

SCHEME OF TRANSFER

between

CICA LIFE, LTD.

(TRANSFEROR)

and

CICA LIFE, A.I.

(TRANSFeree)

SCHEME OF TRANSFER

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THIS SCHEME OF TRANSFER (this **Scheme of Transfer** is made this 2nd day of May 2023

BETWEEN:

- (1) **CICA Life Ltd.**, whose registered office is at O'Hara House, One Bermudiana Road, Mezzanine Floor, Hamilton HM08, Bermuda (the **Transferor**); and
- (2) **CICA Life, A.I.**, whose registered office is at Servicios de Apoyo Miramar, Inc., 802 Ave. Fernandez Juncos, San Juan, Puerto Rico 00907 (the **Transferee**);

the Transferor and the Transferee together referred to as the **Parties**, each individually as a **Party** or the **Party**.

RECITALS

- (A) The Transferor was incorporated 22 May 2017 as a Bermuda exempted company, with Registration No. 52595. The Transferor was registered as a Class E Insurer pursuant to the provisions of the Act, effective on 27 February 2018. The authorised share capital of the Transferor is US\$250,000 consisting of 250,000 shares of par value US\$1.00 which are all fully paid up (**Paid Up Share Capital**).
- (B) The sole member and registered shareholder of the Transferor is Citizens, Inc., a corporation organized under the laws of Colorado and whose shares are listed for trading on the New York Stock Exchange (**Citizens**).
- (C) The Transferee was incorporated on 10 May 2022. The Transferee is a corporation organized under the laws of Puerto Rico. It was licensed as an international insurance corporation by the Office of the Commissioner of Insurance of Puerto Rico on 28 September 2022. The authorised share capital of the Transferee is US\$750,000 consisting of 750,000 shares of common voting stock having a par value of US\$1.00 per share. The issued share capital of the Transferee is 750,000 common shares which are fully paid up.
- (D) Transferor is 100% directly owned and controlled by Citizens. The Transferee is 100% directly owned by NEXO Global Services, LLC. a Puerto Rico limited liability company which is 100% directly owned and controlled by Citizens.
- (E) The Parties have agreed that, subject to the grant of such consents as are hereinafter more particularly referred to, the Transferring Business (as defined herein) shall be transferred to the Transferee.

OPERATIVE TERMS

1 DEFINITIONS

In this Scheme of Transfer unless precluded by or inconsistent with the context the following words and expressions shall have the meanings set opposite to them, namely:

Act means the Bermuda Insurance Act 1978 (as amended from time to time) and related regulations;

Asset or Assets means any assets, property, rights or powers of any kind or description, wherever located, whether real, personal or mixed, tangible or intangible, present or future, actual or contingent, that are owned, leased or licensed including all rights, benefits and powers under any Contract and all rights, claims and powers against any third party;

BMA means the Bermuda Monetary Authority;

Conditions Precedent has the meaning assigned to it in section 2.1 (and **Condition Precedent** shall be construed accordingly);

Contract means any written contract, commitment, agreement, indenture, note, bond, mortgage, loan, instrument, lease or license;

Court means the Supreme Court of Bermuda;

Effective Date means the time and date when this Scheme of Transfer shall become operative in accordance with section 16;

Encumbrance means any charge, mortgage, pledge, security assignment, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including, without limitation, title transfer and retention agreements) having a similar effect;

Insurance Policies means all Policies written by or on behalf of the Transferor (or by a predecessor company to and transferred to that company) as insurer, that were entered into (including by such predecessor company) in respect of long term business prior to the Effective Date;

IP Rights means all legal and beneficial rights (including future and contingent rights) in each of the following: copyrights, trade and service marks, trade names, domain names, rights in logos and get-up, inventions, moral rights, registered designs, design rights, patents, rights to sue for passing off or unfair competition, rights protecting

goodwill or reputation, all intangible rights and privileges of a nature similar or allied to any of the foregoing, in every case in any part of the world and whether or not registered and including all granted registrations and all applications for registration in respect of any of the same and all rights and protections of a similar nature or having equivalent effect that may subsist anywhere in the world;

Keep Well Agreement means the Keep Well Agreement entered into by and between Citizens, Inc. and the Transferee on November 9, 2022, to become effective upon the Effective Date.

Liability means any debt, liability, duty or obligation of any kind or description (whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated or due or to become due), including all costs and expenses relating thereto;

Novation Agreements means agreements executed by the Parties, on the one hand, and the reinsurer or reinsurers under each Reinsurance Contract, on the other, between them providing for the novation of the Reinsurance Contracts from CICA Bermuda to CICA PR substantially on the terms of the form appearing in Schedule 1 to this Scheme of Transfer or such other form approved by the Court;

Order means an order made by the Court pursuant to section 25 of the Act sanctioning this Scheme of Transfer;

Paid Up Share Capital the meaning assigned to it in Recital (A);

Policy means all policies, binders, slips, other Contracts of insurance and binding quotations (including without limitation, all supplements, endorsements and riders thereto and all ancillary agreements in connection therewith);

Reinsurance Contracts means that part or all of any Contracts, agreements, Policies or other arrangements in the nature of reinsurance, retrocession or guarantees which cover any part of the Transferring Policies or Residual Policies and to which the Transferor is a party, otherwise than as reinsurer under a reinsurance policy or retrocessionaire under a retrocession policy, immediately prior to:

- (a) the Effective Date; or
- (b) in the case of such Contracts, agreements, Policies or other arrangements or part thereof which cover or covers any part of a Residual Policy, the relevant Subsequent Transfer Date;

Residual Asset means in relation to the Transferring Business (but excluding Assets representing Paid Up Share Capital):

- (a) any Asset and any interest of the Transferor in any Asset, comprised in or relating to the Transferring Business the transfer of which is incapable of lawful transfer owing to the operation of provisions of the International Sanctions Regulations 2013, the Anti-Terrorism (Financial and Other Measures) Act 2004, the Proceeds of Crime Act 1997 or provisions of other statutes (whether of Bermuda or another jurisdiction);
- (b) any right and interest of the Transferor in any Reinsurance Contract to the extent such Reinsurance Contract covers Residual Policies; and
- (c) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, from time to time earned on or received after the Effective Date in respect of any such Assets referred to in sub-paragraphs (a) and (b) of this definition,

but excluding the rights, benefits and powers under the Residual Policies;

Residual Liabilities means in relation to the Transferring Business:

- (a) any Liability of the Transferor comprised in or relating to the Transferring Business, the transfer of which is incapable of lawful transfer owing to the operation of provisions of the International Sanctions Regulations 2013, the Anti-Terrorism (Financial and Other Measures) Act 2004, the Proceeds of Crime Act 1997 or provisions of other statutes (whether of Bermuda or another jurisdiction); and
- (b) any Liability of the Transferor that is attributable to or connected with a Residual Asset or Residual Liability that has arisen or arises at any time before the Subsequent Transfer Date applicable to that Residual Asset or Residual Liability;

but excluding any Liability of the Transferor under the Residual Policies;

Residual Policies means any Insurance Policy comprised in or relating to the Transferring Business in respect of which the Insurance Policy is or, on or prior to the Effective Date, becomes incapable of lawful transfer owing to the operation of provisions of the International Sanctions Regulations 2013, the Anti-Terrorism (Financial and Other Measures) Act 2004, the Proceeds of Crime Act 1997 or provisions of other statutes (whether of Bermuda or another jurisdiction);

Scheme of Transfer means this Scheme of Transfer in its original form or with, or subject to, any modification or addition thereto;

Subsequent Transfer Date means in relation to any Residual Policy, Residual Asset or Residual Liability any date, following the Effective Date, on which such Residual Policy, Residual Asset or Residual Liability is transferred, such date to be determined by the date on which such Residual Policy, Residual Asset or Residual Liability is capable of lawful transfer owing to the operation of provisions of the International Sanctions Regulations 2013, the Anti-Terrorism (Financial and Other Measures) Act 2004, the Proceeds of Crime Act 1997 or provisions of other statutes (whether of Bermuda or another jurisdiction);

Transferee has the meaning assigned to it in Recital (B), above;

Transferee Board means the board of directors (or equivalent body under the relevant applicable law) of the Transferee;

Transferor has the meaning assigned to it in Recital (A), above;

Transferor Board means the board of directors (or equivalent body under the relevant applicable law) of the Transferor;

Transferring Assets means all Assets comprised in or relating to the Transferring Business minus Assets representing the Paid Up Share Capital, including all rights, title and interest of the Transferor in, to or under Transferring Reinsurance Contracts insofar as, and to the extent that, they relate to the Transferring Policies excluding any IP Rights and excluding, until the relevant Subsequent Transfer Date (if any) and the Residual Assets and the rights, benefits and powers of the Transferor under the Residual Policies;

Transferring Business means all the long-term insurance business carried on by the Transferor as at the Effective Date;

Transferring Liabilities means all Liabilities and commitments of every kind and description of the Transferor to the extent arising from or relating to the Transferring Business as such business shall exist immediately prior to the Effective Date and irrespective of whether the Liabilities and commitments shall arise prior to or following the Effective Date, excluding Liabilities under any Residual Policies and Residual Liabilities until the relevant Subsequent Transfer Date, if any, for such Liabilities;

Transferring Policies means the Insurance Policies comprised in or relating to the Transferring Business, together or individually as the context may indicate, excluding any Residual Policy until the relevant Subsequent Transfer Date, if any, for each such Residual Policy;

Transferring Policyholder means a holder of a Transferring Policy;

Transferring Reinsurance Contracts means the Reinsurance Contracts excluding any Reinsurance Contract or part thereof covering Residual Policies until the transfer of such Residual Policies hereunder.

In this Scheme of Transfer:

- (a) **transfer** includes (as the context may require) "assign", "assignment" and "assignment", "dispose", "disposal", "novate", "novation", "convey" and "conveyance";
- (b) **include** and **including** shall be construed without limitation;
- (c) any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine;
- (d) any reference in this Scheme of Transfer to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (e) expressions used in this Scheme of Transfer which have meanings under the Act shall bear those meanings unless otherwise expressly defined herein;
- (f) any reference to this Scheme of Transfer shall include the Schedules to it and (unless inconsistent with the subject or context) references in this Scheme of Transfer to sections, paragraphs, sub-paragraphs, parts or Schedules are to sections, paragraphs, sub-paragraphs of, parts of or the Schedules to this Scheme of Transfer;
- (g) any reference to writing shall include any mode of reproducing words in a legible and non-transitory form; and
- (h) references to long term business and long term business fund are to be construed in accordance with the Act.

2 CONDITIONS PRECEDENT

- 2.1 The provisions of sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16 of this Scheme of Transfer shall be conditional upon:

(a) satisfaction of the requirements of section 30JB(4) of the Insurance Act applicable to the Scheme of Transfer; and

(b) execution of the Novation Agreements

((a) and (b), together, the **Conditions Precedent**, each a **Condition Precedent**).

3 TRANSFER OF THE TRANSFERRING BUSINESS

3.1 With effect from the Effective Date, the Transferring Business shall by the Order and without any further act or instrument be transferred to and be vested in the Transferee in accordance with this Scheme of Transfer.

4 TRANSFERRING ASSETS

4.1 Other than Transferring Policies and Reinsurance Contracts, which will be transferred pursuant to sections 6 and 9:

(a) with effect from the Effective Date, the Transferring Assets shall, by the Order and without any further act or instrument, be transferred to and be vested in the Transferee subject to all Encumbrances (if any) affecting such Transferring Assets in accordance with this Scheme of Transfer.

(b) on and from each Subsequent Transfer Date, the legal title to each Residual Asset to which such Subsequent Transfer Date applies and all the estate and interest of the Transferor in it shall by the Order, and without any further act or instrument, be transferred to, and be vested in, the Transferee, subject to all Encumbrances (if any) affecting such Residual Asset.

(c) the Transferee shall accept, without investigation or requisition, such title as the Transferor shall have at the Effective Date to the Transferring Assets and at each Subsequent Transfer Date to the Residual Assets then transferred.

(d) the Transferor shall transfer to the Transferee, or as the Transferee reasonably directs (to the extent that it is able to do so), any payment or any Assets which it receives or any right which is conferred upon it after the Effective Date in respect of any Transferring Assets, and on or after the Subsequent Transfer Date in respect of each Residual Asset, as soon as reasonably practicable after such receipt. The Transferee shall indemnify the Transferor on demand against any costs incurred by it to complete any such transfer.

- (e) the Transferor and the Transferee shall, as and when appropriate, execute all documents and perform all things as may be reasonably required by the other party to effect or perfect the transfer to, and vesting in, the Transferee of any Transferring Asset or Residual Asset in accordance with the terms of this Scheme of Transfer, including without limitation, obtaining any required consent or waiver.

5 TRANSFERRING LIABILITIES

- 5.1 Other than Transferring Policies and Reinsurance Contracts, which will be transferred pursuant to paragraphs 5 and 8:
 - (a) Subject to section 5.1(b) with effect from the Effective Date, the Transferring Liabilities and all the estate and interest of the Transferor in them shall, by the Order and without any further act or instrument, be transferred to and become Liabilities of the Transferee and shall cease to be Liabilities of the Transferor.
 - (b) On and from each Subsequent Transfer Date, each Residual Liability to which the Subsequent Transfer Date applies shall, by the Order, and without any further act or instrument, be transferred by the Transferor to, and become a Liability of, the Transferee and shall cease to be a Liability of the Transferor.

6 TRANSFERRING POLICIES

- 6.1 With effect from the Effective Date, the Transferee shall, by the Order and without any further act or instrument, be entitled to all the rights, benefits and powers, and be subject to all the obligations and Liabilities of the Transferor whatsoever subsisting immediately prior to the Effective Date under or by virtue of the Transferring Policies.
- 6.2 Every Transferring Policyholder shall, from the Effective Date, and to the exclusion of any rights which he may have had against the Transferor under any Transferring Policies, be entitled to the same rights against the Transferee as were available to him against the Transferor under such Transferring Policies and as regards Transferring Policies under which premiums or other sums attributable thereto continue to be payable, shall from the Effective Date account to the Transferee for any such premium as and when the same becomes due and payable.
- 6.3 All premiums and other amounts attributable or referable to the Transferring Policies shall after the Effective Date be payable to the Transferee and shall be receivable and received by the Transferee.

- 6.4 The Transferee shall be entitled to any and all defences, claims, counterclaims and rights of set-off under or in respect of the Transferring Policies which would have been available to the Transferor.
- 6.5 Every Transferring Policyholder shall, from and after the Effective Date, in substitution for any Liability or obligation owed by him under the applicable Transferring Policy to the Transferor, be under the same Liability to the Transferee.
- 6.6 The Transferor and the Transferee shall, as and when appropriate, execute all documents and perform all things as may be reasonably required by the other party to effect or perfect the transfer to, and vesting in, the Transferee of any Transferring Policies or Residual Policies in accordance with the terms of this Scheme of Transfer, including without limitation, obtaining any required consent or waiver.
- 6.7 All references in any Transferring Policies or Residual Policies to the Transferor, the Transferor Board, or any other officers, employees or agents of the Transferor shall from and after the Effective Date or Subsequent Transfer Date (as the case may be) be read as references to the Transferee, the Transferee Board, or any other officers, employees or agents of the Transferee or, where appropriate, agents of the Transferee to which the administration carried on by the Transferee has been delegated. In particular, but without limitation, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by the Transferor, the Transferor Board, or any other officers, employees or agents of the Transferor in relation to any of the Transferring Policies or Residual Policies shall, from and after the Effective Date or Subsequent Transfer Date (as the case may be) be exercisable or required to be performed by the Transferor, the Transferor Board or any other officers, employees or agents of the Transferor.

7 RESIDUAL POLICIES

- 7.1 The Residual Policies shall, pending their transfer to the Transferee (whether pursuant to this Scheme of Transfer or otherwise) remain Policies of the Transferor.
- 7.2 On and with effect from each Subsequent Transfer Date, each Residual Policy to which a Subsequent Transfer Date applies and all Assets and Liabilities relating to such Policy shall, to the extent not previously transferred by the Order or paid by the Transferor, be transferred to, and be vested in the Transferee, whereupon it shall constitute a Transferring Policy under this Scheme of Transfer and the terms of this Scheme of Transfer shall, to the extent possible, apply to such Policy as if it had been transferred under the Scheme of Transfer to the Transferee at the Effective Date.

- 7.3 The Transferor and the Transferee shall, as and when necessary or appropriate, execute and deliver all documents and perform all such other acts as may be reasonably required to effect or perfect the transfer to, and vesting in, the Transferee of any Residual Policy in accordance with the terms of this Scheme of Transfer, including without limitation, obtaining any required consent or waiver.
- 7.4 The provisions of sections 7.1 to 7.3 shall apply, mutatis mutandis, to any Reinsurance Contracts which are Residual Assets, and for such purposes:
- (a) references to Residual Policies or Policies in sections 7.1 to 7.3 shall be read as references to such Reinsurance Contracts; and
 - (b) the reference to Transferring Policy in section 7.2 shall be read as a reference to such Transferring Reinsurance Contracts, following the relevant Subsequent Transfer Date, when they have ceased to be treated as Residual Assets.

8 INDEMNITIES IN FAVOUR OF THE TRANSFEROR

- 8.1 Save as otherwise provided in this Scheme of Transfer or the agreements referred to herein, the Transferee shall discharge on behalf of the Transferor or, failing that, indemnify the Transferor from and after the Effective Date against, any cost, claim, loss, damages, Liability or expense (whatsoever) incurred in connection with the Transferring Business (other than regulatory capital costs) including the conduct of claims under section 11, whether the same shall arise prior to or following the Effective Date.
- 8.2 Pending the transfer of the Residual Policies to the Transferee (whether pursuant to this Scheme of Transfer or otherwise) on the relevant Subsequent Transfer Dates, section 8.1 shall not apply to the Residual Liabilities or the Residual Policies.

9 TRANSFERRING REINSURANCE CONTRACTS

- 9.1 With effect from the Effective Date, all the rights, benefits and powers conferred on or vested in the Transferor and all the Liabilities imposed on the Transferor, by or under Transferring Reinsurance Contracts, shall be transferred to and vest in the Transferee who shall be substituted as a party in place of the Transferor as if the Transferee had been an original party to each such agreement from the Effective Date.
- 9.2 The reinsurer can have no greater or lesser Liability to the Transferee under any Transferring Reinsurance Contract than they would have had to the Transferor under that agreement in the absence of this Scheme of Transfer. The Transferee

can have no greater or lesser Liability to any reinsurer under any Transferring Reinsurance Contracts than the Transferor would have had to such reinsurer under that agreement in the absence of this Scheme of Transfer.

9.3 To the extent that:

- (a) a Reinsurance Contract is a Residual Asset or confers or vests rights, benefits or powers on or in the Transferor which comprise Residual Assets; or
- (b) a Reinsurance Contract imposes Liabilities on the Transferor which comprise Residual Liabilities,

on the relevant Subsequent Transfer Date, such Reinsurance Contract shall without further act or instrument be transferred to and vest in the Transferee whereupon the provisions of sections 9.1, 9.2 and 9.5 shall, *mutatis mutandis*, apply thereto.

9.4 To the extent that the risk under any Residual Policy has been reinsured to a third party under a Reinsurance Contract the part of such Reinsurance Contract which covers Residual Policies shall remain with the Transferor and shall be treated as a separate contract between the Transferor and the relevant third party reinsurer until the transfer of such Residual Policies under this Scheme of Transfer, whereupon it shall constitute a Transferring Reinsurance Contract under the Scheme of Transfer and the provisions of sections 9.1, 9.2 and 9.5 shall, *mutatis mutandis*, apply thereto.

9.5 The Transferor and the Transferee shall as and when appropriate execute all such documents, including assignments and novations, and do all such other acts and things as may be required to effect or perfect the transfer of the Transferring Reinsurance Contracts provided for and described in this section 9.

10 MANDATES AND OTHER INSTRUCTIONS

10.1 Any mandate or other instruction in force immediately prior to the Effective Date (including, without limitation, any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a bank or other intermediary of premiums payable under or in respect of any of:

- (a) the Transferring Policies shall, from the Effective Date, take effect as if it had provided for and authorised such payment to the Transferee; and
- (b) any Residual Policies shall, from the Subsequent Transfer Date, take effect as if it had provided for and authorised such payment to the Transferee.

- 10.2 Any mandate or other instruction in force immediately prior to the Effective Date in respect of any of the Transferring Policies as to the manner of payment of any benefit or other amount given to the Transferor shall, from the Effective Date, continue in force as an effective authority to the Transferee.
- 10.3 Any mandate or other instruction in force immediately prior to the Subsequent Transfer Date of a Residual Policy as to the manner of payment of any benefit or other amount given to the Transferor shall, from the Subsequent Transfer Date, continue in force as an effective authority to the Transferee.
- 10.4 Nothing in this section 10 shall affect or restrict the ability of the Transferor or the Transferee to agree any amendment to any mandate or other instruction at any time subject to the Transferor or the Transferee, as applicable, giving notice to the affected party in accordance with any applicable legal or contractual requirements.

11 CONTINUITY OF PROCEEDINGS

- 11.1 Subject to sections 11.2 and 11.4, with effect from the Effective Date, any judicial, quasi-judicial, arbitration proceedings or any complaint or claim to any ombudsman or other proceedings for the resolution of a dispute or claim which are pending by or against the Transferor in connection with the Transferring Business shall be commenced or continued by or against the Transferee and the Transferee shall be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to the Transferor in relation to any such proceedings.
- 11.2 On and with effect from any Subsequent Transfer Date, any judicial, quasi-judicial, arbitration proceedings or any complaint or claim to any ombudsman or other proceedings for the resolution of a dispute or claim which are pending by or against the Transferor in connection with any Residual Assets, Residual Policies or Residual Liabilities to which such Subsequent Transfer Date applies shall be commenced or continued by or against the Transferee and the Transferee shall be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to the Transferor in relation thereto.
- 11.3 In any event, the Transferee in its absolute discretion, may determine after the Effective Date or the Subsequent Transfer Date, as applicable, to:
 - (a) discontinue any such proceedings relating to the Transferring Business which have been brought by the Transferor; or
 - (b) settle any such proceedings relating to the Transferring Business which have been brought against the Transferor.

12 EFFECT OF TRANSFER

12.1 The transfer and vesting under the Scheme of Transfer of any Asset or Liability relating to any part of the Transferring Business shall not:

- (a) invalidate or discharge any Contract, security or other thing; or
- (b) require further registration in respect of any security or charge; or
- (c) constitute a breach of, or default under, or require any obligation to be performed sooner or later than would otherwise be the case under any instrument or Contract or arrangement to which the Transferee or the Transferor is a party or is bound; or
- (d) entitle any party to a Contract or arrangement to which the Transferee or the Transferor is a party to terminate such Contract or arrangement when he would not otherwise be entitled to terminate it; or
- (e) save as provided elsewhere in this Scheme of Transfer, confer any greater or lesser rights or benefits, or impose any greater or lesser obligations, on any party to a Contract to which the Transferee or the Transferor is a party where such greater or lesser
- (f) rights, benefits or obligations would not otherwise have been conferred or imposed.

12.2 On and with effect from the Effective Date, the records relating to the Transferring Business, which may include personal data protected under the Personal Information Protection Act 2016, shall be transferred to the Transferee and may be used by the Transferee for, and disclosed by the Transferee to, and used by, any agent or contractor of the Transferee to the same extent that they were used by the Transferor and its agents or contractors prior to the Effective Date for all purposes in connection with the Transferring Policies including, in particular, administration thereof and all matters relevant or incidental thereto, and no consent from the individual Policyholders in respect of such disclosure, transfer of records and use shall be required.

12.3 To the extent that an authority has been given to the Transferor in connection with a Transferring Policy by the Policyholder thereof or by any other relevant person, whether pursuant to the Personal Information Protection Act 2016 or otherwise, such authority shall, on and after the Effective Date, be deemed to have been given to the Transferee and any agent or contractor of the Transferee for the purposes set out in section 13.2.

13 TRANSFeree POST-TRANSFER COVENANTS

- 13.1 Beginning on the Effective Date, the Transferee covenants to the Transferor that it shall maintain target capital and surplus sufficient to absorb a 5% fall in the market value of the underlying corporate bond portfolio and a 40% fall in the market value of the underlying common and preferred stock portfolios underlying the limited partnership investments. The target capital and surplus can be reduced to allow for the financial impact of the Keep Well Agreement.
- 13.2 The Transferee shall maintain the Keep Well Agreement until such time as the Transferee has sufficient capital and surplus to absorb a 5% fall in the sum total of the market value and unfunded commitment calls of the Transferee's corporate bond portfolio and a 40% fall in sum total of the market value and unfunded commitment calls of the Transferee's common and preferred stock portfolios underlying its limited partnership investments.

14 COSTS AND EXPENSES

- 14.1 All costs and expenses relating to the preparation and effecting of the Scheme of Transfer and application for the sanction of the Scheme of Transfer, including the costs of the BMA, Approved Actuary and counsel shall be borne by the Transferor and shall be paid out of shareholder funds. For the avoidance of doubt, no such costs or expenses shall be charged to any Policyholders of the Transferee or the Transferor.

15 MODIFICATIONS OR ADDITIONS

- 15.1 The Transferor and the Transferee may consent to any amendment, modification or addition to this scheme or to any further condition or provision affecting the scheme which the Court may approve prior to the sanction of this Scheme of Transfer.
- 15.2 Section 15.1 shall not apply, and the consent of the Court shall not be required, in relation to minor and/or technical amendments to the terms of the Scheme of Transfer (including amendments to correct manifest errors) that are agreed in writing by the Transferee and the Transferor provided that the BMA has been notified of the same and has confirmed it does not object thereto.

16 EFFECTIVE DATE

- 16.1 The Scheme of Transfer shall become effective on such date as the Court shall specify in the Order.

17 PARTIES NOT AFFECTED BY WAIVER OF BREACHES ETC

- 17.1 The waiver by either Party of its rights in respect of a breach of any of the terms or conditions of this Scheme of Transfer shall not prejudice any remedy of the waiving Party in respect of any breach of the terms and conditions hereof.
- 17.2 No favour, delay, relaxation or indulgence on the part of either Party in exercising any power or right conferred on such Party in terms of this scheme shall operate as a waiver of such power or right.

18 VARIATIONS NOT EFFECTIVE UNLESS IN WRITING

- 18.1 No variation, modification or waiver of any provision of this Scheme of Transfer, or consent to any departure therefrom, shall in any event have any force or effect unless confirmed in writing and signed by the parties; and such variation, modification, waiver or consent shall in any event have effect only in the specific instance and for the purpose and to the extent for which it is made or given.

19 GOVERNING LAW

- 19.1 This Scheme of Transfer shall be construed, governed and take effect in all respects in accordance with Bermuda law.

20 ADDRESSES OF PARTIES

- 20.1 The Parties hereto respectively choose address for service of process for all purposes of and in connection with this scheme as follows:

the Transferee: CICA Life, A.I.
Servicios de Apoyo Miramar, Inc., 802 Ave. Fernandez Juncos,
San Juan, Puerto Rico 00907

Attn: Sheryl Kinlaw at Sheryl.Kinlaw@citizensinc.com

the Transferor: CICA Life, Ltd.
O'Hara House, One Bermudiana Road, Mezzanine Floor,
Hamilton HM08, Bermuda

Attn.: Sheryl Kinlaw at Sheryl.Kinlaw@citizensinc.com

- 20.2 The Parties shall be entitled to change their address from time to time, but any such change shall only be effective for the purposes of this Scheme of Transfer upon receipt of notice in writing by the other Part of such change.

20.3 Save as herein otherwise expressly provided all notices, demands or communications intended for either party pursuant to this Scheme of Transfer shall be delivered to that Party's address and attention for the time being.

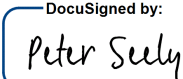
21 CONSIDERATION

21.1 The Parties agree that the consideration, the sufficiency of which is hereby acknowledged by the Parties, for the transfer of the Transferring Assets, the Residual Policies and the Residual Assets to the Transferee shall be the assumption by the Transferee of the Transferring Liabilities and of such Liabilities under Residual Policies and such Residual Liabilities as are transferred to the Transferee on their respective Subsequent Transfer Dates.

22 EXECUTION

In execution of this Scheme of Transfer

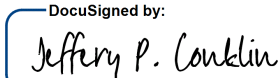
CICA Life, Ltd.

DocuSigned by:
By: 
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Printed Name: Peter Seely

Position: General Manager

CICA Life, A.I.

DocuSigned by:
By: 
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Printed Name: Jeffery P. Conklin

Position: Chair of the Board of Directors and Treasurer

SCHEDULE 1
FORM OF NOVATION AGREEMENT

DEED OF ASSIGNMENT AND NOVATION
(this “**Deed**”)

among

CICA Life, Ltd.
(“**CICA Bermuda**”)

and

CICA Life A.I.
(“**CICA PR**”)

and

[]
(“**Reinsurer**”)

WHEREAS, CICA Bermuda and Reinsurer are parties to certain reinsurance agreements (including all associated amendments thereto) listed in the attached Schedule A (collectively, the “**Treaties**” or individually, the “**Treaty**”); and

WHEREAS, (i) CICA Bermuda is a Bermuda Class E international insurer licensed in Bermuda and owned by Citizens, Inc., a Colorado company whose Class A common stock is registered on the New York Stock Exchange (“**Citizens**”), and (ii) CICA PR is a Puerto Rico Class 5 international insurer licensed in Puerto Rico whose ultimate controlling party is Citizens; and

WHEREAS, CICA Bermuda and CICA PR, who are affiliates through Citizens’ common ownership, are parties to a scheme of transfer (“**Scheme of Transfer**”) dated [] 2022 providing for the transfer of certain “**Transferring Business**” of CICA Bermuda to CICA PR pursuant to section 25 of the Bermuda Insurance Act 1978 whereby CICA PR will assume all of CICA Bermuda’s rights, interests, duties, obligations, and liabilities for certain policies (“**Transferring Policies**”), including policies covered under the Treaties;

WHEREAS, the Scheme of Transfer requires an order of the Supreme Court of Bermuda (“**Supreme Court**”) to be effective (“**Sanction Order**”);

WHEREAS, if a Sanction Order is made, the Scheme of Transfer takes effect on the date designated in the Sanction Order by the Supreme Court as the Effective Date (the “**Novation Effective Date**”);

WHEREAS, the Scheme of Transfer postpones the transfer of any part of a Treaty covering a “Residual Policy” until the transfer of such Residual Policy on a “**Subsequent Transfer Date**”, as defined in the Scheme of Transfer. A “**Residual Policy**” is a policy that is incapable of lawful transfer at the Novation Effective Date owing to the operation of the provisions of the International Sanctions Regulations 2013, the Anti-Terrorism (Financial and Other Measures) Act 2004, the Proceeds of Crime Act 1997 or provisions of other statutes (whether of Bermuda or another jurisdiction. To the extent that a Treaty or part thereof confers or vests rights, benefits or powers on or in CICA Bermuda in relation to a policy that is a Residual Policy, the Treaty or part thereof shall be referred to in this Deed as a “**Residual Treaty**”.

WHEREAS, simultaneous to the transfer of the Transferring Policies, CICA Bermuda wishes to novate the Treaties to CICA PR (“**Transferring Treaties**”, or individually, “**Transferring Treaty**”), effective as of the Novation Effective Date, so that the Transferring Treaties will be between CICA PR and Reinsurer; simultaneous to the transfer of any Residual Treaty on a Subsequent Transfer Date, CICA Bermuda wishes to novate the related Residual Treaty to CICA PR such that it constitutes at that time a Transferring Treaty.

WHEREAS, Reinsurer wishes to consent to such novation of the Transferring Treaties from CICA Bermuda to CICA PR; and

WHEREAS, CICA Bermuda, CICA PR and Reinsurer wish to execute this Deed.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows:

1. Simultaneously with the taking effect of the Scheme of Transfer as of the Novation Effective Date:
 - A. CICA Bermuda hereby transfers, novates, and assigns all of its rights, interests, duties, obligations, and liabilities under each of the Transferring Treaties to CICA PR, including without limitation, any and all premium payment obligations existing or arising under the Transferring Treaties, with effect from the Novation Effective Date.
 - B. CICA PR shall be solely and exclusively responsible for the performance of all rights, interests, duties, obligations, and liabilities, expressed or implied, arising in any manner whatsoever under the Transferring Treaties, and CICA Bermuda shall be released from all obligations, expressed or implied, with respect to the Transferring Treaties.
 - C. Reinsurer consents to such transfer, novation and assignment such that CICA PR shall succeed CICA Bermuda and become the counterparty to Reinsurer under the Transferring Treaties and henceforth the Transferring Treaties shall continue in full force and effect as if it had been made between Reinsurer and CICA PR.
2. Reinsurer, CICA PR and CICA Bermuda agree that this Deed represents the full, complete and total settlement of all issues, liabilities, claims or moneys due from CICA Bermuda with respect to or relating to the Transferring Treaties. It is further agreed by Reinsurer, CICA PR, and CICA Bermuda that, as of the Novation Effective Date, with respect to the Transferring Treaties: (i) CICA Bermuda shall have no further obligations or liability of any kind to Reinsurer and (ii) CICA Bermuda shall have no further obligations or liability of any kind to CICA PR with respect to the subject matter hereof.
3. Reinsurer and CICA Bermuda agree that this Deed represents the full, complete and total settlement of all issues, liabilities, claims or moneys due from Reinsurer to CICA Bermuda with respect to or relating to the Transferring Treaties, as of the Novation Effective Date.
4. Reinsurer and CICA PR hereby ratify and confirm that, as of the Novation Effective Date, the Transferring Treaties shall be solely between them, and except as specifically provided herein, the terms of the Transferring Treaties shall remain unchanged.
5. Simultaneously with the transfer of any Residual Policy on its applicable Subsequent Transfer Date, the Residual Treaty relating to such Residual Policy shall without further act or instrument be transferred to and vest in CICA PR whereupon the Residual Treaty shall be treated as a Transferring

Treaty and the provisions of clauses 1 to 4 of this Deed shall, *mutatis mutandis*, apply thereto.

6. CICA Bermuda represents and warrants to Reinsurer and CICA PR that, as of the Novation Effective Date (i) the Transferring Treaties are in full force and effect and constitute the entire agreement between CICA Bermuda and Reinsurer relating to the subject matter of each, (ii) all premiums due before the Novation Effective Date under the Transferring Treaties have been paid by CICA Bermuda to Reinsurer, and (iii) CICA Bermuda is not in breach of, or default under, the Transferring Treaties.
7. This Deed shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.
8. Each of the parties hereby represents and warrants that, as of the date hereof, the execution of this Deed does not, and as of the Novation Effective Date it shall not, require any authorization, consent or approval, exemption or license from, or any filing or registration with, any government authority as a condition to the validity of, or to the execution, delivery or performance of, this Deed, which has not been previously obtained.
9. If any provision of this Deed is held to be invalid, unenforceable or illegal, in whole or in part, such invalidity, unenforceability or illegality shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. In the event of such invalidity, unenforceability or illegality, the parties shall negotiate in good faith to amend this Deed through the insertion of additional provisions which are valid, enforceable and legal and which reflect, to the extent possible, the economic and other purposes contained in the invalid, unenforceable or illegal provisions.
10. This Deed, so far as it relates to either Transferring Treaty, shall be governed by and construed in accordance with the laws of the jurisdiction whose system of laws is selected by the parties to such Transferring Treaty as the proper law of such Transferring Treaty or, in the absence of any such selection, by the laws of the jurisdiction whose system of laws is found by a court or tribunal making a determination of the proper law of this Deed to be proper law of the Transferring Treaty.
11. Each of the parties hereto irrevocably agree to submit to the non-exclusive jurisdiction of the courts of such jurisdiction selected by the parties to such Transferring Treaty in connection with any dispute regarding the terms hereof or transactions contemplated by this Deed.
12. This Deed may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Deed by email with PDF attachment shall be effective as delivery of a manually executed counterpart of this Deed.
13. This Deed may be amended only by written agreement of the parties. Any change or modification to this Deed shall be null and void unless made by amendment to this Agreement and signed by all parties hereto.
14. The terms expressed herein constitute the entire agreement between the parties with respect to the subject matter of this Deed. There are no understandings between the parties with respect to the subject matter of this Deed other than as expressed in this Deed.
15. In Deed of the mutual covenants and agreements contained herein, each party hereto does hereby agree that this Deed, and each and every provision hereof, is and shall be enforceable by and between

them according to its terms, and each party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability hereof.

16. Wherever the words “include,” “includes” or “including” are used in this Deed, they shall be deemed to be followed by the words “without limitation.”

IN WITNESS WHEREOF, this Deed has been duly executed as a deed and delivered by authorized representatives of the parties hereto on the date last stated below.

CICA Life, Ltd.

By: _____

Name: _____

Title: _____

Date: _____

CICA Life A.I.

By: _____

Name: _____

Title: _____

Date: _____

[Reinsurer]

By: _____

Name: _____

Title: _____

Date: _____

Schedule A

The Treaties

Reinsurer / CICA Bermuda Treaty Number	Reinsurer / CICA PR Treaty Number	Treaty Effective Date	Treaty Type	Novation Effective Date
				As identified in the recitals hereof
				As identified in the recitals hereof