335635

THE UNITED STATES CORPORATION COMPANY

ACCOUNT NO. : 072100000032

REFERENCE : 440827 4301388

AUTHORIZATION : Patricia Pigott

COST LIMIT : $ 70.00

800003029288--4

ORDER DATE : October 28, 1999

ORDER TIME : 11:16 AM

ORDER NO. : 440827-005

CUSTOMER NO: 4301388

CUSTOMER: Fritz Lark, Esq
Leboeuf Lamb Greene & Macrae
125 West 55th Street

New York, NY 10019-5389

FILED
99 OCT 29 PM 12:14
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

EFFECTIVE DATE
10/31/99

ARTICLES OF MERGER

AMERICAN HERITAGE LIFE
INVESTMENT CORPORATION

INTO

A.P.L. ACQUISITION CORPORATION

RECEIVED
99 OCT 29 PM 12:10
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

_____ CERTIFIED COPY
XX _____ PLAIN STAMPED COPY

CONTACT PERSON: Angie Glisar

EXAMINER'S INITIALS: merger

10/29/99

400003029194--8

Spayne

ARTICLES OF MERGER
Merger Sheet

MERGING:

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION, a FL corp., 335635

INTO

A.P.L. ACQUISITION CORPORATIION, a Delaware corporation not qualified in Florida.

File date: October 29, 1999, effective October 31, 1999

Corporate Specialist: Susan Payne

Account number: 072100000032 Account charged: 70.00

EFFECTIVE DATE
10/31/99

FILED
99 OCT 29 PM 12:14
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
(Under Florida Business Corporation Act, Section 607.1105)

American Heritage Life Investment Corporation, a Florida corporation, hereby sets forth the following information relative to the proposed merger of American Heritage Life Investment Corporation into A.P.L. Acquisition Corporation, a Delaware corporation, the surviving corporation.

(a) The Agreement and Plan of Merger and Reorganization is appended hereto.

(b) The effective date of the merger shall be October 31, 1999 at 12:01 AM.

(c) Shareholder approval:

(i) American Heritage Life Investment Corporation - 27,906,215.7625 shares of common stock were entitled to vote on the plan; the vote taken at the special meeting of shareholders held on October 27, 1999 was 22,987,086 shares to 152,531 shares to approve the plan, said vote being sufficient to approve the plan.

(ii) A.P.L. Acquisition Corporation - The plan was approved by its sole shareholder, The Allstate Corporation, said vote being sufficient to approve the plan.

(d) The shareholders of American Heritage Life Investment Corporation adopted the Agreement and Plan of Merger and Reorganization on October 27, 1999. The sole shareholder of A.P.L. Acquisition Corporation adopted the Agreement and Plan of Merger and Reorganization on July 8, 1999.

IN WITNESS WHEREOF, A.P.L. Acquisition Corporation and American Heritage Life Investment Corporation have caused this certificate to be signed by James P. Zils and T. O'Neal Douglas, their authorized officers, on this 29th day of October, 1999.

A.P.L. ACQUISITION CORPORATION

By: _____
Name: James P. Zils
Title: Treasurer

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, A.P.L. Acquisition Corporation and American Heritage Life Investment Corporation have caused this certificate to be signed by James P. Zils and T. O'Neal Douglas their authorized officers, on this 29th day of October, 1999.

A.P.L. ACQUISITION CORPORATION

By:_____
Name: James P. Zils
Title: Treasurer

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION

By:_____
Name: T. O'Neal Douglas
Title: Chairman and CEO

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

AMONG

THE ALLSTATE CORPORATION,

A.P.L. ACQUISITION CORPORATION

AND

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION

DATED AS OF JULY 8, 1999

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AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION (this "Agreement") dated as of July 8, 1999, by and among The Allstate Corporation, a Delaware corporation ("Parent"), A.P.L. Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), and American Heritage Life Investment Corporation, a Florida corporation (the "Company").

WHEREAS, Parent and the Company have determined that it would be in their respective best interests and in the best interests of their respective stockholders to effect the transactions contemplated by this Agreement;

WHEREAS, in furtherance thereof, the respective Boards of Directors of Parent, the Company and Merger Sub have approved the merger of the Company with and into Merger Sub (the "Merger"), upon the terms and subject to the conditions of this Agreement;

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and this Agreement is intended to be and is adopted as a plan of reorganization;

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition and inducement to Parent's willingness to enter into this Agreement, the Company and Parent have entered into a Stock Option Agreement, dated as of the date hereof and attached hereto as Exhibit A (the "Stock Option Agreement"), pursuant to which the Company has granted Parent an option to purchase shares of common stock of the Company under certain circumstances; and

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition and inducement to Parent's willingness to enter into this Agreement, Parent and certain stockholders of the Company have entered into a Voting Agreement, dated as of the date hereof and attached hereto as Exhibit B (the "Voting Agreement"), pursuant to which such stockholders have agreed, among other things, to vote their shares of common stock of the Company in favor of the Merger.

NOW, THEREFORE, in consideration of the premises and of the mutual representations, warranties, covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1

PLAN OF MERGER

1.1 The Merger.

(a) Upon the terms and subject to the conditions of this Agreement, at the Effective Time and in accordance with the provisions of this Agreement, the Delaware General Corporation Law (the "DGCL") and the Florida Business Corporation Act (the "FBCA"), the Company shall be merged with and into the Merger Sub, which shall be the surviving corporation (sometimes referred to hereinafter as the "Surviving Corporation") in the Merger, and the separate corporate existence of the Company shall cease. Subject to the provisions of this Agreement, articles of merger complying with the relevant provisions of the DGCL and the FBCA shall be duly prepared, executed and filed with the Secretaries of State of the States of Delaware and Florida as provided in the DGCL and the FBCA on the Closing Date (as defined in Section 2.1). The Merger shall become effective upon the filing of the articles of merger or at such time thereafter as is provided in the articles of merger (the "Effective Time").

(b) From and after the Effective Time, the Merger shall have all the effects set forth in the DGCL and the FBCA. Without limiting the generality of the foregoing, and subject thereto, by virtue of the Merger and in accordance with the DGCL and the FBCA, all of the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation and all of the debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

(c) The Certificate of Incorporation of Merger Sub in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and the DGCL; provided that such Certificate of Incorporation shall be amended as of the Effective Time to change the name of Merger Sub to the name of the Company.

(d) The Bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation until altered, amended or repealed as provided therein or in the Certificate of Incorporation of the Surviving Corporation and the DGCL.

(e) The officers and directors of Merger Sub immediately prior to the Effective Time shall be the initial officers and directors of the Surviving Corporation, until their respective successors are duly elected and qualified.

1.2 Conversion of Shares. As of the Effective Time, by virtue of the Merger and without any action on the part of any holder thereof:

(a) Each share of capital stock of Merger Sub that is issued and outstanding immediately prior to the Effective Time shall remain outstanding and unchanged by reason of the Merger as one share of common stock of the Surviving Corporation.

(b) All shares of common stock, par value $1.00 per share, of the Company ("Company Common Stock") and any other shares of capital stock of the Company that are owned by the Company as treasury stock or by any wholly owned Subsidiary (as defined in Section 3.1) of the Company and any shares of Company Common Stock owned by Parent, Merger Sub or any other wholly owned Subsidiary of Parent shall be canceled and retired and shall cease to exist and no stock of Parent or other consideration shall be delivered in exchange therefor.

(c) Each issued and outstanding share of Company Common Stock (other than shares of Company Common Stock canceled in accordance with Section 1.2(b)) will be converted subject to Section 1.3(c) into the right to receive (x) a number of fully paid, non-assessable shares of common stock, par value $.01 per share, of Parent including any associated stock purchase rights ("Parent Common Stock") equal to the Exchange Ratio (as defined below) (the "Stock Consideration") or (y) upon a valid Cash Election as provided in Section 1.2(d) below $32.25 in cash from Parent (the "Cash Consideration" and, together with the Stock Consideration, the "Merger Consideration"), subject to the limitations set forth in Sections 1.2(d), (e) and (g). The "Exchange Ratio" shall be equal to $32.25 divided by the Average Price (as defined below) of Parent Common Stock. "Average Price" means the average of the closing prices as reported in *The Wall Street Journal*'s New York Stock Exchange Composite Transactions Reports for each of the 10 consecutive Trading Days in the period ending five Trading Days prior to the Closing Date. "Trading Day" means a day on which the New York Stock Exchange, Inc. ("NYSE") is open for trading and on which the Parent Common Stock was traded.

(d) Subject to the immediately following sentence and to Sections 1.2(e) and 1.2(g), each record holder of shares of Company Common Stock immediately prior to the Effective Time shall be entitled to elect to receive cash for all or any part of such Company Common Stock (a "Cash Election"). Notwithstanding the foregoing, the aggregate number of shares of Company Common Stock that may be converted into the right to receive cash consideration (the "Cash Election Number") shall not exceed an amount determined by dividing (A) the dollar number equal to one-half the product of (x) $32.25 multiplied by (y) the aggregate number of shares of Company Common Stock outstanding at 5:00 p.m. Eastern Time on the second Trading Day prior to the Effective Time by (B) $32.25; provided that the Cash Election Number shall be adjusted as provided in Section 1.2(g). To the extent not covered by a properly given Cash Election, all shares of Company Common Stock issued and outstanding immediately prior to the Effective Time shall, except as provided in Section 1.2(b) and Section 1.3(c), be converted solely into shares of Parent Common Stock.

(e) If the aggregate number of shares of Company Common Stock covered by Cash Elections (the "Cash Election Shares") exceeds the Cash Election Number, each Cash Election Share shall be converted into (i) the right to receive an amount in cash, without interest,

equal to the product of (a) $32.25 and (b) a fraction (the "Cash Fraction"), the numerator of which shall be the Cash Election Number and the denominator of which shall be the total number of Cash Election Shares, and (ii) a number of shares of Parent Common Stock equal to the product of (a) the Exchange Ratio and (b) a fraction equal to one minus the Cash Fraction.

(f) The Exchange Agent, in consultation with Parent and the Company, will make all computations to give effect to this Section 1.2.

(g) If, after having made the calculation under Section 1.2(d), the value of the Parent Common Stock (excluding fractional shares to be paid in cash) to be issued in the Merger, valued at the lesser of the Average Price and the average of the high and low trading prices of Parent Common Stock on the day before the Closing Date (or, if determined to be more appropriate by either Ropes & Gray ("R&G") or LeBoeuf, Lamb, Greene & MacRae, L.L.P. ("LLG&M"), the trading price as of the time of the Closing) as reported on the NYSE, minus the aggregate discount, if any, due to trading restrictions on the value of Parent Common Stock to be issued in the Merger, is less than 50% of the total consideration to be paid in exchange for the shares of Company Common Stock (including without limitation the amount of cash to be paid in lieu of fractional shares and any other payments required to be considered in determining whether the continuity of interest requirements applicable to reorganizations under Section 368 of the Code have been satisfied) (the "Total Consideration"), then the Cash Election Number shall be reduced to the extent necessary so that the value of the Parent Common Stock (as determined above) is 50% of the Total Consideration.

(h) If, after the date hereof and prior to the Effective Time, Parent shall have declared or effected a stock split (including a reverse split) of Parent Common Stock or a dividend payable in Parent Common Stock or securities convertible into Parent Common Stock or any other similar transaction, then the Merger Consideration shall be appropriately adjusted to reflect the effect of such stock split or dividend or similar transaction.

(i) Each Company Option shall be converted in accordance with Section 5.17.

1.3 Exchange of Certificates.

(a) On the Closing Date or, if later, within three Business Days of completion of the election and allocation procedures in Section 1.2, Parent shall deposit with a bank or trust company designated by Parent and reasonably acceptable to the Company (the "Exchange Agent"), for the benefit of the holders of shares of Company Common Stock, for exchange in accordance with this Article 1 through the Exchange Agent, cash, and certificates representing the shares of Parent Common Stock (such shares of Parent Common Stock, together with any dividends or distributions with respect thereto or cash deposited by Parent in accordance with this Section 1.3, being hereinafter referred to as the "Exchange Fund") when and as required for exchanges pursuant to Section 1.2. As used in this Agreement, "Business Day" shall mean any

day, other than a Saturday or a Sunday or a day on which commercial banking institutions in New York, New York or Jacksonville, Florida are authorized or obligated by law to close.

(b)(i) Not fewer than 20 Business Days prior to the Closing Date, the Exchange Agent will mail a form of election (the "Form of Election") to holders of record of shares of Company Common Stock (as of a record date as close as practicable to the date of mailing and mutually agreed to by Parent and the Company). In addition, the Exchange Agent will use its best efforts to make the Form of Election available to the Persons (as defined in Section 1.5) who become shareholders of the Company during the period between such record date and the Election Deadline (as defined below). Any election to receive Cash Consideration contemplated by Section 1.2(d) will have been properly made only if the Exchange Agent shall have received at its designated office or offices, by 4:00 p.m., New York City time, on the Trading Day that is the fourth Trading Day prior to the Closing Date (the "Election Deadline"), a Form of Election properly completed and accompanied by a certificate representing shares of Company Common Stock (a "Certificate") to which such Form of Election relates, duly endorsed in blank or otherwise acceptable for transfer on the books of the Company (or an appropriate guarantee of delivery), as set forth in such Form of Election. An election may be revoked only by written notice received by the Exchange Agent prior to 4:00 p.m., New York City time, on the Election Deadline. In addition, all elections shall automatically be revoked if the Exchange Agent is notified by Parent and the Company that the Merger has been abandoned. If an election is so revoked, the Certificate(s) (or guarantee of delivery, as appropriate) to which such election relates will be promptly returned to the Person submitting the same to the Exchange Agent. Parent shall have the discretion, which it may delegate in whole or in part to the Exchange Agent, to determine whether Forms of Election have been properly completed, signed and submitted or revoked pursuant to this Section 1.3, and to disregard immaterial defects in Forms of Election. The decision of Parent (or the Exchange Agent) in such matters shall be conclusive and binding.

(ii) As soon as reasonably practicable after the Effective Time, the Exchange Agent will mail to each holder of record of a Certificate whose shares of Company Common Stock were converted into the right to receive Merger Consideration (other than with respect to Certificates subject to a valid Form of Election), (i) a letter of transmittal (which will specify that delivery will be effected, and risk of loss and title to the Certificates will pass, only upon proper delivery of the Certificates to the Exchange Agent and will be in such form and have such other provisions as Parent and the Company may specify consistent with this Agreement) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Stock Consideration.

(iii) After the Effective Time, with respect to properly made elections in accordance with Section 1.3(b)(i), and upon surrender in accordance with Section 1.3(b)(ii) of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Certificate will be entitled to receive in exchange therefor the Merger Consideration that such holder has the right to receive therefor pursuant to the provisions of this Article 1, and

the Certificate so surrendered will forthwith be canceled. In the event of a transfer of ownership of shares of Company Common Stock that are not registered in the transfer records of the Company payment may be issued to a person other than the person in whose name the Certificate so surrendered is registered (the "Transferee") if such Certificate is properly endorsed or otherwise in proper form for transfer and the Transferee pays any transfer or other taxes required by reason of such payment to a person other than the registered holder of such Certificate or establishes to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 1.3, each Certificate will be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration that the holder thereof has the right to receive in respect of such Certificate pursuant to the provisions of this Article 1. No interest will be paid or will accrue on any cash payable to holders of Certificates pursuant to the provisions of this Article 1.

(c) No certificate or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional share interests will not entitle the owner thereof to vote or to any rights as a stockholder of Parent. All fractional shares of Parent Common Stock that a holder of Company Common Stock would otherwise be entitled to receive as a result of the Merger shall be aggregated and if a fractional share results from such aggregation, such holder shall be entitled to receive from Parent, in lieu thereof, an amount in cash determined by multiplying (i) the fractional share interest to which such holder would otherwise be entitled by (ii) the Average Price per share of Parent Common Stock. No such cash in lieu of fractional shares of Parent Common Stock shall be paid to any holder of Company Common Stock until Certificates are surrendered and exchanged in accordance with Section 1.3(b).

(d) The Merger Consideration paid upon the surrender for exchange of Certificates in accordance with the terms of this Article 1 shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Common Stock theretofore represented by such Certificates, subject, however, to any obligation of Parent or the Surviving Corporation to pay any dividends or make any other distributions with a record date prior to the Effective Time which may have been authorized or made with respect to shares of Company Common Stock which remain unpaid at the Effective Time, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of shares of Company Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to Parent, the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Section 1.3, except as otherwise provided by law.

1.4 Dividends. No dividends or other distributions that are declared or made after the Effective Time with respect to Parent Common Stock payable to holders of record thereof after the Effective Time shall be paid to a Company stockholder entitled to receive certificates representing Parent Common Stock until such stockholder has properly surrendered such stockholder's Certificates. Upon such surrender, there shall be paid to the stockholder in whose

name the certificates representing such Parent Common Stock shall be issued any dividends which shall have become payable with respect to such Parent Common Stock between the Effective Time and the time of such surrender, without interest. After such surrender, there shall also be paid to the stockholder in whose name the certificates representing such Parent Common Stock shall be issued any dividend on such Parent Common Stock that shall have a record date subsequent to the Effective Time and prior to such surrender and a payment date after such surrender; provided that such dividend payments shall be made on such payment dates. In no event shall the stockholders entitled to receive such dividends be entitled to receive interest on such dividends.

1.5 Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of the Certificates for one year after the Effective Time shall be delivered by the Exchange Agent to Parent, and any holders of the Certificates who have not theretofore complied with this Article 1 shall thereafter look only to Parent for payment of their claim for any Merger Consideration which such holder may be due under this Article 1 upon surrender of the Certificate. None of Parent, the Surviving Corporation or the Exchange Agent shall be liable to any Person (as defined below) in respect of any such shares of Parent Common Stock or funds from the Exchange Fund or other funds delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. As used in this Agreement, the term "Person" shall mean any natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, association or entity of any kind.

1.6 Investment of Exchange Fund. The Exchange Agent will invest any cash included in the Exchange Fund as directed by Parent in (i) obligations of the United States government having a maturity of not more than three months, (ii) certificates of deposit issued by banks or trust companies whose debt obligation ratings are in one of the two highest rating grades by Moody's Investor Service or Standard & Poor's Register, in each case having a combined capital and surplus and undivided profits of not less than $100,000,000, with a maturity date not in excess of three months or (iii) in such other investments as may be mutually agreed to in writing prior to the Closing Date by the parties hereto. Any interest and other income resulting from such investments will be paid to Parent.

1.7 Withholding Rights. The Surviving Corporation, Parent or the Exchange Agent, as the case may be, shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any person such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by the Surviving Corporation, Parent or the Exchange Agent, as the case may be, such amounts withheld shall be treated for purposes of this Agreement as having been paid to such person in respect of which such deduction and withholding was made by the Surviving Corporation, Parent or the Exchange Agent, as the case may be.

ARTICLE 2

CLOSING

2.1 Time and Place of Closing. Unless otherwise mutually agreed upon in writing by Parent and the Company, the closing of the Merger (the "Closing") will be held as promptly as practicable (but in any event not later than the third Business Day) at 10:00 a.m., local time, following the date that all of the conditions precedent specified in this Agreement have been (or can be at the Closing) satisfied or waived by the party or parties permitted to do so (such date being referred to hereinafter as the "Closing Date"). The place of Closing shall be at the offices of LLG&M, 125 West 55th Street, New York, New York 10019, or at such other place as may be agreed between Parent and the Company.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure letter delivered to Parent concurrent with the execution of this Agreement (the "Company Disclosure Letter"), the Company hereby represents and warrants to Parent as follows:

3.1 Organization, Good Standing and Power.

(a) The Company is a corporation duly organized, validly existing and its status is active under the laws of the State of Florida and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. The Company is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties make such qualification or licensing necessary, except where the failure to be so qualified or licensed or to be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. The Company has delivered to Parent complete and correct copies of its Articles of Incorporation and all amendments thereto to the date hereof and its Bylaws as amended to the date hereof. As used in this Agreement, the phrase "Material Adverse Effect" with respect to a party means a material adverse effect on the financial condition, business or results of operations of such party and its Subsidiaries on a consolidated basis. As used in this Agreement, the term "Subsidiary" of a party shall mean any corporation or other entity (including joint ventures, partnerships and other business associations) in which such party directly or indirectly owns outstanding capital stock or other voting securities having the power to elect a majority of the directors or similar members of the governing body of such corporation or other entity, or otherwise direct the management and policies of such corporation or other entity.

(b) Each Subsidiary of the Company (a "Company Subsidiary") is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has the corporate power and authority necessary for it to own or lease its properties and assets and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power and authority could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Each Company Subsidiary is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, except where the failure to be so qualified or licensed or to be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company.

(c) The Company conducts its insurance and health maintenance operations through the Subsidiaries set forth on Schedule 3.1 of the Company Disclosure Letter (collectively, the "Company Insurance Subsidiaries"). Each of the Company Insurance Subsidiaries is (i) duly licensed or authorized as an insurance company, reinsurance company or health maintenance organization, as the case may be, in its jurisdiction of incorporation, (ii) duly licensed or authorized as an insurance company, reinsurance company or health maintenance organization, as the case may be, in each other jurisdiction where it is required to be so licensed or authorized and (iii) duly authorized in its jurisdiction of incorporation and each other applicable jurisdiction to write each line of business reported as being written in the Company Statutory Statements (as hereinafter defined), except, in any such case, where the failure to be so licensed or authorized could not reasonably be expected to have a Material Adverse Effect on the Company. The Company has made all required filings under applicable insurance holding company statutes except where the failure to file could not reasonably be expected to have a Material Adverse Effect on the Company.

3.2 Capitalization. The authorized capital stock of the Company as of the date hereof consists of 75,000,000 shares of Company Common Stock, of which as of June 30, 1999, 27,904,617 shares were issued and outstanding and 1,196,599 shares were reserved for issuance upon exercise of outstanding Company Options and 5,473,908 shares were reserved for issuance upon sale under the stock purchase contracts comprising part of the Company's FELINE PRIDES debt securities (the "FELINE PRIDES"); 500,000 shares of non-convertible Preferred Stock, par value $10 per share, of which as of the date hereof no shares are issued and outstanding; and 500,000 shares of convertible Preferred Stock, par value $10 per share, of which as of the date hereof no shares are issued and outstanding. All outstanding shares of Company Common Stock are, and all shares which may be issued prior to the Effective Time pursuant to any outstanding Company Options or the FELINE PRIDES will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights. Except as set forth above, no shares of capital stock or other equity securities of the Company are outstanding. There are no outstanding options, warrants or rights to purchase or acquire from the Company any capital stock of the Company other than the Company Options and the FELINE PRIDES, there are no existing registration covenants with the Company with respect to outstanding shares of the

Company Common Stock, and there are no convertible securities or other contracts, commitments, agreements, understandings, arrangements or restrictions by which the Company is bound to issue any additional shares of its capital stock or other securities.

3.3 Subsidiaries. The Company owns, directly or indirectly, all of the outstanding voting securities of each Company Subsidiary and all such securities are held by the Company free and clear of all liens, charges, pledges, security interests or other encumbrances. All of the capital stock of each Company Subsidiary has been duly authorized, and is validly issued, fully paid and nonassessable. There are no outstanding options or rights to subscribe to, or any contracts or commitments to issue or sell any shares of the capital stock or any securities or obligations convertible into or exchangeable for, or giving any Person any right to acquire, any shares of the capital stock of any Company Subsidiary to which the Company or any Company Subsidiary is a party. There are no voting trusts or other agreements or understandings with respect to the voting of capital stock of the Company or any Company Subsidiary to which the Company or any Company Subsidiary is a party.

3.4 Authority; Enforceability. The Company has the corporate power and authority to enter into this Agreement and, subject to obtaining the required approval of the stockholders of the Company, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement have been, and, subject to obtaining the required approval of the stockholders of the Company, the consummation of the transactions contemplated hereby will have been, duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and upon due authorization, execution and delivery by Parent and Merger Sub constitutes the valid and binding obligation of the Company, enforceable against it in accordance with its terms, (i) except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and (ii) subject to general principles of equity.

3.5 Non-Contravention; Consents.

(a) Neither the execution, delivery and performance by the Company of this Agreement, nor the consummation by the Company of the transactions contemplated hereby, nor compliance by the Company with any of the provisions hereof, will:

(i) violate, conflict with, result in a breach of any provision of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, result in the termination of, accelerate the performance required by, or result in a right of termination or acceleration, or the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company, under any of the terms, conditions or provisions of, (x) its Articles of Incorporation or Bylaws, or (y) any note, bond, mortgage, indenture, deed of trust, license, lease, contract, agreement or other instrument or obligation to which the Company or any of the Company Subsidiaries is a party, or by which the Company or any of the Company Subsidiaries may be bound, or

to which the Company or any of the Company Subsidiaries or the properties or assets of any of them may be subject, and that could, in any such event specified in this clause (a), reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company; or

(ii) subject to compliance with the statutes and regulations referred to in Section 3.5(b), violate any valid and enforceable judgment, ruling, order, writ, injunction, decree, or any statute, rule or regulation applicable to the Company or any of the Company Subsidiaries or any of their respective properties or assets where such violation could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company.

(b) Except for (i) the filing of applications and notices, as applicable, with state insurance regulatory authorities in the states in which the Company Insurance Subsidiaries operate their respective businesses and the approval of such applications or the grant of required licenses by such authorities, (ii) the filing of notification and report forms with the United States Federal Trade Commission and the United States Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and the expiration or termination of any applicable waiting period thereunder, (iii) the filing with the Securities and Exchange Commission (the "SEC") of a proxy statement in definitive form relating to the meeting of the Company's stockholders to be held in connection with this Agreement and the transactions contemplated hereby and the filing and declaration of effectiveness of the registration statement on Form S-4 relating to the shares of Parent Common Stock to be issued in the Merger, (iv) the filing of articles of merger with the Secretaries of State of the States of Delaware and Florida pursuant to the DGCL and the FBCA, respectively, (v) the approval of the listing of the Parent Common Stock to be issued in the Merger on the NYSE, (vi) any filings, approvals or other requirements under state securities laws or state insurance company stock issuance laws and (vii) the approval of this Agreement and the Merger by the holders of a majority of the outstanding Company Common Stock, no notices to, consents or approvals of, or filings or registrations with, any court, federal, state, local or foreign governmental or regulatory body (including a self-regulatory body) or authority (each, a "Governmental Authority") or with any third party are necessary in connection with the execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby, except for such notices, consents, approvals, filings or registrations, the failure of which to be made or obtained could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company or on the ability of the Parent, following the Effective Time, to conduct the business of the Company as presently conducted.

3.6 SEC Reports; Company Financial Statements.

(a) Since January 1, 1996, the Company has timely filed all reports, registration statements, proxy statements or information statements and all other documents, together with any amendments required to be made thereto, required to be filed with the SEC under the Securities

Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act") (collectively to the extent filed prior to the date hereof, the "Company Reports"). The Company has heretofore made available to Parent true copies of all the Company Reports, together with all exhibits thereto, that Parent has requested. Included in such Company Reports are (i) audited consolidated balance sheets of the Company and the Company Subsidiaries at December 31, 1996, 1997 and 1998 and the related consolidated statements of earnings, stockholders' equity and cash flows for the years then ended, and the notes thereto and (ii) the unaudited consolidated balance sheet of the Company and the Company Subsidiaries at March 31, 1999 and the related unaudited consolidated statement of earnings, stockholders' equity and cash flows for the periods then ended and the notes thereto.

(b) All of the financial statements included in the Company Reports presented fairly in all material respects the consolidated financial position of the Company and the Company Subsidiaries as at the dates mentioned and the consolidated results of operations, changes in stockholders' equity and cash flows for the periods then ended in conformity with generally accepted accounting principles applied on a consistent basis (subject, in the case of the unaudited statements, to normal, recurring audit adjustments as may be permitted by Form 10-Q of the SEC). As of their respective dates, the Company Reports complied in all material respects with all applicable rules and regulations promulgated by the SEC and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent reflected on the balance sheet included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 or Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, neither the Company nor any Company Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) except for liabilities or obligations which, individually or in the aggregate, have not had, or could not reasonably be expected to have, a Material Adverse Effect on the Company.

3.7 Statutory Statements.

(a) The Company has previously furnished to Parent the annual statements of each of the Company Insurance Subsidiaries for the years ended December 31, 1996, 1997 and 1998, which have been filed with the insurance regulatory authority of the jurisdiction of organization of each such Company Insurance Subsidiary, and statutory statements, where required, for each such company for the period ended March 31, 1999 (together the "Company Statutory Statements") and the Company shall furnish to Parent promptly after filing all statutory statements for any calendar years or quarters ending thereafter but prior to the Effective Time. Such statutory statements present or will present fairly in all material respects the admitted assets, liabilities and surplus of each Company Insurance Subsidiary at the end of each of the periods then ended, and the results of its operations and changes in its surplus for each of the periods then ended in conformity with accounting practices prescribed or permitted by the insurance regulatory

authority of the jurisdiction of organization of each such Company Insurance Subsidiary, applied on a consistent basis as and to the extent described in such statutory statements.

(b) The reserves carried on the Company Statutory Statements of each Company Insurance Subsidiary for future insurance policy benefits, losses, claims, expenses and similar purposes were, as of the respective dates of such Company Statutory Statements, in compliance in all material respects with the requirements for reserves established by the insurance departments of the state of domicile of such Company Insurance Subsidiary, were determined in all material respects in accordance with generally accepted actuarial standards and principles consistently applied, and were fairly stated in all material respects in accordance with sound actuarial and statutory accounting principles. Such reserves were adequate in the aggregate to cover the total amount of all reasonably anticipated liabilities of the respective Company Insurance Subsidiary under all outstanding insurance, reinsurance and other applicable agreements as of the respective dates of such Company Statutory Statements. The admitted assets of each Company Insurance Subsidiary as determined under applicable law are in an amount at least equal to the minimum amounts required by applicable law.

3.8 Absence of Certain Changes or Events. Since December 31, 1998, the Company and the Company Subsidiaries have conducted their business in all material respects only in the ordinary course, and there has not been (i) any change, event, condition (financial or otherwise) or state of circumstances or facts which could reasonably be expected to have a Material Adverse Effect on the Company, (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company's outstanding capital stock other than regular quarterly dividends with respect to the Company Common Stock which do not exceed $0.11 per share per quarter, (iii) any split, combination or reclassification of any of the Company's outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of the Company's outstanding capital stock, (iv) (x) any granting by the Company or any Company Subsidiary to any executive officer or other employee of the Company or any Company Subsidiary of any increase in compensation, except for increases in the ordinary course of business consistent with prior practice or as was required under employment agreements in effect as of December 31, 1998, (y) any granting by the Company or any Company Subsidiary to any such executive officer or other employee of any increase in severance or termination pay, except (A) as discussed in the Company Disclosure Letter, (B) for obligations which have been satisfied prior to the date hereof or (C) as was required under any employment, severance or termination agreements in effect as of December 31, 1998, which agreements are identified in the Company Disclosure Letter, or (z) any entry by the Company or any Company Subsidiary into any new severance or termination agreement with any such executive officer or other employee, (v) any significant change in accounting methods, principles or practices by the Company or any Company Subsidiary materially affecting its assets, liabilities or business, except insofar as may be appropriate to conform to changes in statutory accounting rules or generally accepted accounting principles, or (vi) any material change in the underwriting, pricing, actuarial or investment practices or policies of any Company Subsidiary; provided, however, that the following shall be excluded from the

definition of Material Adverse Effect and from the determination of whether such Material Adverse Effect has occurred for purposes of clause (i) of this Section 3.8: the effects of conditions or events that (i) are generally applicable to the life insurance industry, (ii) result from general economic conditions including changes in interest rates or stock market conditions in the United States or (iii) result from the announcement of the Merger.

3.9 Taxes and Tax Returns.

(a) As used in this Agreement, "Tax" shall mean any federal, state, county, local or foreign taxes, including all net income, gross income, premiums, sales and use, ad valorem, transfer, gains, profits, windfall profits, excise, franchise, real and personal property, gross receipts, capital stock, production, business and occupation, employment, disability, payroll, license, estimated, stamp, custom duties, severance or withholding taxes, other taxes or similar charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether imposed directly on a Person or resulting under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise and includes any interest and penalties (civil or criminal) on or additions to any such taxes or in respect of a failure to comply with any requirement relating to any Tax Return. "Tax Return" shall mean a report, return or other information required to be supplied to a Governmental Authority with respect to Taxes including, where permitted or required, combined or consolidated returns for any group of entities.

(b) The Company and the Company Subsidiaries have (i) duly filed (or there has been filed on their behalf) with appropriate Governmental Authorities all Tax Returns required to be filed by them, on or prior to the date hereof, and all Tax Returns were in all material respects true, complete and correct and filed on a timely basis except to the extent that any failure to file would not, individually or in the aggregate, have a Material Adverse Effect on the Company, and (ii) duly paid in full within the time and in the manner prescribed by law or made provisions in accordance with generally accepted accounting principles with respect to Taxes not yet due and payable for the payment of (or there has been paid or provision has been made on their behalf) all Taxes for all periods ending on or prior to the date hereof, except to the extent that any failure to fully pay or make provision for the payment of such Taxes could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company;

(c) No federal, state, local or foreign audits, investigations or other administrative proceedings or court proceedings are presently pending or threatened with regard to any Taxes or Tax Returns of the Company or the Company Subsidiaries and no issues have been raised in writing by any Tax authority in connection with any Tax or Tax Return wherein an adverse determination or ruling in any one such proceeding or in all such proceedings in the aggregate could reasonably be expected to have a Material Adverse Effect on the Company;

(d) Neither the Company nor any Company Subsidiary has requested any extension of time within which to file any Company or Company Subsidiary Tax Return, which Tax Return has not since been filed. The federal income Tax Returns of the Company and the Company Subsidiaries have been examined by the Internal Revenue Service ("IRS") (or the applicable statutes of limitation for the assessment of federal income Taxes for such periods have expired) for all periods through and including December 31, 1994, and no material deficiencies for any Taxes were proposed, assessed or asserted as a result of such examinations that have not been resolved and fully paid. Neither the Company nor any of the Company Subsidiaries has granted any requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes with respect to any Tax Returns of the Company or any of the Company Subsidiaries, which period (after giving effect to such extension) has not yet expired;

(e) Neither the Company nor any Company Subsidiary is a party to any agreement relating to the allocation or sharing of Taxes (other than a tax sharing agreement between the Company and one or more Company Subsidiaries). Neither the Company nor any Company Subsidiary (i) has been a member of an affiliated group filing a U.S. consolidated federal income tax return or an affiliated, consolidated, combined or unitary group for state income tax return purposes (other than a group the common parent of which was the Company) or (ii) has any liability for Taxes of any Person under United States Treasury Regulation Section 1.1502-6 (or any provision of state, local or an affiliated, consolidated, combined or unitary group for state income tax return purposes, or foreign law), as a transferee or successor, by contract or otherwise other than liabilities for Taxes of an affiliated, consolidated, combined or unitary group which includes only the Company and Company Subsidiaries. Neither the Company nor any Company Subsidiary is currently under (i) any obligation to pay any amounts as a result of being party, or having been party, to any tax sharing agreement (other than a tax sharing agreement between the Company and one or more Company Subsidiaries) or (ii) any express or implied obligation to indemnify any other Person for Taxes;

(f) There are no Tax liens upon any asset of the Company or any Company Subsidiary except liens for Taxes not yet due;

(g) No power of attorney currently in force has been granted by the Company or any Company Subsidiary concerning any Tax matter;

(h) Neither the Company nor any Company Subsidiary has received a Tax Ruling (as defined below) or entered into a Closing Agreement (as defined below) with any taxing authority since January 1, 1991. "Tax Ruling," as used in this Agreement, shall mean a written ruling of a taxing authority relating to Taxes. "Closing Agreement," as used in this Agreement, shall mean a written and legally binding agreement with a taxing authority relating to Taxes;

(i) All transactions that could give rise to a penalty for an understatement of federal income tax have been adequately disclosed on the Tax Returns of the Company and any Company Subsidiary in accordance with Code Section 6662(d)(2)(B);

(j) Neither the Company nor any Company Subsidiary is required to include in income any adjustment pursuant to Code Section 481(a) by reason of a voluntary change in accounting method initiated by the Company or any Company Subsidiary, and the IRS has not proposed any such adjustment or change in accounting method;

(k) Any amount that could be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement by any employee, officer or director of the Company or any Company Subsidiary who is a "disqualified individual" (as such term is defined in proposed Treasury Regulation Section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Company benefit plan currently in effect would not be characterized as an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code). In addition, Section 162(m) of the Code will not apply to any amount paid or payable by the Company or any Company Subsidiary under any contract or Company Employee Plan currently in effect;

(l) Except as could not reasonably be expected to have a Company Material Adverse Effect, all annuity contracts and life insurance policies issued by the Company or any Company Subsidiary meet all definitional or other requirements for qualification under any Code section applicable (or intended to be applicable) to such annuity contracts or life insurance policies, including, without limitation, the following: (i) each such life insurance policy meets the requirements of Sections 101(f), 817(h) or 7702 of the Code, if applicable; (ii) no such life insurance contract is a "modified endowment contract" within the meaning of Section 7702A of the Code except for policies held by holders who have been notified of their classification as modified endowment contracts; (iii) each such annuity contract issued qualifies as an annuity under federal tax law; (iv) each such annuity contract meets the requirements of Section 72 of the Code including Section 72(s) of the Code (except for those contracts specifically excluded from such requirements pursuant to Section 72(s)(5) of the Code), and each such annuity contract subject to Section 817(h) of the Code meets the requirements thereof and has been administered consistent therewith; (v) no such annuity contract intended to qualify under Sections 130, 403(a), 403(b) or 408(b) of the Code contains or omits any provision that would disqualify such contract under the applicable Code provision; (vi) no such annuity contract intended for use under a plan intended to qualify under Section 401, 403, 408 or 457 of the Code contains or omits any provision that would not comply with the requirements of such sections; and (vii) neither the Company nor any Company Subsidiary has entered into any agreement or are involved in any discussions or negotiations and there are no tax audits, examinations, investigations or other proceedings with any Tax authority with respect to the failure of any life insurance policy issued by the Company or any Company Subsidiary to meet the requirements of Sections 7702 or 817(h) of the Code or the failure of any annuity contract issued by the Company or any Company Subsidiary to meet the requirements of Section 72(s) of the Code. There are no outstanding indemnification agreements

respecting the tax qualification or treatment of any product or plan sold, issued, entered into or administered by the Company or any Company Subsidiaries, and there have been no claims asserted by any Person under such indemnification agreements;

(m) No property of the Company or any Company Subsidiary is property that the Company or any Company Subsidiary or any other party to this transaction is or will be required to treat as being owned by another Person pursuant to the provisions of Code Section 168(f)(8) (as in effect prior to its amendment by the Tax Reform Act of 1986) or is "tax-exempt use property" within the meaning of Code Section 168; and

(n) Neither the Company nor any Company Subsidiary has taken any action or failed to take any action which action or failure to take action would jeopardize the Merger as a reorganization within the meaning of Section 368(a) of the Code.

3.10 Litigation. Neither the Company nor any Company Subsidiary is a party to any pending or, to the knowledge of the Company, threatened claim, action, suit, investigation or proceeding which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Company. Neither the Company nor any Company Insurance Subsidiary has received actual notice of any proceeding, claim or investigation pending or threatened against the Company or any Company Insurance Subsidiary before any insurance department or agency which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Company. There is no outstanding order, writ, judgment, stipulation, injunction, decree, determination, award or other decision against the Company or any Company Subsidiary which, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on the Company.

3.11 Contracts and Commitments. Neither the Company nor any Company Subsidiary has received notice from any Person alleging, or is otherwise aware that the Company, a Company Subsidiary or any other party is in default under any contracts, agreements, leases, commitments, licenses or assignments currently in effect which are material to the Company and the Company Subsidiaries as a whole. All of the material contracts of the Company and the Company's Subsidiaries that are required to be described in the most recent Annual Report on Form 10-K included in the Company Reports or to be filed as exhibits thereto are described in such Company Report or filed as exhibits thereto and such contracts are in full force and effect.

3.12 Registration Statement, Etc. None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in (a) the Registration Statement to be filed by Parent with the SEC in connection with the Parent Common Stock to be issued in the Merger (the "Registration Statement"), (b) the Proxy Statement (the "Proxy Statement") to be mailed to the Company's stockholders in connection with the meeting (the "Stockholders' Meeting") to be called to consider the Merger, and (c) any other documents to be filed with the SEC in connection with the transactions contemplated hereby will, at the respective times such documents are filed and at the time such documents become effective or at the time any

amendment or supplement thereto becomes effective contain any untrue statement of a material fact, or omit to state any material fact required or necessary in order to make the statements therein not misleading; and, in the case of the Registration Statement, when it becomes effective or at the time any amendment or supplement thereto become effective, will cause the Registration Statement or such supplement or amendment to contain any untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; or, in the case of the Proxy Statement, when first mailed to the stockholders of the Company, or in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders' Meeting, will cause the Proxy Statement or any amendment thereof or supplement thereto to contain any untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. All documents that the Company is responsible for filing with the SEC and any other regulatory agency in connection with the Merger will comply as to form in all material respects with the provisions of applicable law and any applicable rules or regulations thereunder, except that no representation is made by the Company with respect to statements made therein based on information supplied by Parent or with respect to information concerning Parent or Merger Sub which is incorporated by reference in the Registration Statement or the Proxy Statement.

3.13 Employee Benefit Plans.

(a) Schedule 3.13 of the Company Disclosure Letter contains a list of each material plan, program, arrangement, practice and contract which is maintained by the Company or any Company Subsidiary or under which the Company or any Company Subsidiary is obligated to make contributions and which provides benefits or compensation to or on behalf of employees or former employees, including but not limited to executive arrangements (for example, all bonus, incentive compensation, stock option, deferred compensation, commission, severance, golden parachute and other executive compensation plans, programs, contracts or arrangements) and "employee benefit plans" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). All such plans, programs, arrangements, practices or contracts are referred to herein as "Company Employee Plans." The Company has made available to Parent the plan documents or other writing constituting each Company Employee Plan that has been reduced to writing and, if applicable, the trust, insurance contract or other funding arrangement, the ERISA summary plan description and the most recent Forms 5500 and annual reports for each such Plan. The Company has identified those Company Employee Plans which the Company intends to satisfy the requirements of Section 401(a) of the Code and has made available to Parent accurate copies of the most recent favorable determination letters for such plans.

(b) With respect to each Company Employee Plan that is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code: (i) there does not exist any accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA, whether or not waived; (ii) no reportable event within the meaning of Section 4043(c) of

ERISA with respect to which the 30-day notice period has not been waived has occurred before the date of this Agreement, nor is any such event reasonably likely to occur after the date of this Agreement; and (iii) all premiums required to be paid to the Pension Benefit Guaranty Corporation have been timely paid in full. There does not now exist, nor do any circumstances exist that could reasonably be expected to result in, any Company Controlled Group Liability (as defined below) that could reasonably be expected to be a liability of the Company or any Company Subsidiary following the Effective Time. "Company Controlled Group Liability" means any and all liabilities under (i) Title IV of ERISA, (ii) Section 302 of ERISA, (iii) Sections 412 and 4971 of the Code and (iv) the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, other than, in each case, such liabilities that arise solely out of, or relate solely to, the Company Employee Plans.

(c) Neither the Company nor any Company Subsidiary is, or has been, a participant in a multiemployer plan (within the meaning of ERISA Section 3(37)). Neither the Company nor any Company Subsidiary maintains or has at any time maintained a Company Employee Plan which is subject to Title IV of ERISA. Neither the Company nor any Company Subsidiary is obligated to provide post-employment or retirement medical benefits or any other unfunded welfare benefits to or on behalf of any Person who is no longer an employee of Company or any Company Subsidiary, except for health continuation coverage as required by Section 4980B of the Code or Part 6 of Title I of ERISA.

(d) Each Company Employee Plan has at all times been maintained, by its terms and in operation, in accordance with all applicable laws, and each of those Company Employee Plans which are intended to be qualified under Section 401(a) of the Code has at all times been maintained, by its terms and in operation, in accordance with Section 401(a) of the Code, in each case except where a failure to be so maintained would not have a Material Adverse Effect on Company. As of December 31, 1998, neither the Company nor any of the Company Subsidiaries had any liability under any Company Employee Plan that was not reflected in the Company audited consolidated balance sheet at December 31, 1998 or disclosed in the notes thereto, other than liabilities which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect on the Company.

(e) No prohibited transaction has occurred with respect to any Company Employee Plan maintained by the Company or any of the Company Subsidiaries that would result, directly or indirectly, in the imposition of an excise tax or other liability under the Code or ERISA, except for such a tax or other liability that could not reasonably be expected to have a Material Adverse Effect on the Company.

(f) The execution of or performance of the transactions contemplated by this Agreement will not create, accelerate or increase any obligations under the Company Employee Plans which would exceed $1 million in the aggregate.

3.14 Collective Bargaining; Labor Disputes; Compliance. Neither the Company nor any of the Company Subsidiaries is a party to any collective bargaining agreement. The employees of the Company and the Company Subsidiaries are not represented by any unions. Neither the Company nor any of the Company Subsidiaries is currently, nor has been during the past three years, the subject of any union organizing drive. Neither the Company nor any of the Company Subsidiaries is currently, nor has been during the past three years, the subject of any strike relating to the Company or any of the Company Subsidiaries nor, to the knowledge of the Company, is any such activity threatened. Each of the Company and each Company Subsidiary has substantially complied with all laws relating to the employment and safety of labor, including the National Labor Relations Act and other provisions relating to wages, hours, benefits, collective bargaining and all applicable occupational safety and health acts, laws and regulations. The Company has not engaged in any unfair labor practice or discriminated on the basis of race, age, sex, disability or otherwise in its employment conditions or practices with respect to its employees. Each of the Company and the Company Subsidiaries has substantially complied with the terms of any collective bargaining agreement to which it is a party or is bound. No action, suit, complaint, charge, grievance, arbitration, employee proceeding or investigation by or before any court, governmental entity, administrative agency or commission, brought by or on behalf of any employee, prospective employee, former employee, retired employee, labor organization or other representative of the Company's employees is pending or, to the knowledge of the Company, threatened against the Company. The Company is not a party to or otherwise bound by any consent decree with or citation by any government entity relating to the Company's employees or employment practices relating to the Company's employees. The Company is in compliance with its obligations with respect to the Company's employees pursuant to the Worker Adjustment and Retraining Notification Act of 1988, and all other notification and bargaining obligations arising under any collective bargaining agreement, statute or otherwise.

3.15 No Violation of Law.

(a) The business and operations of the Company Insurance Subsidiaries have been conducted in compliance with all applicable statutes and regulations regulating the business of insurance, health maintenance organizations, health care service plans, third party administrators and other managed care organizations and all applicable orders and directives of insurance regulatory authorities and market conduct recommendations resulting from market conduct examinations of insurance regulatory authorities (collectively, "Insurance Laws"), except where the failure to so conduct such business and operations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Notwithstanding the generality of the foregoing, except where the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, each Company Insurance Subsidiary and its agents have marketed, sold and issued insurance products in compliance with all statutes, laws, ordinances, rules, orders and regulations applicable to the business of such Company Insurance Subsidiary and in the respective jurisdictions in which such products have been sold, including, without limitation, in compliance with (i) all applicable requirements relating to the disclosure of the nature of insurance products

as policies of insurance and (ii) all applicable requirements relating to insurance product projections. In addition (i) there is no pending or, to the knowledge of the Company, threatened charge by any insurance regulatory authority that any of the Company Insurance Subsidiaries has violated, nor any pending or, to the knowledge of the Company, threatened investigation by any insurance regulatory authority with respect to possible violations of, any applicable Insurance Laws where such violations could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company; (ii) none of the Company Insurance Subsidiaries is subject to any agreement, order or decree of any insurance regulatory authority relating specifically to such Company Insurance Subsidiary (as opposed to insurance companies generally) which could individually or in the aggregate reasonably be expected to have a Material Adverse Effect on the Company; and (iii) the Company Insurance Subsidiaries have filed all reports required to be filed with any insurance regulatory authority on or before the date hereof as to which the failure to file such reports could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(b) In addition to Insurance Laws, the business and operations of the Company and the Company Subsidiaries have been conducted in compliance with all other applicable laws, ordinances, regulations and orders of all governmental entities and other regulatory bodies, except where such noncompliance, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company. In addition to Insurance Laws, (i) neither the Company nor any Company Subsidiary has been charged with or, to the knowledge of the Company, is now under investigation with respect to, a violation of any applicable law, regulation, ordinance, order or other requirement of a Governmental Authority or other regulatory body, which violations or penalties could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, (ii) neither the Company nor any Company Subsidiary is a party to or bound by any order, judgment, decree or award of a Governmental Authority or other regulatory body which has or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company; and (iii) the Company and the Company Subsidiaries have filed all reports required to be filed with any Governmental Authority on or before the date hereof as to which the failure to file such reports could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect on the Company. The Company and the Company Subsidiaries have all permits, certificates, licenses, approvals and other authorizations required in connection with the operation of the business of the Company and the Company Subsidiaries, except for permits, certificates, licenses, approvals and other authorizations the failure of which to have could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and except for such permits, certificates, licenses, approvals and other authorizations required to be obtained in connection with the consummation of the transactions contemplated hereby.

3.16 Environmental Matters. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company:

(a) there are not any past or present conditions or circumstances that could reasonably be expected to interfere with or prevent the conduct of the business of the Company and each of the Company Subsidiaries in compliance with: (i) any order of any court or arbitration board or tribunal, or any law, ordinance, governmental rule or regulation related to human health or the environment ("Environmental Law"); or (ii) the terms or conditions of any permits, approvals, licenses or consents required to be issued by any Governmental Authority pursuant to any applicable Environmental Law;

(b) there are not any past or present conditions or circumstances at, arising out of, or related to, any current or former business, assets or properties of the Company or any Company Subsidiary, including but not limited to on-site or off-site storage, treatment, disposal or the release or threatened release of any chemical substance, product or waste, which could, individually or in the aggregate, reasonably be expected to give rise to: (i) liabilities or obligations for any cleanup, remediation, disposal or corrective action or any long-term monitoring requirements under any Environmental Law or (ii) claims arising for personal injury, property damage, or damage to natural resources;

(c) neither the Company nor any Company Subsidiary has (i) received any notice of noncompliance with, violation of, or liability or potential liability under any Environmental Law or (ii) entered into any consent decree, settlement or order or is subject to any order of any court or Governmental Authority or tribunal under any Environmental Law or relating to the cleanup of any hazardous or toxic materials, wastes, substances or any pollutants or contamination;

(d) there are no persons or entities whose liability, for any environmental matters or under any applicable Environmental Law, the Company or any Company Subsidiary has retained or assumed contractually or, to the best knowledge of the Company, has retained or assumed by operation of law;

(e) neither the Company nor any Company Subsidiary has handled or directed the management of or participated in any decisions with respect to or exercised any influence or control over the use, generation, storage, treatment or disposal of any hazardous or toxic materials, wastes or substances at or related to any of their business, assets or properties; and

(f) the Company and all Company Subsidiaries have made available to Parent copies of all environmental inspections, audits, studies, plans, records, data analyses or reports conducted or prepared by or on behalf of Company or any Company Subsidiary and which are in their possession or control.

3.17 Fairness Opinion. The Board of Directors of the Company has received an opinion dated July 8, 1999 from Merrill Lynch, Pierce, Fenner & Smith Incorporated to the effect that as of such date the consideration to be received by the stockholders of the Company pursuant to the Merger is fair to such stockholders from a financial point of view.

3.18 Brokers and Finders. Neither the Company nor any of the Company Subsidiaries, nor any of their respective officers, directors or employees, has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions, or finder's fees, and no broker or finder has acted directly or indirectly for the Company or any of the Company Subsidiaries, in connection with this Agreement or any of the transactions contemplated hereby, except that the Company has retained Merrill Lynch, Pierce, Fenner & Smith Incorporated as its financial advisor, whose fees and expenses will be paid by the Company.

3.19 Takeover Statutes. The Company has taken all actions necessary such that no restrictive provision of any "fair price," "moratorium," "control share acquisition," "business combination," "stockholder protection," "interested shareholder" or other similar anti-takeover statute or regulation (including, without limitation, Sections 607.0901 and 607.0902 of the FBCA) (each a "Takeover Statute") or restrictive provision of any applicable anti-takeover provision in the charter or by-laws of the Company is, or at the Effective Time will be, applicable to the Company, Parent, the Merger or any other transaction contemplated by this Agreement, the Stock Option Agreement or the Voting Agreement.

3.20 Voting Requirements. The affirmative vote of the holders of a majority of the issued and outstanding shares of Company Common Stock with respect to this Agreement and the Merger is the only vote of the holders of any class or series of the Company's capital stock necessary to approve this Agreement and the transactions contemplated by this Agreement.

3.21 Year 2000. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, each hardware, software and firmware product (including embedded microcontrollers in computer and non-computer equipment and products involved in electronic data interchange and integration with third parties) utilized by the Company or the Company Subsidiaries will, when required to do so, correctly differentiate between the years in different centuries and will accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations. The Year 2000 compliance status of material third parties upon whom the Company or the Company Subsidiaries rely in their respective businesses and operations, has been investigated with due inquiry and that all reasonable steps, if necessary, have been undertaken by the Company and the Company Subsidiaries to the extent any such material third parties pose a material risk of Year 2000 non-compliance to mitigate said risks. The Company and the Company Subsidiaries have and are implementing a Year 2000 remediation plan, which contains inventory, assessment, remediation, testing and implementation phases, and contingency plans, in connection with their respective businesses and operations.

3.22 Intellectual Property. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, the Company owns, or possesses valid license rights to, all Intellectual Property used in the conduct of the business of the Company, and the Company Subsidiaries own or possess valid license rights to all Intellectual Property that is used in the conduct of the business of the Company Subsidiaries taken

as a whole. The Company has not received any notice of any conflict with or violation or infringement of, any asserted rights of any other Person with respect to any Intellectual Property owned or licensed by the Company or any Company Subsidiary, which, if determined adversely, could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Company. The conduct of the Company's and the Company Subsidiaries' respective businesses as currently conducted does not conflict with any patents, patent rights, licenses, trademarks, trademark rights, trade names, trade name rights or copyrights of others, or any other rights with respect to Intellectual Property, in a way which reasonably could be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. There is no material infringement of any proprietary right owned by or licensed by or to the Company or any Company Subsidiary which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. As used in this Agreement, the phrase "Intellectual Property" means all intellectual property or other proprietary rights of every kind, including, without limitation, all domestic or foreign patents, patent applications, inventions (whether or not patentable), processes, products, technologies, discoveries, copyrightable and copyrighted works, apparatus, trade secrets, trademarks (registered and unregistered) and trademark applications and registrations, brand names, certification marks, service marks and service mark applications and registrations, trade names, trade dress, copyright registrations, design rights, customer lists, marketing and customer information, mask works, rights, know-how, licenses, technical information (whether confidential or otherwise), software, and all documentation thereof.

3.23 Insurance Matters. (a) Except as otherwise could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, all policies, binders, slips, certificates, annuity contracts and participation agreements and other agreements of insurance, whether individual or group, in effect as of the date hereof (including all applications, supplements, endorsements, riders and ancillary agreements in connection therewith) that are issued by the Company Insurance Subsidiaries (the "Company Insurance Contracts") and any and all marketing materials, are, to the extent required under applicable law, on forms approved by applicable insurance regulatory authorities which have been filed and not objected to by such authorities within the period provided for objection (the "Forms"). The Forms comply in all material respects with the insurance statutes, regulations and rules applicable thereto and, as to premium rates established by the Company or any Company Insurance Subsidiary which are required to be filed with or approved by insurance regulatory authorities, the rates have been so filed or approved, the premiums charged conform thereto in all material respects, and such premiums comply in all material respects with the insurance statutes, regulations and rules applicable thereto.

(b) All reinsurance and coinsurance treaties or agreements, including retrocessional agreements, to which the Company or any Company Insurance Subsidiary is a party or under which the Company or any Company Insurance Subsidiary has any existing rights, obligations or liabilities are in full force and effect, except for such treaties or agreements the failure to be in full force and effect of which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. Neither the Company nor any Company

Insurance Subsidiary, nor, to the knowledge of the executive officers of the Company, any other party to a reinsurance or coinsurance treaty or agreement to which the Company or any Company Insurance Subsidiary is a party, is in default in any material respect as to any provision thereof, and no such agreement contains any provision providing that the other party thereto may terminate such agreement by reason of the transactions contemplated by this Agreement. The Company has not received any notice to the effect that the financial condition of any other party to any such agreement is impaired with the result that a default thereunder may reasonably be anticipated, whether or not such default may be cured by the operation of any offset clause in such agreement. All insurers or reinsurers which accounted for the direction to the Company Insurance Subsidiaries or the ceding by the Company Insurance Subsidiaries of insurance or reinsurance business at December 31, 1998 and the aggregate amount of business assumed or ceded by such insurers or reinsurers are described in the Company Statutory Statements for the year ended December 31, 1998. Since January 1, 1999, no insurer or reinsurer or group of affiliated insurers or reinsurers accounted for the direction to the Company and the Company Insurance Subsidiaries or the ceding by the Company and the Company Insurance Subsidiaries of insurance or reinsurance business in an aggregate amount equal to one percent or more of the combined statutory premiums and deposits of the Company and the Company Insurance Subsidiaries for the year ended December 31, 1998. Each of the Company Insurance Subsidiaries will be able to obtain full reserve credit for financial statement purposes, under accounting practices prescribed or permitted by the applicable insurance regulatory authority with respect to reinsurance.

(c) Prior to the date hereof, the Company has delivered or made available to Parent a true and complete copy of any actuarial reports prepared by actuaries, independent or otherwise, with respect to the Company or any Company Insurance Subsidiary since December 31, 1995, and all attachments, addenda, supplements and modifications thereto (the "Company Actuarial Analyses"). The information and data furnished by the Company or any Company Insurance Subsidiary to its independent actuaries in connection with the preparation of the Company Actuarial Analyses were accurate in all material respects. Furthermore, to the knowledge of the executive officers of the Company, each Company Actuarial Analyses was based upon an accurate inventory of policies in force for the Company and the Company Insurance Subsidiaries, as the case may be, at the relevant time of preparation, was prepared using appropriate modeling procedures accurately applied and in conformity with generally accepted actuarial standards consistently applied, and the projections contained therein were properly prepared in accordance with the assumptions stated therein.

(d) None of Standard & Poor's Corporation, Moody's Investors Service, Inc. or A.M. Best Company has announced that it has under surveillance or review its rating of the financial strength or claims-paying ability of any Company Insurance Subsidiary, and the Company has no reason to believe that any rating presently held by the Company Insurance Subsidiaries is likely to be modified, qualified, lowered or placed under such surveillance for any reason.

(e) Except as reflected in the financial statements included in the Company Reports, neither the Company nor any Company Subsidiary has any liability or obligation with respect to assessments by or from state insurance guaranty funds.

(f) The Company Insurance Subsidiaries have filed all returns, cost reports and other filings in the manner prescribed by applicable laws, rules, ordinances or regulations, except for any such non-compliance or failure to make any such filing or filings which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company. All returns, cost reports and other financial filings made by the Company Insurance Subsidiaries to Medicare, Medicaid or any other health or welfare related Governmental Authority or third party payor were true, correct and complete in all material respects as of their date of filing. None of the Company Insurance Subsidiaries has been subject to any written finding of, or is currently subject to any pending or threatened audit relating to, fraudulent procedures or practices arising out of the provision of health care services relating to Medicare, Medicaid or any other Governmental Authority with which any Company Insurance Subsidiary has a contract to provide health care services or benefits.

3.24 Investment Company. None of the Company Insurance Subsidiaries maintains any separate accounts. Neither the Company nor any Company Subsidiary conducts activities of, or is otherwise deemed under applicable law to, control an "investment advisor" as such term is defined in Section 2(a)(20) of the Investment Company Act of 1940, as amended (the "1940 Act"), whether or not registered under the Investment Advisers Act of 1940, as amended. Neither the Company nor any Company Subsidiary is an "investment company" as defined under the 1940 Act, and neither the Company nor any Company Subsidiary sponsors any Person that is such an investment company.

3.25 Insurance. The Company and the Company Subsidiaries maintain insurance coverage reasonably adequate for the operation of their respective businesses. The insurance maintained by the Company and the Company Subsidiaries insures against risks and liabilities to the extent and in the manner reasonably deemed appropriate and sufficient by the Company or such Company Subsidiary, and the coverage provided thereunder will not be materially and adversely affected by the Merger.

3.26 Transactions with Affiliates. No director, officer or, to the best knowledge of the Company, beneficial owner of 5% or more of the capital stock of the Company or any Company Subsidiary or, to the best knowledge of the Company, any member of his or her immediate family or any other of its, his or her affiliates, owns or controls any Person which has any material contract, agreement, understanding, business arrangement or relationship to the Company or any Company Subsidiary.

3.27 Contracts. All of the contracts, agreements or arrangements of the Company and the Company Subsidiaries that are required to be described in the most recent Annual Report on Form 10-K included in the Company Reports or to be filed as exhibits thereto (the "Contracts")

are described in such Company Report or filed as exhibits thereto and are in full force and effect. True and complete copies of all such Contracts have been delivered or have been made available by the Company to Parent. Neither the Company nor any Company Subsidiary has violated, is in breach of any provision of, or is in default (or, with notice or lapse of time or both, would be in default) under, or has taken any action resulting in the termination of, acceleration of performance required by, or resulting in a right of termination or acceleration under, any of the Contracts, except for such violations, breaches, defaults, terminations or accelerations which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. Neither the Company nor the Company Subsidiaries is party to any contract, agreement or arrangement containing any provision or covenant limiting in any manner the ability of the Company or the Company Subsidiaries to (a) sell any products or services of or to any other Person, (b) engage in any line of business, or (c) compete with or to obtain products or services from any Person or limiting the ability of any Person to provide products or services to the Company or the Company Subsidiaries. Neither the Company nor any of the Company Subsidiaries is a party to any written contract, agreement or arrangement which provides for payments in the event of a change of control.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBSIDIARY

Except as set forth in the disclosure letter delivered to the Company concurrent with the execution hereof (the "Parent Disclosure Letter"), each of Parent and Merger Sub hereby represents and warrants to Company as follows:

4.1 Organization, Good Standing and Power.

(a) Parent is a Delaware corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Parent is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties make such qualification or licensing necessary, except where the failure to be so qualified or licensed or to be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent. Parent has delivered to Company complete and correct copies of its articles or certificate of incorporation, bylaws or other organizational documents and all amendments thereto to the date hereof.

(b) Merger Sub is a Delaware corporation, validly existing and in good standing under the laws of the State of Delaware.

4.2 Capitalization. (a) The authorized capital stock of Parent consists of 2,000,000,000 shares of Common Stock, par value of $.01 per share, of which as of March 31, 1999, 900,000,000 shares were issued and 811,762,872 shares were outstanding, 25,000,000 shares of Preferred Stock, par value of $1.00 per share ("Parent Preferred Stock"), of which as of March 31, 1999, no shares are issued and outstanding. All outstanding shares of Parent Common Stock are duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights. All of the shares of Parent Common Stock to be issued in exchange for Company Common Stock at the Effective Time in accordance with this Agreement will be, when so issued, duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights. Except as set forth above, as of March 31, 1999, there were no shares of capital stock or other equity securities of Parent outstanding, and, except as set forth in Schedule 4.2 of the Parent Disclosure Letter, there are no outstanding options, warrants or rights to purchase or acquire from Parent any capital stock of Parent, there are no existing registration covenants with Parent with respect to outstanding shares of Parent Common Stock, and there are no convertible securities or other contracts, commitments, agreements, understandings, arrangements or restrictions by which Parent is bound to issue any additional shares of its capital stock or other securities.

(b) As of the date hereof, the authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value $1.00 per share, all of which are issued and outstanding and owned by Parent. All such outstanding shares are duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights.

4.3 Authority; Enforceability. Each of Parent and Merger Sub has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of each of Parent and Merger Sub, and this Agreement has been duly executed and delivered by Parent and Merger Sub and, upon due authorization, execution and delivery by the Company, constitutes the valid and binding obligation of each of Parent and Merger Sub, enforceable against it in accordance with its terms, (i) except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and (ii) subject to general principles of equity.

4.4 Non-Contravention; Consents.

(a) Neither the execution, delivery and performance by Parent or Merger Sub of this Agreement, nor the consummation by Parent or Merger Sub of the transactions contemplated hereby, nor compliance by Parent or Merger Sub with any of the provisions hereof, will:

(i) violate, conflict with, result in a breach of any provision of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, result in the termination of, accelerate the performance required by, or result in a

right of termination or acceleration, or the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Parent or Merger Sub, under any of the terms, conditions or provisions of, (x) its respective organizational documents, or (y) any note, bond, mortgage, indenture, deed of trust, license, lease, contract, agreement or other instrument or obligation to which Parent or any of Subsidiaries of Parent ("Parent Subsidiaries") is a party, or by which Parent or any of the Parent Subsidiaries may be bound, or to which Parent or any of the Parent Subsidiaries or the properties or assets of any of them may be subject, and that could, in any such event, specified in this clause (a) reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent; or

(ii) subject to compliance with the statutes and regulations referred to in Section 4.4(b), violate any valid and enforceable judgment, ruling, order, writ, injunction, decree, or any statute, rule or regulation applicable to Parent or any of the Parent Subsidiaries or any of their respective properties or assets where such violation could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent.

(b) Except for (i) the filing of applications and notices, as applicable, with state insurance regulatory authorities in the states in which the Company Insurance Subsidiaries operate their respective business and the approval of such applications or the grant of required licenses by such authorities, (ii) the filing of notification and report forms under the HSR Act and the expiration or termination of any applicable waiting period thereunder, (iii) the filing with the SEC of the Proxy Statement relating to the meeting of the Company's stockholders to be held in connection with this Agreement and the transactions contemplated hereby and the filing and declaration of effectiveness of the Registration Statement relating to the shares of Parent Common Stock to be issued in the Merger, (iv) the filing of articles of merger with the Secretaries of State of the States of Delaware and Florida pursuant to the DGCL and the FBCA, respectively, (v) the approval of the listing of the Parent Common Stock to be issued in the Merger on the NYSE, and (vi) any filings, approvals or other requirements under state securities laws or state insurance company stock issuance laws, no notices to, consents or approvals of, or filings or registrations with, any Governmental Authority or with any third party are necessary in connection with the execution and delivery by Parent or Merger Sub of this Agreement and the consummation by Parent or Merger Sub of the transactions contemplated hereby, except for such notices, consents, approvals, filings or registrations, the failure of which to be made or obtained could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent.

4.5 SEC Reports; Parent Financial Statements.

(a) Since January 1, 1996, Parent has timely filed all reports, registration statements, proxy statements or information statements and all other documents, together with any amendments required to be made thereto, required to be filed with the SEC under the Securities Act or the Exchange Act (collectively, the "Parent Reports"). Parent has heretofore made

available to the Company true copies of all the Parent Reports, together with all exhibits thereto, that the Company has requested. Included in such Parent Reports are (i) audited consolidated balance sheets of Parent and its subsidiaries at December 31, 1996, 1997 and 1998 and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, and the notes thereto and (ii) the unaudited balance sheets of Parent and its subsidiaries at March 31, 1999 and the related unaudited statements of income, stockholders' equity and cash flows for the periods then ended and the notes thereto, each consolidated to the extent indicated therein.

(b) All of the financial statements included in the Parent Reports presented fairly in all material respects the consolidated financial position of Parent and its subsidiaries as at the dates mentioned and the consolidated results of operations, changes in stockholders' equity and cash flows for the periods then ended in conformity with generally accepted accounting principles applied on a consistent basis (subject, in the case of unaudited statements, to normal, recurring audit adjustments as may be permitted by Form 10-Q of the SEC). As of their respective dates, the Parent Reports complied in all material respects with all applicable rules and regulations promulgated by the SEC and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent reflected on the balance sheet included in the Parent's Annual Report on Form 10-K for the year ended December 31, 1998 or Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, neither Parent nor any Parent Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), except for liabilities or obligations which, individually or in the aggregate, have not had or could not reasonably be expected to have, a Material Adverse Effect on Parent.

4.6 Absence of Certain Changes or Events. Except as disclosed in the Parent Reports, since December 31, 1998, there has not been any change, event, condition (financial or otherwise) or state of circumstances or facts in the business, financial condition or results of operations of Parent and the Parent Subsidiaries which has had or could reasonably be expected to have a Material Adverse Effect on Parent; provided, however, that the following shall be excluded from the definition of Material Adverse Effect and from the determination of whether such Material Adverse Effect has occurred for purposes of this Section 4.6: the effects of conditions or events that (i) are generally applicable to the life insurance industry (ii) result from general economic conditions including changes in interest rates or stock market conditions in the United States or (iii) result from the announcement of the Merger.

4.7 Registration Statement, Etc. None of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in (a) the Registration Statement, (b) the Proxy Statement and (c) any other documents to be filed with the SEC in connection with the transactions contemplated hereby will, at the respective times such documents are filed, and, in the case of the Registration Statement, when it becomes effective or at the time any amendment or supplement thereto becomes effective, cause the Registration Statement or such supplement or

amendment to contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, or, in the case of the Proxy Statement, when first mailed to the stockholders of the Company, or in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders' Meeting, cause the Proxy Statement or any amendment thereof or supplement thereto to contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. All documents that Parent is responsible for filing with the SEC and any other regulatory agency in connection with the Merger will comply as to form in all material respects with the provisions of applicable law and any applicable rules or regulations thereunder, except that no representation is made by Parent with respect to statements made therein based on information supplied by Company or with respect to information concerning the Company which is incorporated by reference in the Registration Statement or the Proxy Statement.

4.8 Brokers and Finders. Neither Parent nor any of the Parent Subsidiaries, nor any of their respective officers, directors or employees, has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions, or finder's fees, and no broker or finder has acted directly or indirectly for Parent or any of the Parent Subsidiaries, in connection with this Agreement or any of the transactions contemplated hereby, except that Parent has retained Goldman, Sachs & Co. as its financial advisor, whose fees and expenses will be paid by Parent.

4.9 Interim Operations of Merger Sub. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby, has engaged in no other business activities and has conducted its operations only as contemplated hereby.

ARTICLE 5

CONDUCT AND TRANSACTIONS PRIOR TO EFFECTIVE TIME; CERTAIN COVENANTS

5.1 Access and Information.

Upon reasonable notice, the Company shall (and shall cause the Company Subsidiaries to) give to Parent and Parent's accountants, counsel and other representatives reasonable access during normal business hours throughout the period prior to the Effective Time to all of its and its Subsidiaries' properties, books, contracts, information systems, commitments and records (including tax returns, audit work papers and insurance policies) and shall permit them to consult with its and its Subsidiaries' respective officers, employees, auditors, actuaries, attorneys and agents; provided, however, that any such investigation or consultation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Company or the Company Subsidiaries. Without limiting the generality of the foregoing, the

Company shall permit Parent and its representatives access to: (i) all computer software programs that are material to the conduct of the business of the Company and the Company Subsidiaries for the purpose of monitoring the implementation and progress of the testing and readiness of the Company's Year 2000 remediation plan. Parent will be given direct access to all third party independent assessments, both written and verbal, and any internal documentation and internal discussions regarding action plans related to the Company's Year 2000 readiness efforts; and (ii) all businesses, assets and properties owned, operated, managed, leased or financed by the Company or any Company Subsidiary to conduct such assessment and investigation, during reasonable business hours and upon reasonable prior notice to the Company, as Parent shall determine, in Parent's sole judgment, as reasonably necessary to ascertain their environmental condition. All confidential information provided pursuant to this Section 5.1 will be subject to the Confidentiality Agreement dated as of June 1, 1999 (the "Confidentiality Agreement"), between the Company and Parent and Section 8.13 hereof.

5.2 Conduct of Business Pending Merger.

(a) The Company agrees that from the date hereof through the Effective Time, except as contemplated by this Agreement or to the extent that Parent shall otherwise consent in writing, the Company and the Company Subsidiaries will operate their businesses only in the ordinary course; and, consistent with such operation, will use reasonable efforts consistent with past practices to preserve their business organizations intact, to keep available to them the goodwill of their employees, agents, third party administrators, policyholders, borrowers, customers and others with whom business relationships exist to the end that their goodwill and ongoing business shall not be impaired in any material respect at the Effective Time, and will further exercise reasonable efforts to maintain their existing relationships with their employees in general.

(b) The Company agrees that from the date hereof through the Effective Time, except as otherwise consented to by Parent in writing (i) neither it nor any Company Subsidiary will change any provision of its Certificate of Incorporation or Bylaws or similar governing documents; (ii) it will not make, declare or pay any dividend or make any other distribution with respect to any shares of capital stock, except regular quarterly cash dividends with respect to the Company Common Stock (not to exceed $0.11 per share per quarter); (iii) except in connection with the issuance of shares of common stock pursuant to the exercise of presently outstanding employee stock options, it will not directly or indirectly sell, issue, redeem, purchase or otherwise acquire, any shares of its outstanding capital stock, change the number of shares of its authorized or issued capital stock or issue or grant any option, warrant, call, commitment, subscription, right to purchase or agreement of any character relating to its authorized or issued capital stock or any securities convertible into shares of such stock and (iv) no purchases of Company Common Stock shall be effected under any stock buy-back program of the Company or any Company Subsidiary. Prior to the Effective Time, each of the Company and Parent agrees to coordinate, to the extent practicable (taking into account such party's prior policies with respect to the timing of record,

declaration and payment dates) so as not to adversely affect either party's shareholders because of the timing of record, declaration or payment dates.

(c) The Company agrees that from the date hereof to the Effective Time it will not take or permit any Company Subsidiary to take any of the following actions, except to the extent consented to by Parent in writing:

(i) (x) except in the ordinary course of business consistent with past practices, enter into any agreement representing an obligation for indebtedness for borrowed money or increase the principal amount of indebtedness under any existing agreement or assume, guarantee, endorse or otherwise become responsible for the obligations of any other individual, firm or corporation (except a guarantee of the obligation of a Company Subsidiary), or (y) take any of the actions specified in clause (x) of this Section 5.2(c)(i) to the extent that (i) any indebtedness or obligations incurred thereunder would, individually or in the aggregate, exceed $15 million or (ii) the proceeds from any indebtedness incurred in accordance with this clause (y) of this Section 5.2(c)(i) are used for purposes other than the payment of regular quarterly dividends with respect to the Company Common Stock, regular distributions with respect to the FELINE PRIDES, payments of interest in the ordinary course with respect to indebtedness of the Company outstanding as of the date hereof or for payments of federal income taxes, in each case, in the ordinary course and consistent with past practices.

(ii) except in the ordinary course of business consistent with past practices, mortgage or pledge any of its properties or assets;

(iii) except as may be required by law or except in the ordinary course of business consistent with past practices, (A) take any action to amend or terminate any Company Employee Plan or increase the compensation of any of its executive officers or employees (other than increases which are in the aggregate in the ordinary course) or (B) adopt any other material plan, program, arrangement or practice providing new or increased benefits or compensation to its employees;

(iv) materially amend or cancel or agree to the material amendment or cancellation of any agreement, treaty or arrangement which is material to the Company and the Company Subsidiaries on a consolidated basis or to the Company Insurance Subsidiaries on a consolidated basis, or enter into any new agreement, treaty or arrangement which is material to the Company and the Company Subsidiaries on a consolidated basis or to the Company Insurance Subsidiaries on a consolidated basis (other than the renewal of any existing agreements, treaties or arrangements);

(v) enter into any negotiation with respect to, or adopt or amend in any material respect, any Collective Bargaining Agreement without prior notice to Parent;

(vi) make any material change in accounting methods, principles or practices used by the Company in connection with the business of the Company, including without limitation any change with respect to establishment of reserves for losses and loss adjustment expenses, except insofar as may be required by a change in generally accepted accounting principles, tax accounting principles or statutory accounting practices prescribed by any applicable Governmental Authority or as may be required by law or any Governmental Authority;

(vii) pay, loan or advance (other than the payment of compensation, directors' fees or reimbursements of expenses in the ordinary course of business and other than as may be required by any agreement in effect as of the date hereof) any amount to, or sell, transfer or lease any properties or assets (real, personal or mixed, tangible or intangible) to, or enter into any material agreement or arrangement with, any of its officers or directors or any "affiliate" or "associate" of any of its officers or directors (as such terms are defined in Rule 405 promulgated under the Securities Act);

(viii) acquire, form or commence the operations of any business or any corporation, partnership, joint venture, marketing arrangement, association or other business organization or division;

(ix) make or rescind any express or deemed election relating to Taxes except for ordinary course elections made in connection with the filing of Tax Returns that are either consistent with past practices or that would not materially increase the Taxes of the Company or any of the Company Subsidiaries; make a request for a Tax Ruling or enter into a Closing Agreement; settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit, or controversy relating to Taxes; or change any of its methods of reporting income, deductions or accounting for federal income tax purposes from those employed in the preparation of its federal income Tax Return for the taxable year ending December 31, 1998, except as may be required by applicable law;

(x) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of liabilities (i) reflected or reserved against in, or contemplated by, the financial statements (or the notes thereto) of the Company included in the Company Reports or (ii) incurred since December 31, 1998 in the ordinary course of business consistent with past practice;

(xi) other than consistent with past practice (or following consultation with the Parent, consistent with industry standards), materially alter the mix of investment assets of the Company or the duration or credit quality of such assets;

(xii) other than consistent with past practice (or following consultation with the Parent, consistent with industry standards), materially alter the profile of the insurance

liabilities of the Company Insurance Subsidiaries or materially alter the pricing practices or policies of the Company Insurance Subsidiaries;

(xiii) except in the ordinary course of business, lease or otherwise dispose of any of its assets (including capital stock of the Company Subsidiaries) which are material to the Company or the Company Subsidiaries, as the case may be, individually or in the aggregate;

(xiv) make or agree to make any new capital expenditure or expenditures, or enter into any agreement or agreements therefor providing for payments which, individually or in the aggregate, are in excess of $5.0 million;

(xv) permit the Company Subsidiaries to, except pursuant to contractual commitments in effect on the date hereof and disclosed in the Company Disclosure Letter, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets or securities in each case other than portfolio investments made in the ordinary course and consistent with past practices by the Company Insurance Subsidiaries;

(xvi) (A) enter into any reinsurance agreement, treaty or similar arrangement with respect to the Company's credit insurance business, other than in the ordinary course of such business consistent with past practice, or (B) without Parent's written consent (which consent shall not be unreasonably withheld), enter into any other reinsurance agreement, treaty or similar arrangement; or

(xvii) enter into any agreement to take any of the actions described in Section 5.2(b) or elsewhere in this Section 5.2(c).

(d) The Company agrees that from the date hereof through the Effective Time, the Company shall, and shall cause the Company Subsidiaries to:

(i) promptly notify Parent of any material change in its condition (financial or otherwise) or business or any material litigation or material governmental complaints, investigations or hearings (or communications in writing indicating that such litigation, complaints, investigations or hearings may be contemplated), or the breach of any representation or warranty contained herein and shall use all commercially reasonable efforts to prevent or remedy the same;

(ii) promptly deliver to Parent true and correct copies of any report, statement or schedule filed with the SEC and any public communication released by the Company or the Company Subsidiaries subsequent to the date of this Agreement; and

(iii) use reasonable efforts to maintain insurance with financially responsible companies in such amounts and against such risks and losses as are customary for such party.

(e) Parent agrees that from the date hereof through the Effective Time, Parent shall, and shall cause the Parent Subsidiaries to promptly notify the Company of any material change in its condition (financial or otherwise) or business or any material litigation or material governmental complaints, investigations or hearing (or communications in writing indicating that such litigation, complaints, investigations or hearings may be contemplated), or the breach in any material respect of any representation or warranty contained herein and shall use all commercially reasonable efforts to prevent or remedy the same.

5.3 No Solicitations. The Company shall not, nor shall it permit any of its Subsidiaries to, nor shall it authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor or representative or agent of, the Company or any of its Subsidiaries to, directly or indirectly, (i) solicit, initiate or encourage the submission of any Acquisition Proposal (as defined below) or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to knowingly facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal; provided, however, that nothing contained in this Section 5.3 shall prohibit the Board of Directors of the Company (and its authorized representatives) from (i) furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited Acquisition Proposal if, and only to the extent that (A) the Board of Directors of the Company after consultation with and based on the advice of outside counsel, determines in good faith that in order for the Board of Directors of the Company to comply with its fiduciary duties to stockholders under applicable law, giving appropriate consideration to Section 607.0830(3) of the FBCA, it should take such action, (B) prior to taking such action, the Company receives from such Person an executed confidentiality agreement having terms no less favorable (in the aggregate) to the Company than the terms of the Confidentiality Agreement and (C) the Company determines in good faith (after consultation with its financial advisor) that such Acquisition Proposal, if accepted, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of the proposal, and the proposal would, if consummated, result in a more favorable transaction than the transactions contemplated by this Agreement, taking into account the long term prospects and interests of the Company and its stockholders (such more favorable Acquisition Proposal hereinafter referred to as a "Superior Proposal"); or (ii) complying with Rule 14e-2 promulgated under the Exchange Act with regard to an Acquisition Proposal. Notwithstanding anything in this Agreement to the contrary, the Company shall (i) promptly (but in any event within 24 hours of receipt) advise Parent orally and in writing of (A) the receipt by it (or any of the other entities or persons referred to above) after the date hereof of any Acquisition Proposal, or any inquiry which could reasonably be expected to lead to any such Acquisition Proposal, (B) the material terms and conditions of such Acquisition Proposal or inquiry, and (C) the identity of the person making any such Acquisition Proposal or inquiry, (ii) keep Parent reasonably informed of the status and details

of any such Acquisition Proposal or inquiry and (iii) negotiate with Parent to make adjustments in the terms of this Agreement. For purposes of this Agreement, "Acquisition Proposal" means any inquiry, proposal or offer from any person relating to any direct or indirect acquisition or purchase of a business that constitutes 15% or more of the net revenues, net income or the assets of the Company or any of its significant Subsidiaries (as defined in Rule 1-02(w) of Regulation S-X promulgated under the Exchange Act) (a "Significant Subsidiary"), or 15% or more of any class of equity securities of the Company or any of its Significant Subsidiaries, any tender offer or exchange offer that if consummated would result in any person beneficially owning 15% or more of any class of equity securities of the Company or any of its Significant Subsidiaries, any reinsurance transaction entered into outside the ordinary course of business involving more than 15% of any Significant Subsidiary's assets or policyholder liabilities, or any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Significant Subsidiaries, other than the transactions contemplated by this Agreement.

5.4 Fiduciary Duties. Except as set forth below, the Board of Directors of the Company shall not (i) withdraw or materially modify in a manner adverse to Parent, the approval or recommendation by such Board of Directors of this Agreement or the Merger, or (ii) approve, recommend or cause the Company to enter into any agreement with respect to any Acquisition Proposal. Notwithstanding the foregoing, if the Company receives an Acquisition Proposal and the Board of Directors of the Company (A) determines in good faith, following consultation with and based on the advice of outside counsel, that it is necessary to do so in order to comply with its fiduciary duties to stockholders under applicable law, giving appropriate consideration to Section 607.0830(3) of the FBCA, and (B) determines in good faith (after consultation with its financial advisors) that such Acquisition Proposal is a Superior Proposal, the Board of Directors may (w) withdraw or materially modify in a manner adverse to Parent its approval or recommendation of this Agreement and the Merger, (x) approve or recommend such Superior Proposal or (y) cause the Company to enter into an agreement with respect to such Superior Proposal. If the Company terminates this Agreement pursuant to Section 7.1(b)(iv) or Parent exercises its right to terminate this Agreement under Section 7.1(c)(v) based on the Board of Directors of the Company having taken any action described in clause (w), (x) or (y) of the preceding sentence, the Company shall, concurrent with the taking of such action or such termination (a "Fee Payment Event"), as applicable, become obligated to pay to Parent upon Parent's demand, the Section 5.5 Fee (as hereinafter defined). Notwithstanding anything contained in this Agreement to the contrary, any action by the Board of Directors of the Company permitted by this Section 5.4 shall not constitute a breach of this Agreement by the Company.

5.5 Certain Fees. If a Fee Payment Event occurs, the Company shall pay to Parent upon demand the Section 5.5 Fee (as defined below), payable in same-day funds, as liquidated damages and not as a penalty, without prejudice to any other rights that Parent may have against the Company. If the Company fails after such demand to promptly pay to Parent any amounts due under this Section 5.5, the Company shall pay the costs and expenses (including reasonable legal fees and expenses) in connection with any action, including the filing of any lawsuit or other

legal action, taken to collect payment, together with interest on the amount of any unpaid fee at the publicly announced prime rate of Citibank, N.A. in effect from time to time from the date such fee was required to be paid. "Section 5.5 Fee" means $33 million or such lesser amount demanded by Parent pursuant to this Section 5.5; it being understood that Parent's rights to the Section 5.5 Fee shall be subject to the profit limitation set forth in Section 23 of the Stock Option Agreement and, accordingly, Parent may, consistent with such Section 23, demand an amount less than $33 million.

5.6 Takeover Statutes. If any "fair price," "moratorium," "control share acquisition," "business combination," "stockholder protection," "interested shareholder" or other similar anti-takeover statute or regulation enacted under state or Federal law shall become applicable to the Merger or any of the other transactions contemplated hereby, each of the Company and Parent and the Board of Directors of each of the Company and Parent shall grant such approvals and take such commercially reasonable actions as are within its authority and consistent with its fiduciary obligations to its stockholders as determined in good faith by such Board so that the Merger and the other transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise use commercially reasonable efforts, subject to such fiduciary duties, to eliminate or minimize the effects of such statute or regulation on the Merger and the other transactions contemplated hereby.

5.7 Consents. Each of the Company and Parent will use commercially reasonable efforts to obtain the written consent or approval of each and every Governmental Authority and other regulatory body, the consent or approval of which shall be required in order to permit Parent, Merger Sub and the Company to consummate the transactions contemplated by this Agreement. The Company will use commercially reasonable efforts to obtain the written consent or approval, in form and substance reasonably satisfactory to Parent, of each Person whose consent or approval shall be required in order to permit the Company to consummate the transactions contemplated by this Agreement.

5.8 Further Assurances. Subject to the terms and conditions herein provided, each of the parties hereto will promptly file and prosecute diligently the applications and related documents required to be filed by such party with the applicable regulatory authorities in order to effect the transactions contemplated hereby, including filings under the HSR Act requesting early termination of the applicable waiting period and filings with state insurance authorities. Each party hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each corporation which is a party to this Agreement shall take all such necessary action. Each of the parties hereto agrees to defend vigorously against any actions, suits or proceedings in which such party is named as defendant which seeks to enjoin, restrain or prohibit the transactions contemplated hereby or seeks damages with respect to such transactions.

5.9 NYSE Listing. Parent will use commercially reasonable efforts to cause to be approved for listing on the NYSE, subject to official notice of issuance, a sufficient number of shares of Parent Common Stock to be issued in connection with the Merger and such other shares required to be reserved for issuance in connection with the Merger.

5.10 Registration Statement; Stockholder Approvals.

(a) As soon as is reasonably practicable after the execution of this Agreement, Parent shall prepare and file with the SEC the Registration Statement and the Company shall prepare and file with the SEC the Proxy Statement. Parent shall use all commercially reasonable efforts to cause the Registration Statement to become effective under the Securities Act as promptly as practicable after such filing and shall take all commercially reasonable actions required to be taken under any applicable state blue sky or securities laws or state insurance company stock issuance laws in connection with the issuance of the shares of Parent Common Stock pursuant to this Agreement. Each party hereto shall furnish all information concerning it and the holders of its capital stock as the other party hereto may reasonably request in connection with such actions.

(b) The Company shall call a Stockholders' Meeting to be held as soon as practicable after the date hereof for the purpose of voting upon the Merger and this Agreement. Subject to Section 5.4, (i) the Company shall mail the Proxy Statement to its stockholders, (ii) the Board of Directors of the Company shall recommend to its stockholders the approval of the Merger and this Agreement, and (iii) the Company shall use commercially reasonable efforts to obtain such stockholder approval. Without limiting the generality of the foregoing, the Company agrees that, subject to its right to terminate this Agreement pursuant to Section 7.1(b)(iv), its obligations pursuant to this Section 5.10(b) shall not be affected by the commencement, public proposal, public disclosure or communication to Company of any Acquisition Proposal.

(c) The Company shall use commercially reasonable efforts to cause to be delivered to Parent a letter from each of Ernst & Young LLP and KPMG LLP, dated a date within two Business Days before the date of the Registration Statement, and addressed to Parent, in form and substance reasonably satisfactory to Parent and customary in scope and substance for "cold comfort" letters delivered by independent public accountants in connection with registration statements on Form S-4.

(d) Parent shall use commercially reasonable efforts to cause to be delivered to the Company a letter of Deloitte & Touche LLP, dated a date within two Business Days before the date of the Registration Statement, and addressed to the Company, in form and substance reasonably satisfactory to the Company and customary in scope and substance for "cold comfort" letters delivered by independent public accountants in connection with registration statements on Form S-4.

5.11 Expenses. Subject to Section 5.5, if this Agreement is terminated for any reason without breach by any party, each party hereto shall pay its own expenses incident to preparing for, entering into, and carrying out this Agreement and to consummating the Merger, except that the Company and Parent shall divide equally the costs incurred in connection with the printing and mailing of the Registration Statement, the Proxy Statement and related documents, and Parent shall pay all filing or registration fees, including state securities laws filings or registration fees, if any.

5.12 Press Releases. Without the consent of the other parties, prior to the Effective Time none of the parties shall issue any press release or make any public announcement with regard to this Agreement or the Merger or any of the transactions contemplated hereby; provided, however, that nothing in this Section 5.12 shall be deemed to (i) prohibit the Company or Parent from making any disclosures, press releases or announcements relating to their respective businesses or operations, or (ii) prohibit any party hereto from making any disclosure which its counsel deems necessary or advisable in order to fulfill such party's disclosure obligations imposed by law or the rules of any national securities exchange or automated quotation system.

5.13 Indemnification of Officers and Directors.

(a) Until such time as the applicable statute of limitations shall have expired, Parent and the Surviving Corporation shall provide with respect to each present or former director and officer of the Company (the "Indemnified Parties"), the indemnification rights (including any rights to advancement of expenses) which such Indemnified Parties had from the Company immediately prior to the Effective Time, or, if greater, to the fullest extent provided under the FBCA.

(b) In the event that the Merger Sub or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision will be made so that the successors and assigns of the Merger Sub assume the obligations set forth in this Section 5.13.

(c) Immediately following the Effective Time, Parent shall cause to be in effect the policies of directors' and officers' liability insurance maintained by the Company as of the date hereof (provided Parent may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are no less advantageous) with respect to claims arising from facts or events which occurred at or before the Effective Time, and Parent shall maintain such coverage for a period of six years after the Effective Time; provided, however, that in no event shall Parent be required to expend pursuant to this Section 5.13(c) on an annual basis more than an amount equal to 300% of the annual premiums paid by the Company as of the date hereof for such insurance and, in the event the cost of such coverage shall exceed that amount, Parent shall purchase as much coverage as possible for that amount.

(d) This Section 5.13 shall survive the Closing and is intended to benefit the Company, the Merger Sub and each of the Indemnified Parties and his or her heirs and representatives (each of whom shall be entitled to enforce this Section 5.13 against Parent or the Merger Sub to the extent specified herein) and shall be binding on all successors and assigns of Parent and the Merger Sub.

5.14 Tax Treatment. Parent and the Company agree to treat the Merger as a reorganization within the meaning of Section 368(a) of the Code. None of Parent, the Company or any of their respective Subsidiaries have taken or failed to take or shall take or fail to take any action which action or failure to act could jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code.

5.15 Headquarters and Community Activity. Following the Closing Date, Parent will maintain the headquarters and primary administrative center of the Surviving Corporation in Jacksonville, Florida to the extent that so maintaining the headquarters and administrative center would be consistent with the financially responsible management of the Surviving Corporation. Following the Closing Date, Parent will also include Jacksonville, Florida in Parent's nationwide efforts to improve communities through neighborhood revitalization, volunteerism and youth programs so long as Parent continues such efforts.

5.16 Employee Benefits. Following the Closing Date, except as otherwise provided in Section 5.17(e), Parent will maintain the Company's incentive compensation, deferred compensation (MSP), profit sharing, and group carve out plans in effect on June 1, 1999 for the employees of the Surviving Corporation and its Subsidiaries who are employees of the Company or any of its Subsidiaries immediately prior to the Closing ("Company Employees"), subject to the following limits and conditions (i) the consummation of the Merger shall not directly or indirectly materially increase the benefits provided thereunder to Company Employees, (ii) the annual cost for the plans listed in Section 3.13 of the Company Disclosure Letter have been reflected in the Company's consolidated financial statements prepared pursuant to generally accepted accounting principles on an annual basis, and (iii) Parent may make changes to such plans or substitute new plans so long as the benefits provided to Company Employees during the 3-year period commencing on the Closing Date, in the aggregate, are not less than the benefits in place for Company Employees on June 1, 1999 under the plans listed in Section 3.13 of the Company Disclosure Letter. To the extent that Company Employees become participants in Parent's or its Subsidiaries' employee benefit plans, they will receive credit under any such plans of Parent or any of its Subsidiaries for service with the Company or any of its Subsidiaries prior to the Effective Time for the purpose of determining eligibility and vesting (including for the purposes of determining levels of benefit under vacation or vacation pay plans, but not for the purpose of determining benefit accrual under any other plan, policy or arrangement, including but not limited to any defined benefit pension or similar retirement plan) thereunder. In addition, in such event Parent shall cause any and all pre-existing condition limitations and eligibility waiting periods under group health plans of Parent or any of its Subsidiaries (other than the 10-year participation requirement for retiree health coverage) to be waived with respect to Company

Employees and their eligible dependents. All discretionary awards and benefits under any employee benefit plans of Parent or any of its Subsidiaries shall be subject to the discretion of the Persons or committee administering such plans.

5.17 Stock Options and Other Incentive Programs.

(a) Except as set forth below, at the Effective Time, each outstanding stock option issued under the Company's incentive plans and arrangements under which options to purchase shares of Company Common Stock have been granted (each, a "Company Option"), (i) to the Company's current Chief Executive Officer, shall become 100% vested and exercisable and then shall be canceled by the Company, and (ii) to Company Employees other than the Company's current Chief Executive Officer shall be canceled by the Company and, in the case of each of the persons in clauses (i) and (ii), replaced with a stock option (under one or more of Parent's plans that provide for the issuance of stock options) for the purchase of shares of Parent Common Stock (each such stock option a "Parent Replacement Option"), as follows; provided, however, that in the case of any Company Option to which Section 421 of the Code applies by reason of its qualification under any of Sections 422-424 of the Code, the option price, the number of shares purchasable pursuant to the applicable Parent Replacement Option and the terms and conditions of exercise of such Parent Replacement Option shall be determined in order to comply with Section 424(a) of the Code:

(i) The option price under each Parent Replacement Option shall be determined by the following formula:

$$\text{Option Price} = \frac{A}{\text{Exchange Ratio}}$$

Any fraction of a cent shall be rounded down to the next full cent.

(ii) The number of shares of Parent Common Stock for which the Parent Replacement Option is exercisable shall be determined in accordance with the following formula:

$$\text{Number of shares} = B \times \text{Exchange Ratio}$$

Any fractional share shall be rounded up to the next full share.

(iii) In the foregoing formulas,

"A" is the option price for a Company Option being canceled and replaced with a Parent Replacement Option,

"B" is the number of shares of Company Common Stock for which the Company Option to be replaced with a Parent Replacement Option is exercisable (assuming the Company Option is as of the Effective Time exercisable in full for the maximum number of shares with respect to which such Company Option may become exercisable).

(iv) Each Parent Replacement Option shall have the same terms and conditions (other than the option price and the number of shares of Parent Common Stock and other than as provided in the next paragraph) as, and shall preserve the benefits each Company Employee had under, the corresponding Company Option.

Each Parent Replacement Option held by any Company Employee other than the Company's current Chief Executive Officer shall be treated as follows: The portion of the Parent Replacement Options that relates to the 100% vested and exercisable portions of the corresponding Company Options shall be or become 100% vested and exercisable at the Effective Time, and the remaining portions of the Parent Replacement Options shall be or become vested and exercisable, in the aggregate, in accordance with the following schedule (unless the provisions of the corresponding Company Options would have resulted in more rapid vesting and exercisability, in which case the Parent Replacement Options shall become vested and exercisable on such more rapid basis): (A) 50% vested and exercisable at the Effective Time, (B) 75% vested and exercisable as of the one-year anniversary of the Effective Time, provided that such individual is an employee of the Surviving Corporation or any of its Subsidiaries on such one-year anniversary and (C) 100% vested and exercisable as of the two-year anniversary of the Effective Time, provided that such individual is an employee of the Surviving Corporation or any of its Subsidiaries on such two-year anniversary. In addition, notwithstanding the foregoing, if, following the Effective Time, any Company Employee who has one or more outstanding Parent Replacement Options shall be involuntarily terminated by the Surviving Corporation or any of its Subsidiaries other than for "cause" or shall resign for "good reason," his or her Parent Replacement Options shall automatically become 100% vested and exercisable as of the effective date of his or her termination. For purposes of the immediately preceding sentence, the terms "cause" and "good reason" shall have the meanings set forth in Section 5.17 of the Parent Disclosure Letter.

(b) Parent shall take all corporate action necessary and appropriate (i) to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon exercise of the Parent Replacement Options and (ii) to obtain approval of its board of directors or the compensation committee thereof as necessary, for the issuance of the Parent Replacement Options and the Parent Replacement Restricted Stock before the Effective Time. As soon as practicable after the Effective Time, Parent shall file with the SEC a registration statement on Form S-8 (or any successor form) or another appropriate form (or shall issue such Parent Replacement Option and Parent Replacement Restricted Stock pursuant to a Parent stock option plan and/or a Parent restricted stock plan for which shares of Parent Common Stock have previously been registered pursuant to an appropriate registration form), with respect to the shares of Parent Common Stock

subject to the Parent Replacement Options and shall use all commercially reasonable efforts to maintain the effectiveness of such registration statement or registration statements for so long as the Parent Replacement Options and the Parent Replacement Restricted Stock remain outstanding. At or prior to the Effective Time, the Company shall make all necessary arrangements with respect to its incentive plans and arrangements under which options to purchase shares of Company Common Stock and shares of Company Restricted Stock have been granted to permit the cancellation of unexercised Company Options and shares of Company Restricted Stock by the Company pursuant to this Section 5.17.

(c) Each share of Company Common Stock which is subject to transfer restrictions (respectively, "Transfer Restrictions" and "Company Restricted Stock") held by the Company's current Chief Executive Officer immediately prior to the Effective Time shall be released from all Transfer Restrictions as of the Effective Time. At the Effective Time, each outstanding share of Company Restricted Stock held by a Company Employee other than the Company's current Chief Executive Officer shall be canceled by the Company and replaced by Parent with a number of shares of Parent Common Stock which are equivalent in value in the aggregate (based on the Exchange Ratio) and which are subject to identical Transfer Restrictions with respect to such Company Employee's employment with the Surviving Corporation and its Subsidiaries on and after the Effective Time ("Parent Replacement Restricted Stock"). With respect to each Company Employee (and other than those Company Employees identified in Section 5.17 of the Company Disclosure Letter with respect to the Company Restricted Stock identified in Section 5.17 of the Company Disclosure Letter) who holds shares of Company Restricted Stock immediately prior to the Effective Time, the following vesting provisions shall apply except to the extent the vesting provisions with respect to the corresponding Company Restricted Stock would result in such Company Restricted Stock being released from all Transfer Restrictions more rapidly (in which case such faster vesting provision shall apply): no less than (i) 50% of the Parent Replacement Restricted Stock held by such Company Employee at the Effective Time shall be released from all Transfer Restrictions at the Effective Time, (ii) an additional 25% of the Parent Replacement Restricted Stock held by such Company Employee on the one-year anniversary of the Effective Time shall be released from all Transfer Restrictions on such one-year anniversary, provided that such individual is an employee of the Surviving Corporation or any of its Subsidiaries on such one-year anniversary, and (iii) the final 25% of the Parent Replacement Restricted Stock held by such Company Employee on the two-year anniversary of the Effective Time shall be released from all Transfer Restrictions on such two-year anniversary, provided that such individual is an employee of the Surviving Corporation or any of its Subsidiaries on such two-year anniversary. In addition, notwithstanding the foregoing, if, following the Effective Time, any Company Employee who has one or more shares of Parent Replacement Restricted Stock shall be involuntarily terminated by the Surviving Corporation or any of its Subsidiaries other than for "cause" or shall resign for "good reason," all of his or her shares of Parent Replacement Restricted Stock shall be released from all Transfer Restrictions as of the effective date of his or her termination. For purposes of the immediately preceding sentence, the terms "cause" and "good reason" shall have the meanings set forth in the Parent Disclosure Letter. Shares of Company Restricted Stock identified in Section 5.17 of the Company

Disclosure Letter and held by those Company Employees identified in Section 5.17 of the Company Disclosure Letter will be canceled by Company and replaced with shares of Parent Replacement Restricted Stock in the same manner as shares of Company Restricted Stock held by the Company Employees, except that the shares held by those Company Employees identified in Section 5.17 of the Company Disclosure Letter shall remain subject to the identical Transfer Restrictions as were in effect with respect to the applicable shares of canceled Company Restricted Stock. In no event will any holder be entitled to elect to receive Cash Consideration with respect to any share of Company Restricted Stock.

(d) The parties hereto acknowledge and agree that following the Effective Time the Surviving Corporation and any of its Subsidiaries shall cause retention payments to be paid to employees of the Surviving Corporation and its Subsidiaries identified in the retention plan set forth in the Company Disclosure Letter and in accordance with the terms of such plan; provided, however, that the parties to this Agreement hereby agree that no retention payment made pursuant to said retention plan shall be considered for benefit accrual purposes under any employee benefit or compensatory plan, arrangement, program or policy of the Surviving Corporation or any of its Subsidiaries or Parent.

(e) The Company shall apply all amounts previously deducted and withheld under the Company's Employee Investment Plan (the "EIP") to purchase shares of Company Common Stock in accordance with the provisions thereof. The Company shall suspend the EIP with respect to an employee at the earlier of (i) July 31, 1999 or (ii) the end of the current payroll period relating to such employee ending after the date hereof; provided, however, that in no event shall such employee be permitted to increase amounts deducted or withheld for the EIP on or after the date hereof. Parent shall have no duty or obligation in respect of the EIP or the rights granted thereunder. The Company shall apply all amounts previously deducted and withheld under the Company's Agents Stock Bonus Plan (the "Agents Plan") to purchase shares of Company Common Stock in accordance with the provisions thereof. The Company shall suspend the Agents Plan with respect to an agent at the earlier of (i) July 31, 1999 or (ii) the end of the current payment period relating to such agent ending afer the date hereof; provided, however, that in no event shall such agent be permitted to increase amounts deducted or withheld for the Agents Plan on or after the date hereof. Parent shall have no duty or obligation in respect of the Agents Plan or the rights granted thereunder.

(f) Performance units under the Company's Long Term Incentive Plan that are outstanding at the Effective Time shall be treated as follows: 50% shall be paid out, at target, (one-half in cash and one-half in Parent Common Stock) at the Effective Time, 25% shall be paid out, at target, (one-half in cash and one-half in Parent Common Stock) at the one-year anniversary of the Effective Time provided that the holder is an employee of the Surviving Corporation or any of its Subsidiaries on such one-year anniversary, and 25% shall be paid out, at target, (one-half in cash and one-half in Parent Common Stock) at the two-year anniversary of the Effective Time provided that the holder is an employee of the Surviving Corporation or any of its Subsidiaries on such two-year anniversary. Notwithstanding the foregoing, if a holder is involuntarily terminated by the Surviving Corporation or any of its Subsidiaries other than for "cause" or shall resign for "good reason" (as

defined in the Parent Disclosure Letter) prior to the second anniversary of the Effective Time, he or she shall be promptly paid, at target, the full remaining portions of his or her performance unit award.

5.18 Rule 145. The Company shall use commercially reasonable efforts to cause each Person who the Company believes, at the time the Merger is submitted to a vote of the stockholders of the Company, is an "affiliate" for purposes of Rule 145 under the Securities Act, to deliver to Parent on or prior to the Closing Date a written agreement in terms reasonably satisfactory to Parent, that such Person will not offer to sell, transfer or otherwise dispose of any of the shares of Parent Common Stock issued to such Person pursuant to the Merger, except in accordance with the applicable provisions of Rule 145, and except in other transactions that are not in violation of the Securities Act. The Company Disclosure Letter sets forth a list of those persons who the Company believes, at the date hereof, are "affiliates" for purposes of Rule 145 under the Securities Act.

ARTICLE 6

CONDITIONS PRECEDENT TO MERGER

6.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions:

(a) This Agreement and the Merger shall have been approved and adopted by the affirmative vote of the holders of at least a majority of the outstanding shares of Company Common Stock.

(b) All consents, authorizations, orders and approvals of (or filings or registrations with) any Governmental Authority required in connection with the execution, delivery and performance of this Agreement, the failure to obtain which would prevent the consummation of the Merger or have a Material Adverse Effect on the Company or a Material Adverse Effect on Parent, shall have been obtained and shall be in full force and effect and all statutory waiting periods in respect thereof shall have expired without the imposition of any conditions which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or a Material Adverse Effect on Parent.

(c) All authorizations, consents, waivers and approvals from parties to contracts or other agreements to which the Company or the Company Subsidiaries is a party, or by which either is bound, as may be required to be obtained by them in connection with the performance of this Agreement, the failure to obtain which would prevent the consummation of the Merger or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, shall have been obtained.

(d) Early termination shall have been granted or applicable waiting periods shall have expired under the HSR Act.

(e) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and has the effect of making illegal, materially restricting or in any way preventing or prohibiting the Merger or the transactions contemplated by this Agreement.

(f) The Registration Statement shall have become effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose, or under the proxy rules of the SEC pursuant to the Exchange Act and with respect to the transactions contemplated hereby, shall be pending before or threatened by the SEC. At the effective date of the Registration Statement, the Registration Statement shall not contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, and, at the mailing date of the Proxy Statement and the date of the Stockholders' Meeting, the Proxy Statement shall not contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein not misleading.

(g) The Parent Common Stock to be issued in the Merger and such other shares required to be reserved for issuance in connection with the Merger shall have been authorized for listing on the NYSE, subject to official notice of issuance.

6.2 Conditions to Obligations of the Company. The obligations of the Company to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions unless waived by the Company:

(a) The representations and warranties of Parent set forth in this Agreement shall be true and correct at and as of the date of this Agreement and at and as of the Closing Date as though made at and as of the Closing Date (except to the extent any such representation or warranty expressly refers to an earlier date) except where the failure of such representations or warranties to be so true and correct (without giving effect to any qualifications in the representations and warranties to "materiality" or "Material Adverse Effect") does not and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent.

(b) Parent and Merger Sub each shall have performed in all material respects all covenants and agreements required to be performed by them under this Agreement at or prior to the Closing Date.

(c) Parent shall furnish the Company with a certificate of its appropriate officers as to compliance with the conditions set forth in Sections 6.2(a) and (b).

(d) The Company shall have received the opinion of R&G, in form and substance reasonably satisfactory to the Company, dated as of the Closing Date, a copy of which shall be furnished to Parent, to the effect that (i) the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and (ii) no gain or loss will be recognized by the stockholders of the Company except that gain will be recognized to the extent the stockholders receive Cash Consideration. In rendering such opinion, R&G shall be entitled to receive and rely upon representations of officers of the Company and Parent as to such matters as R&G may reasonably request.

6.3 Conditions to Obligations of Parent. The obligations of Parent to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions unless waived by Parent:

(a) The representations and warranties of the Company set forth in this Agreement shall be true and correct at and as of the date of this Agreement and at and as of the Closing Date as though made at and as of the Closing Date (except to the extent any such representation or warranty expressly refers to an earlier date) except where the failure of such representations or warranties to be so true and correct (without giving effect to any qualifications in the representations and warranties to "materiality" or "Material Adverse Effect") does not and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(b) The Company shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement at or prior to the Closing Date.

(c) There shall not have occurred or arisen after December 31, 1998, and prior to the Effective Time, any change, event, condition (financial or otherwise), or state of circumstances or facts with respect to the Company or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect on the Company; provided, however that the following shall be excluded from the definition of Material Adverse Effect and the determination of whether such Material Adverse Effect has occurred for purposes of this Section 6.3(c): the effects of conditions or events that (i) are generally applicable to the life insurance industry, (ii) result from general economic conditions including changes in interest rates or stock market conditions in the United States or (iii) results from the announcement of the Merger.

(d) The Company shall furnish Parent with a certificate of its appropriate officers as to compliance with the conditions set forth in Sections 6.3(a), (b) and (c).

(e) Parent shall have received the opinion of LLG&M, in form and substance reasonably satisfactory to Parent, dated as of the Closing Date, a copy of which shall be furnished to the Company, to the effect that (i) the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and (ii) no gain or loss will

be recognized by Parent, Merger Sub or the Company in connection with the Merger. In rendering such opinion, LLG&M shall be entitled to receive and rely upon representations of officers of the Company and Parent as to such matters as LLG&M may reasonably request.

ARTICLE 7

TERMINATION AND ABANDONMENT OF THE MERGER

7.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after the approval by the stockholders of the Company:

(a) by the mutual written consent of Parent and the Company; or

(b) by the Company if:

(i) the Merger is not consummated on or before the close of business on January 10, 2000 (the "Termination Date"), unless the failure of such occurrence shall be due to the failure of the Company to perform or observe the covenants, agreements and conditions hereof to be performed or observed by it at or before the Effective Time;

(ii) events occur which cause one or more of the conditions set forth in Sections 6.1 and 6.2 to not be satisfied and such conditions are not waived by the Company, unless the failure of such conditions shall be due to the failure of the Company to perform or observe the covenants, agreements and conditions hereof to be performed or observed by it at or before the Effective Time;

(iii) the Company is enjoined or restrained by any Governmental Authority, such injunction or restraining order prevents the performance by the Company of its obligations hereunder and such injunction shall not have been withdrawn by the earlier to occur of the date 60 days after the date on which such injunction was first issued or the Termination Date;

(iv) the Board of Directors of the Company shall exercise any of its rights set forth in Section 5.4, subsection (w), (x) or (y) hereto;

(v) the stockholders of the Company do not approve this Agreement and the Merger at the Stockholders' Meeting; or

(c) by Parent if:

(i) the Merger is not consummated on or before the Termination Date, unless the failure of such occurrence shall be due to the failure of Parent or Merger Sub to perform or observe the covenants, agreements and conditions hereof to be performed or observed by them at or before the Effective Time;

(ii) events occur which cause one or more of the conditions set forth in Sections 6.1 and 6.3 not to be satisfied and such conditions are not waived by Parent, unless the failure of such conditions shall be due to the failure of Parent or Merger Sub to perform or observe the covenants, agreements and conditions hereof to be performed or observed by them at or before the Effective Time;

(iii) Parent is enjoined or restrained by any Governmental Authority, such injunction or restraining order prevents the performance by Parent of its obligations hereunder and such injunction shall not have been withdrawn by the earlier to occur of the date 60 days after the date on which such injunction was first issued or the Termination Date;

(iv) the stockholders of Company do not approve this Agreement and the Merger at the Stockholders' Meeting; or

(v) the Board of Directors of the Company shall exercise any of its rights set forth in Section 5.4, subsection (w), (x) or (y) hereto.

7.2 Effect of Termination and Abandonment. In the event of the termination and abandonment of this Agreement under Section 7.1, this Agreement shall become void and have no effect, without any liability on the part of any party or its directors, officers or stockholders except (i) as provided in the last sentence of Section 5.1, and in Sections 5.5, 5.11 and 8.13 and (ii) to the extent that such termination results from the willful breach by any party hereto of any material representation, warranty or covenant hereunder.

ARTICLE 8

GENERAL PROVISIONS

8.1 Non-Survival. Except or otherwise specifically provided herein, no representations or warranties in this Agreement shall survive the Effective Time.

8.2 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given if delivered personally, by facsimile (which is confirmed) or sent by overnight courier (providing proof of delivery), to the parties at the following address:

(A) If to Parent or Merger Sub:

The Allstate Corporation
3075 Sanders Road, Suite G2H
Northbrook, IL 60062
Attention: Treasurer
Facsimile: (847) 402-9116

With a concurrent copy to:

LeBoeuf, Lamb, Greene & MacRae, L.L.P.
125 West 55th Street
New York, New York 10019-5389
Attention: John M. Schwolsky
Facsimile: (212) 424-8500

(B) If to Company:

American Heritage Life Investment Corporation
1776 American Heritage Life Drive
Jacksonville, FL 32224
Attention: Treasurer
Facsimile: (904) 992-1857

With a concurrent copy to:

Ropes & Gray
One International Place
Boston, Massachusetts 02110-2624
Attention: Robert F. Hayes
Facsimile: (617) 951-7050

Any party may, by notice given in accordance with this Section 8.2 to the other parties, designate another address or person for receipt of notices hereunder, provided that notice of such a change shall be effective upon receipt.

8.3 Entire Agreement. This Agreement, together with the other agreements contemplated hereby, and the Exhibits and the Schedules hereto, contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, written or oral, with respect thereto; provided, however, that the Confidentiality Agreement shall remain in full force and effect in accordance with its terms except as contemplated by Section 5.1 prior to the Closing Date and Section 8.13. Without limiting the foregoing, the parties agree that this Agreement, the other agreements contemplated hereby and

the Schedules and Exhibits hereto shall be kept confidential as required by and in accordance with Section 8.13.

8.4 Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by each of the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.

8.5 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

8.6 Waiver of Jury Trial. Each party to this Agreement waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any action, suit or proceeding arising out of or relating to this Agreement.

8.7 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and legal representatives. Neither this Agreement or the other agreements contemplated hereby, nor any of the rights, interests or obligations hereunder or thereunder, may be assigned, in whole or in part, by operation of law or otherwise by any party hereto without the prior written consent of the other parties hereto and any such assignment that is not consented to shall be null and void; provided, however, that Parent may transfer and assign, by written notice to the Company, the rights and obligations of Merger Sub hereunder to another wholly owned Subsidiary of Parent.

8.8 Interpretation. (a) The parties acknowledge and agree that they may pursue judicial remedies at law or equity in the event of a dispute with respect to the interpretation or construction of this Agreement. In the event that an alternative dispute resolution procedure is provided for in any other agreement contemplated hereby or thereby, and there is a dispute with respect to the construction or interpretation of such agreement, the dispute resolution procedure provided for in such agreement shall be the procedure that shall apply with respect to the resolution of such dispute.

(b) For purposes of this Agreement, the words "hereof," "herein," "hereby" and other words of similar import refer to this Agreement as a whole 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." Whenever the singular is used

herein, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

(c) No provision of this Agreement will be interpreted in favor of, or against, either party hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

8.9 No Third Party Beneficiaries. Except as otherwise specifically provided in Section 5.13, this Agreement is not intended and may not be construed to create any rights in any parties other than the Company, the Merger Sub and Parent and their respective successors or assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other person.

8.10 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

8.11 Headings. The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

8.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable Parent, Merger Sub and Company direct that such court interpret and apply the remainder of this Agreement in the manner that it determines most closely effectuates their intent in entering into this Agreement, and in doing so particularly take into account the relative importance of the term, provision, covenant or restriction being held invalid, void or unenforceable.

8.13 Confidentiality. Following the date hereof, each party hereto will hold, and will use its best efforts to cause its affiliates, and their respective officers, directors, employees, agents, investment bankers, attorneys, financial advisors or other representatives (collectively, "Representatives") to hold, in strict confidence from any Person (other than any such affiliate or Representative), unless (i) compelled to disclose by judicial or administrative process (including in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental Authorities or by other requirements of law, including, securities laws, or rules of any applicable stock exchange or (ii) disclosed in an action brought by a party hereto in pursuit of its rights or in the exercise of its remedies hereunder, this Agreement, the other agreements contemplated hereby, the Schedules and Exhibits hereto and all documents and information concerning the other party or any of its affiliates furnished to it by the other party or such other party's Representatives in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously known by the party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder)

through no fault of such receiving party or (c) later acquired by the receiving party from another source if the receiving party is not aware that such source is under an obligation to another party is not aware that such source is under an obligation to another party hereto to keep such documents and information confidential; provided that following the Effective Time the foregoing restrictions will not apply to Parent's and Merger Sub's use of any documents and information concerning the business of the Company.

IN WITNESS WHEREOP, each of the parties hereto has caused this Agreement to be executed and delivered by its respective duly authorized officers, all as of the date first above written.

The Allstate Corporation

By: _____
Name:
Title:

A.P.L. Acquisition Corporation

By: _____
Name:
Title:

American Heritage Life Investment Corporation

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its respective duly authorized officers, all as of the date first above written.

The Allstate Corporation

By: _____
Name:
Title:

A.P.L. Acquisition Corporation

By: _____
Name:
Title:

American Heritage Life Investment Corporation

By: _____
Name: T. O. DOUGLAS
Title: CHAIRMAN