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June 1, 2023

## IMPORTANT INFORMATION

Dear policyholder,

### TRANSFER OF THE INSURANCE BUSINESS OF CICA LIFE, LTD. (BERMUDA) TO CICA LIFE A.I. (PUERTO RICO)

#### INTRODUCTION

As part of a strategic review of its business that Citizens, Inc. (**Citizens**) undertook to keep our promises to our policyholders, CICA Life, Ltd. (**CICA Bermuda**) intends to transfer its entire insurance business (**Transferred Business**) to CICA Life A.I. (**CICA PR**), an affiliated entity indirectly owned by Citizens (**Proposed Transfer**).

The feedback from CICA Bermuda's policyholders (**Policyholders**) and agents, after four years of business in Bermuda, has brought to light several unanticipated challenges to our Policyholders requiring our particular attention, including:

- Policyholders bought CICA Bermuda's insurance policies (**Policies**) for the safety of the U.S. dollar, but desire the protection of a U.S. territory like prior to 2018;
- Your primary language may not be English and you value an insurance company that provides services in your native language; and
- Our Bermuda operations have higher regulatory costs to our Policyholders than our U.S. operations had.

If the Proposed Transfer takes effect, the Transferred Business will be carried on from Puerto Rico, a Spanish-speaking U.S. territory. We believe this decision is consistent with our dedication to keeping our promise to our Policyholders.

You have received this Circular to Policyholders because the life insurance policy(ies) that you have subscribed with CICA Bermuda is subject to the Proposed Transfer. **We believe this decision is consistent with our dedication to keeping our promise to our Policyholders.**

#### EFFECT OF THE PROPOSED TRANSFER

The Proposed Transfer will not change the terms and conditions, coverage(s), limit(s), or duration(s) of your Policy(ies). Your Policy(ies) will remain in force and will be enforceable against CICA PR according to its original terms. In particular:

- You will have the same rights to benefit payments that you have with CICA Bermuda.
- You will have the same obligations to CICA PR under your Policy(ies) as you have with CICA Bermuda, which means you will be liable for the same premium payments.

We do not anticipate any changes in the day-to-day administration of your Policy, such as billing, collecting premium payments, and/or addressing customer support inquiries. Like CICA Bermuda, CICA PR will outsource most of its administration to Citizens. We expect that the Citizens team currently supporting us will remain the same for CICA PR.

### **WHAT YOU HAVE TO DO**

No additional action will be required on your part in relation to your policy benefit payments due from CICA PR. You do not need to inform your bank. Any autopay or similar direct debit arrangement for the payment of premiums or other sums to, or policy benefit payments by, CICA Bermuda will be transferred automatically to CICA PR.

### **ABOUT CICA PR**

CICA PR is an international insurance company formed by Citizens in Puerto Rico in April 2022 and authorized to do business as an insurer in September 2022. Its administrative office is located at 802 Ave. Fernandez Juncos, San Juan, Puerto Rico 00907. It is registered by the Office of the Commissioner of Insurance of Puerto Rico (**OIC**) as an international insurance company with Class 5 license to assume risks outside of Puerto Rico and is in good standing under the laws of Puerto Rico. CICA PR can be reached by policyholders by calling +1 512 837-7100.

Citizens is the ultimate controlling party / owner of both CICA PR and CICA Bermuda. As such, CICA PR will receive the same administrative and financial support as provided by Citizens to CICA Bermuda.

### **BERMUDA REGULATORY PROTECTIONS**

In order to transfer your policy to Puerto Rico, Bermuda law requires us to comply with various statutory and regulatory requirements for your protection.

We had to seek approval from the Bermuda Monetary Authority (**BMA**), the regulatory authority that supervises the Bermuda insurance sector, including CICA Bermuda. They have told us that they do not object to the Proposed Transfer.

An independent actuary, whose appointment has been approved by the BMA (**Approved Actuary**), has prepared a report on the Proposed Transfer (the **Report**) in which he opines

that the Proposed Transfer will not materially adversely affect Policyholders and is fair to the Policyholders.

The Proposed Transfer may not take effect unless it has been sanctioned by the Supreme Court of Bermuda (the **Bermuda Court**). We have petitioned the Bermuda Court for a sanction order.

The Bermuda Court will sanction the Proposed Transfer only if it determines that:

- (a) it is just and equitable to do so; and
- (b) the Proposed Transfer is fair as between the interests of the different classes of persons involved, including the Policyholders.

The Bermuda Court will take into account the Report and any objections to the Proposed Transfer (see "Your Right to Object", below).

Our petition (**Petition**) for sanction of the Proposed Transfer will be heard at 9:30 a.m. (ADT) on July 14, 2023 (**Sanction Hearing**) at 2<sup>nd</sup> Floor, Government Administration Building, 30 Parliament Street, Hamilton HM 12, Bermuda.

## **YOUR RIGHT TO OBJECT**

If you feel you may be adversely affected by the Proposed Transfer, you have the right to object and to be heard by the Court at the Sanction Hearing. If you are a corporation, you must appear through Bermuda legal counsel (you are unable to appear in the proceedings except through Bermuda legal counsel). If you are an individual, you may appear in person or through Bermuda legal counsel.

If you wish to be heard at the Sanction Hearing, please provide notice in writing at least three (3) clear days' before, with the reasons why you wish to be heard, to our counsel in Bermuda, Kennedys, ("Bermuda Counsel") for the attention of Nick Miles, at Kennedys, 20 Brunswick, HM10, Hamilton, Bermuda or at [CICALifescheme@kennedyslaw.com](mailto:CICALifescheme@kennedyslaw.com).

Prior to the Sanction Hearing, we will present any objections received at the email or physical address above to the BMA and subsequently we will report details of all such objections received to the Bermuda Court at the Sanction Hearing.

**If you do not wish to object and do not intend to appear at the Sanction Hearing, there is no need for you to take any action.**

## **POST-TRANSFER MECHANICS**

If the Bermuda Court sanctions the Proposed Transfer, it will specify an "Effective Date". On the Effective Date, CICA PR will be entitled to all the rights, benefits and powers, and

will be subject to all the obligations and liabilities of CICA Bermuda under or by virtue of the Policies transferred pursuant to the Proposed Transfer.

## DOCUMENTS AVAILABLE FOR INSPECTION

You may download the following documents regarding the Proposed Transfer from Citizens' website at <https://www.citizensinc.com/cica-ltd-transition-cica-ai-puerto-rico/>:

- the Report;
- a summary report of the Approved Actuary (**Summary Report**);
- the petition to the Bermuda Court (**Petition**); and
- the **Scheme of Transfer**, which is the document setting out the terms and mechanics of the Proposed Transfer.

You may also inspect physical copies at the offices of our Bermuda Counsel, Kennedys, at 20 Brunswick, HM10, Hamilton, Bermuda between the hours of 9:00 am and 5:00 pm (ADT) Monday to Friday (excluding public holidays) until the date that the Court convenes to determine whether to sanction the Transfer (**Scheme Hearing**). To make arrangements to inspect the physical copies, please contact [CICALifescheme@kennedyslaw.com](mailto:CICALifescheme@kennedyslaw.com).

## HELPLINE SERVICE

A dedicated helpline service has been established to answer your questions about the Proposed Transfer. All Policyholders may call +1 512 837-7100. Additionally, a dedicated toll free phone service will be available in the countries listed on [Appendix 1](#). The helpline will operate between 9:00 am and 5:00 pm (CDT), Mondays to Fridays (excluding public holidays), until the date of the Scheme Hearing. You may also submit enquiries by email to [phs@citizensinc.com](mailto:phs@citizensinc.com) and request that we call you, or write to CICA Bermuda at c/o Kennedys, 20 Brunswick Street, Hamilton HM 10, Bermuda.

## FUTURE NOTICES

You will be notified of the Effective Date if and when the Bermuda Court makes the Order sanctioning the Proposed Transfer. Alternatively, you will be notified if the Bermuda Court declines to sanction the Proposed Transfer, or if CICA Bermuda discontinues the Petition.

# APPENDIX 1

Country	Telephone Number
Colombia	018009145012
Venezuela	588001029310
Ecuador (Landline)	1800001588
Taiwan	00801128149
Argentina	8006663035
Bolivia	800104656
Uruguay	0004054833
Brazil (Landline)	08007620037
Paraguay (Landline)	009800178710040
Nicaragua (Landline)	0018002202446
Chile	800914663