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Research Update:

UNIFI Insurance Group Companies Outlook Revised To Negative; 'AA-' Ratings Affirmed

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Rationale

On March 16, 2009, Standard & Poor's Ratings Services revised its outlook on the UNIFI Insurance Group companies (see ratings list) to negative from stable. At the same time, we affirmed our 'AA-' counterparty credit and financial strength ratings on the companies.

The outlook revision reflects our concern that the economic downturn could have a sustained impact on the company's competitive position and/or earnings. The ratings are based on the group's very strong competitive position, strong earnings, extremely strong capitalization, and strong liquidity. UNIFI was formed in 2006, resulting from the merger of Union Central Life Insurance Co. with the former Ameritas Acacia Group.

UNIFI's competitive position is very strong, benefiting from a diversified product portfolio and a general agency distribution system that accounted for nearly 80% of the individual division's production in 2008. Sales activity during the year remained reasonably strong, with individual life sales on a weighted basis increasing 1%, fixed annuity sales increasing 37%, and variable annuity sales rising 11%, reflecting higher volume in the first part of the year because of a new living benefit feature introduced in late 2007. However, during the fourth quarter of 2008, sales in most of the group's product lines were hurt by the general economic downturn.

The group's earnings from its insurance/annuity operations, which historically had been strong, also were significantly negatively affected in 2008, even after netting out the impact of realized investment losses. Pretax GAAP earnings, excluding realized losses, declined 31%, primarily because of the loss experienced in the variable annuity line, reflecting the impact of the declines in the equity markets and lower persistency as well as required reserve increases for guaranteed benefits. Besides the group's annuity business, most other product lines produced strong profitability.

UNIFI's capitalization remains extremely strong, with a redundancy of capital at the 'AAA' level. Even after the asset stress testing Standard & Poor's performed on its rated U.S. life insurance companies, the group maintains capital redundancy at the 'AAA' level. We believe management is firmly committed to maintaining the group's capital strength.

Outlook

The negative outlook reflects the likelihood that we will lower the ratings on UNIFI if the economic downturn has a sustained impact on the group's competitive position and/or earnings. The current rating anticipates that UNIFI will maintain individual life insurance and fixed annuity sales growth rates at least at industry levels and that the group division will maintain a

leadership position in that market. The rating also anticipates an increase in annual GAAP earnings from the insurance/annuity operations of at least 5%. If UNIFI's competitive position lags the industry or if earnings decline from the 2008 level, we likely will lower the ratings by one notch. We also expect that the group will maintain extremely strong capitalization.

Ratings List

Ratings Affirmed; Outlook Action

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

Ratings Affirmed

Union Central Life Insurance Co.	
Subordinated (1 issue)	A-

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