greg E. Lindberg**, an individual resident of North Carolina (the "**Guarantor**"), in favor **Universal Life Insurance Company**, a Puerto Rico life insurance company (the "**Company**"), with respect to certain obligations of **Private Bankers Life and Annuity Co., Ltd.** a Bermuda Class E insurer (the "**Reinsurer**"). Capitalized terms used but not otherwise defined herein have the meanings set forth in the Reinsurance Agreement.

RECITALS

WHEREAS, effective on the date hereof, Company and Reinsurer have entered that certain Coinsurance Reinsurance Agreement dated June 30, 2017 pursuant to which, among other things, Company has agreed to cede to Reinsurer, and Reinsurer has agreed to reinsure, certain of the liabilities arising out of, relating to or in connection with the liabilities reinsured thereunder on the terms and subject to the conditions set forth therein (the "**Reinsurance Agreement**");

WHEREAS, the Reinsurer is ultimately controlled by the Guarantor and the Guarantor shall derive substantial direct or indirect benefit from the transactions contemplated by the Reinsurance Agreement; and

WHEREAS, in order to induce Company to enter into the Reinsurance Agreement, the Guarantor has agreed to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements set forth herein and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, and intending to be legally bound hereby, the Guarantor hereby agrees as follows:

1 DEFINITIONS

1.1 **Definitions.** The following terms shall have the respective meanings set forth below throughout this Agreement.

"Affiliate" means, with respect to any Person, at the time in question, any other Person controlling, controlled by or under direct or indirect common control with such Person. For this purpose, "control" means the power to direct the management and policies of a Person through the ownership of securities, by contract or otherwise and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Business Day" means any day other than a Saturday, Sunday or a day on which commercial banks in Durham, North Carolina, Hamilton, Bermuda and San Juan, Puerto Rico are required or authorized by law to be closed.

"Company" has the meaning set forth in the preamble of this Agreement.

"Guaranteed Obligations" has the meaning set forth in Section 2.1(a).

"Guarantor" has the meaning set forth in the preamble of this Agreement.

"Guaranty" has the meaning set forth in Section 2.1(a).

"Person" means any natural person, corporation, partnership, limited liability company, trust, joint venture or other entity, including any governmental body or other regulatory authority.

"Reinsurance Agreement" has the meaning set forth in the recitals of this Agreement.

"Reinsurer" has the meaning set forth in the preamble of this Agreement.

"Representatives" means, with respect to any Person, such Person's officers, directors, employees, agents, advisors and other representatives.

2 **GUARANTY**

2.1 **Guaranty.**

(a) Guarantor hereby guarantees (the **"Guaranty"**) the Reinsurer's full and prompt payment when due of Reinsurer's obligations under the Reinsurance Agreement (the **"Guaranteed Obligations"**). This Guaranty is an agreement of payment and not merely of collection. The obligations of the Guarantor under this Guaranty shall remain in full force and effect until the date on which the Reinsurer achieves a long-term credit rating of (i) Baa3 or above from Moody's Investors Service, (ii) BBB- or above from Standard & Poor's Financial Services LLC, (iii) BBB- or above from Fitch Ratings Inc. or (iv) B++ from AM Best Company.

(b) The Guarantor shall, solely following the failure of the Reinsurer to pay its obligations under the Reinsurance Agreement and upon the written demand of the Company, pay the full amount or any portion of the Guaranteed Obligations that are then due and payable and have not been paid within thirty (30) calendar days of the due date.

(c) The Guaranty is a guaranty of payment and collection, and upon any failure of the Reinsurer to pay any Guaranteed Obligation as set forth above, the Company may, at its option, proceed directly and at once, with notice, against Guarantor to collect and recover the full amount of the Reinsurer's liability to pay the Guaranteed Obligations (or any portion thereof) then due and owing, and otherwise enforce its rights under this Agreement. The Guaranty is a continuing guaranty and the obligations of the Guarantor hereunder are and shall be absolute under any and all circumstances, irrespective of, and the Guarantor hereby waives any defense he may have relating to, (i) any lack of validity, legality or enforceability of this Agreement, (ii) any change in time, manner or place of payment of or other term of any Guaranteed Obligation, or any other amendment or waiver of or consent to departure from this Agreement, (iii) any change, restructuring, sale, disposition of all or substantially all of the assets and liabilities of, or termination of the corporate structure or existence of, the Reinsurer, or any dissolution, liquidation, conservation, rehabilitation, bankruptcy, statutory reorganization, receivership, insolvency, compulsory composition, or similar proceeding affecting the Reinsurer or any of its assets or any resulting release or discharge of any obligation of the Reinsurer under the Primary Guaranty or the Reinsurance Agreement, or (iv) any defense, set-off, waiver, release, statute of limitations, incapacity, illegality or unenforceability or other circumstance which might otherwise constitute a discharge of or defense available to the Guarantor (other than a defense of discharge arising

from the payment or performance in full of the Guaranteed Obligations).

(d) The Guarantor hereby expressly waives promptness, diligence, demand, presentment, notice of dishonor, exchange, release, non-payment, non-performance or other default with respect to the Guaranteed Obligations.

(e) To the extent that the Guarantor shall have made any payments under this Section 2.1, any rights to subrogation, reimbursement, indemnity, set-off, contribution and any other claim which the Guarantor may have as a result of any such payment shall be deferred, postponed and subordinated to the prior indefeasible payment or performance in full of the Guaranteed Obligations. If all or any part payment applied to the Guaranteed Obligations is or must be recovered, rescinded or returned to the Reinsurer, the Guarantor or any other Person because of a dissolution, liquidation, conservation, rehabilitation, bankruptcy, statutory reorganization, receivership, compulsory composition, or similar proceeding affecting any party, such Guaranteed Obligations shall be deemed to have continued in existence and this Section 2.1 shall continue in effect as to such Guaranteed Obligations, all as though such payment had not been made. The Company shall not be obligated to file any claim relating to the Guaranteed Obligations in the event the Reinsurer becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Company to so file shall not affect the Guarantor's obligations hereunder.

(f) For the avoidance of doubt, but subject to this Section 2.1, the payment or performance of a Guaranteed Obligation by the Guarantor pursuant to the Guaranty shall be deemed to satisfy the Reinsurer's obligation to perform or pay such Guaranteed Obligation under the Reinsurance Agreement. The Company shall not be entitled to obtain payment or performance of a Guaranteed Obligation from the Reinsurer to satisfy a Guaranteed Obligation to the extent that such Guaranteed Obligation has theretofore been paid in full by the Guarantor under the Guaranty.

(g) The Guaranty shall be effective upon delivery to the Company, without further act, condition, or acceptance by the Company, shall be binding upon the Guarantor and the successors and assigns of the Guarantor and shall inure to the benefit of the Company and its endorsees, successors and permitted assigns of this Guaranty.

3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. As of the date hereof, the Guarantor represents and warrants that:

(a) the execution, delivery, and performance of this Guaranty has been duly authorized by all necessary action on his part;

(b) he has executed and delivered this Guaranty and this Guaranty is the legal, valid, and binding obligation of the Guarantor, enforceable against him in accordance with its terms subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws relating to or affecting creditors' rights generally, and to the effect of general principles of equity;

(c) neither the execution nor delivery of this Guaranty nor compliance with the terms hereof, conflicts with, results in a material breach or violation of the terms of (i) any judgment, order,

agreement, indenture, instrument, governmental permit, or other authorization or obligation to which the Guarantor is a party or by which the Guarantor is bound, or (ii) any federal, state, or local law, statute, ordinance, rule, or regulation applicable to the Guarantor;

(d) except for the consent or non-objection of the North Carolina Department of Insurance (which consent or non-objection has been granted or has occurred, as applicable) no consent, authorization, approval, filing or registration with, any U.S. governmental authority or any party to any contract, agreement or instrument to which the Guarantor is a party or by which the Guarantor is bound, is required for the execution, delivery, performance, or compliance with the terms hereof by the Guarantor; and

(e) there is no pending, or to the best of his knowledge, threatened, litigation against the Guarantor in any court or before any commission or regulatory body which challenges the validity or enforceability of this Guaranty.

4 MISCELLANEOUS

4.1 Notices. Any notice, request, demand, waiver, consent, approval or other communication required or permitted to be given hereunder shall be in writing and shall be delivered personally, sent by registered or certified mail, postage prepaid, or sent by a standard overnight courier of national reputation with written confirmation of delivery. Any such notice shall be deemed given when so delivered personally on the date received (provided that any notice received after 5:00 p.m. (addressee's local time) shall be deemed given at 9:00 a.m. (addressee's local time) on the next Business Day), or if mailed, on the date shown on the receipt therefor, or if sent by overnight courier, on the date shown on the written confirmation of delivery. Such notices shall be given to the following address:

To Company:

Universal Life Insurance Company
PO Box 2145
San Juan, PR 00922-2145
Attention: Jose Benitez, President
Telephone No.: 787-706-7339
Facsimile No.: 787-625-7095
E-mail Address: jobenitez@universalpr.com

With a copy to:

Universal Life Insurance Company
PO Box 71338
San Juan, PR 00936-8438
Attention: Josely Vega, Chief Legal Counsel
Telephone No.: 787-706-7321
Facsimile No.: 787-620-4264
E-mail Address: jvega@universalpr.com

To the Guarantor:

Greg E. Linberg
2222 Sedwick Road
Durham, NC 27713

The Company and the Guarantor may, by notice given in accordance with this Section 4.1, designate another address or Person for receipt of notices hereunder.

4.2 Entire Agreement. This Agreement constitutes the entire agreement among the Guarantor and the Company with respect to the subject matter hereof and thereof and supersedes all prior negotiations, discussions, writings, agreements and understandings, oral and written, among the parties with respect to the subject matter hereof and thereof.

4.3 Waivers and Amendment. This Agreement may not be amended, superseded or canceled, and the terms hereof may not be waived, except by instrument in writing signed by the Company and the Guarantor, or, in the case of a waiver, by the Company, provided that any such amendment, supersession or cancellation has been previously approved by the Commissioner. Any change or modification to this Agreement not in compliance with the previous sentence shall be invalid *ab initio*. No delay on the part of the Company in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

4.4 Successors and Assigns. The obligations of the Guarantor under this Agreement shall not be subject to assignment without the prior written consents of the Company, and any attempted assignment without the prior written consents of the Company shall be void *ab initio*. The terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the successors and permitted assigns of the Guarantor and the Company.

4.5 Headings. The headings of this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

4.6 Construction; Interpretation. The Guarantor and the Company have participated jointly in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by such parties and no presumption of burden of proof shall arise favoring or disfavoring either party by virtue of the authorship of any of the provisions of this Agreement. When a reference is made to an Article, Section or Exhibit such reference shall be to an Article, Section or Exhibit of or to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The word "Agreement," means this Agreement as amended or supplemented, together with all Exhibits attached hereto or incorporated by reference, and the words "hereof," "herein," "hereto," "hereunder" and other words of similar import shall refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. The references to "dollars" or "\$" shall be to United States dollars. Reference to any Applicable Law means such Applicable Law as amended, modified, codified,

replaced or reenacted, and all rules and regulations promulgated thereunder and references to any contract or agreement are to the contract or agreement as amended, modified, supplemented or replaced from time to time, unless otherwise stated. The word "or" shall not be exclusive unless expressly specified herein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

4.7 Governing Law and Jurisdiction.

(a) This Agreement and any disputes or claims arising out of or in connection with its subject matter shall be governed by and construed in accordance with the law of North Carolina.

(b) The courts of North Carolina have exclusive jurisdiction to settle any dispute arising from or connected with this Agreement (a "**Dispute**") including a Dispute regarding the existence, validity or termination of this Agreement or the consequences of its nullity. The Guarantor and the Company agree, irrevocably and for all purposes, that the courts of North Carolina are the most appropriate and convenient courts to settle any Dispute and no party shall advance any argument to the contrary in any court.

4.8 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. If any provision of this Agreement is so broad as to be unenforceable, that provision shall be interpreted to be only so broad as is enforceable. Upon such determination that any term or other provision is invalid or unenforceable, the Guarantor and the Company shall negotiate in good faith so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

4.9 Incontestability. In consideration of the covenants and agreements contained herein, the Guarantor hereby agrees that this Agreement, and each and every provision hereof, is and shall be enforceable by the Company according to its terms, and each party hereby agrees that it shall not contest in any respect the validity or enforceability hereof.

4.10 Expenses. Except as otherwise provided herein, the Guarantor and the Company hereto shall each bear their respective costs and expenses incurred in connection with the negotiation, preparation, execution, performance and enforcement of this Agreement and the transactions contemplated hereby, including all fees and expenses of counsel, actuaries and other Representatives.

4.11 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Company in this Guaranty is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity.

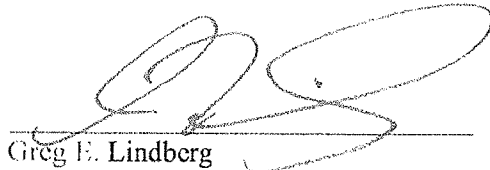
4.12 Waiver of Jury Trial. The Guarantor hereto hereby waives, to the fullest extent permitted by law, any right to a trial by jury in respect of any litigation arising directly or indirectly out

of, under, or in connection with this Guaranty, whether in tort, contract, or equity.

4.13 Termination. This Guaranty will automatically terminate without action by the Guarantor or the Company upon the earlier to occur of (i) the satisfaction in full by the Reinsurer or Guarantor of all of the Guaranteed Obligations or (ii) the Reinsurer achieving the ratings identified in Section 2.1(a)(i), (ii), (iii) or (iv).

(The remainder of this page is intentionally left blank; Signature Page follows.)

IN WITNESS HEREOF, the Guarantor has caused this Agreement to be duly executed as of the day and year first set forth above.

By: 
Name: Greg E. Lindberg