

SECURITIES AND EXCHANGE COMMISSION

FORM DEFM14C

Definitive information statement relating to merger or acquisition

Filing Date: **1996-12-30**
SEC Accession No. **0000950148-96-003002**

(HTML Version on secdatabase.com)

FILER

ADAMS JOHN LIFE CORP

CIK: **773727** | IRS No.: **954081667** | State of Incorpor.: **CA** | Fiscal Year End: **1231**
Type: **DEFM14C** | Act: **34** | File No.: **000-13969** | Film No.: **96687769**
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SCHEDULE 14C
(RULE 14c-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT

SCHEDULE 14C INFORMATION
INFORMATION STATEMENT PURSUANT TO SECTION 14(c)
OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Check the appropriate box:

<TABLE>	
<S>	<C>
<input type="checkbox"/> Preliminary Information Statement	<input type="checkbox"/> Confidential, for Use of the Commission Only
<input checked="" type="checkbox"/> Definitive Information Statement	(as permitted by Rule 14c-5(d)(2))
</TABLE>	

JOHN ADAMS LIFE CORPORATION
(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- Common Stock of John Adams Life Insurance Company of America
- (2) Aggregate number of securities to which transaction applies:
- 49,803.16
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- \$3,350,000 aggregate purchase price for the securities being sold
- (4) Proposed maximum aggregate value of transaction:
- \$3,350,000
- (5) Total fee paid:
- \$670
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
- (1) Amount Previously Paid:
-

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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INFORMATION STATEMENT

JOHN ADAMS LIFE CORPORATION
SALE OF STOCK OF JOHN ADAMS LIFE INSURANCE CORPORATION
TO UNIFIED LIFE INSURANCE COMPANY

This Information Statement is being furnished to the shareholders of John Adams Life Corporation, a California corporation (the "Company"), in connection with the sale by the Company of all of the shares of Common Stock, par value \$12.00 per share, of John Adams Life Insurance Company of America, a California corporation ("JALIC"), which the Company holds. (The shares of Common Stock of JALIC being sold by the Company are hereinafter referred to as the "JALIC Shares").

It is expected that the closing (the "Closing") with respect to the sale of the JALIC Shares will occur on or about January 22, 1997.

There will not be any material differences in the rights of shareholders of the Company as a result of the sale of the JALIC Shares. There are no rights of appraisal or similar rights of dissenting shareholders with respect to the sale of the JALIC Shares.

This Information Statement is accompanied by a copy of (i) the Company's latest Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995; and (ii) the Company's Amended Quarterly Report on Form 10-QSB for the quarter ended September 30, 1996.

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

THE DATE OF THIS INFORMATION STATEMENT IS DECEMBER 30, 1996

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THE COMPANY

The Company is an insurance holding company engaged through its subsidiaries in the sale and issuance of life insurance policies and annuity products. The Company was incorporated under the laws of the State of California in 1975. In 1976, the Company commenced operations in the life insurance business through JALIC, a California life insurance company. The Company owns 99.6% of the issued and outstanding common stock of JALIC.

JALIC holds Certificates of Authority to write life insurance issued by the insurance departments of Arizona, California, Hawaii, Louisiana, New Mexico, Oregon, Utah and Washington. JALIC currently focuses its sales emphasis on annuity products, which include a flexible premium deferred annuity.

The Company's wholly-owned supervising general agency subsidiary is Firingline Corporation, a California corporation ("Firingline"). Sales of JALIC's policies and products are made by general agents through its general agent, Firingline.

The Company's principal executive offices are located at 11845 West Olympic Boulevard, Suite 905, Los Angeles, California 90064; and its telephone number is (310) 444-5252.

SALE OF THE JALIC SHARES

INTRODUCTION

The Company and Unified Life Insurance Company, a Texas corporation ("Unified"), have entered into a Stock Purchase Agreement dated October 24, 1996, as amended (the "Stock Purchase Agreement"), pursuant to which the Company has agreed to sell, and Unified has agreed to purchase, the JALIC Shares, which consist of all 49,803.16 shares of JALIC common stock, par value \$12.00 per share, owned by the Company. The JALIC Shares comprise 99.6% of the issued and outstanding shares of common stock of JALIC.

The purchase price for the JALIC Shares (the "Purchase Price") is \$3,350,000, subject to certain adjustments, and is payable in cash at the Closing. It is expected that the Closing with respect to the sale of the JALIC Shares will occur on or about January 22, 1997, giving effect to the transaction as of January 1, 1997. The net proceeds of the sale will be used by the Company to repay certain related-party indebtedness and for general corporate purposes. See "Use of Proceeds" hereinbelow and "CERTAIN TRANSACTIONS WITH RELATED PARTIES."

Unified is a privately-owned company that operates primarily as a reinsurer of business written by other companies. Unified currently writes some direct business and with the acquisition of JALIC, Unified plans to write additional direct business through JALIC's supervising general agent, Firingline. Unified

is currently licensed as a life insurance company in Alabama, Arizona, Arkansas, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas and Utah.

Unified's principal executive offices are located at 7201 W. 129th Street, Suite 300, Overland Park, Kansas 66213; and its telephone number is (913) 685-2204.

BACKGROUND AND REASONS FOR THE SALE

The conditions surrounding the Company's business and its prospects changed over a period of years as a result of a number of interrelated factors. These include, without limitation, changes in federal tax laws and regulatory changes in California. There has also been a thinness of mid-level management at the Company in recent years. It has become more difficult for the Company to obtain new business in an increasingly competitive environment. Declining sales of policies have kept unit expenses high, adversely affecting profits and contributing to operating losses in recent years. Since May 1, 1989, the Company has requested that A. M. Best Company not rate the Company or include it in Bests' Insurance Reports.

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In reaching a unanimous decision that the sale of the JALIC Shares is in the best interests of the Company and its shareholders, the Company's Board of Directors was cognizant of all of the foregoing factors, and motivated principally by the changing regulatory environment affecting the conduct of JALIC's business in California. Under current requirements imposed by the California Department of Insurance (the "California DOI"), JALIC is required to phase-in increases to its capital and surplus account periodically, so that on or before December 31, 1999, it will have a minimum capital and surplus of \$5,000,000.

Under the provisions of the California Insurance Code (the "California Code"), insurance companies, such as JALIC, that hold a Certificate of Authority issued prior to December 31, 1989, were "grandfathered", i.e., their capital and surplus requirements were allowed to remain at \$1,000,000 until December 31, 1999. However, more stringent capital and surplus phase-in increases were imposed upon JALIC by the California DOI because of JALIC's statutory losses in recent years. JALIC's failure to comply with such stricter requirements would jeopardize its Certificate of Authority to write life insurance in California.

The Board of Directors believes that it will constitute a significant hardship for JALIC to continue to comply with the stricter requirements of the California DOI. For example, in order to meet partially the California DOI's initial requirement to increase capital and surplus to at least \$2,000,000 on or before December 31, 1995, it was necessary for the Company to borrow funds from Benjamin A. DeMotto, a director, President and Chief Executive Officer, and a principal shareholder of the Company. See "CERTAIN TRANSACTIONS WITH RELATED PARTIES."

The Company without JALIC will experience overall a substantially lessened regulatory burden in the operation of its remaining business, including the elimination of capital and surplus requirements.

The Company's Board of Directors also believes that the Purchase Price of the JALIC Shares and the other material terms offered by Unified are fair.

Among the principal reasons for Unified's acquisition of the JALIC Shares is Unified's interest in expediting its admission as a life insurance company in California. Unified has informed the Company that, after the acquisition by Unified of all the common stock of JALIC, Unified intends to merge JALIC into Unified.

FUTURE PLANS

Neither the common stock nor the assets of Firingline are being sold by the Company. Firingline will remain a wholly-owned subsidiary of the Company after the Closing of the transactions described herein. No changes in the business of Firingline are contemplated. Firingline will continue to sell JALIC's products after the Closing pursuant to the Supervising General Agent's Commission Agreement dated February 1, 1976, as amended (the "Firingline Agreement") and the Amendment dated October 22, 1996, between JALIC and Firingline (the "Firingline Amendment"). See "Summary of the Stock Purchase Agreement" hereinbelow and "ADDITIONAL AGREEMENTS BETWEEN THE COMPANY AND UNIFIED; FUTURE RELATIONSHIP". The Company will also continue to be dependent upon certain key personnel, principally Benjamin A. DeMotto, a director, President and Chief Executive Officer, and a principal shareholder of the Company.

After the Closing, management intends to reduce the amount of leased space it occupies as the Company's offices. In addition, a few lay-offs of personnel are likely. Certain outside services associated with the operation of a life insurance business (e.g., actuarial) will no longer be needed. These changes should result in reduced costs to the Company, in an amount which cannot be determined presently.

No decision has been made whether any of the net proceeds of the sale of the JALIC Shares will be distributed to the shareholders as a dividend.

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SUMMARY OF THE STOCK PURCHASE AGREEMENT

The following summary of certain provisions of the Stock Purchase Agreement does not purport to be complete. For a fuller understanding of all of the terms of the Stock Purchase Agreement, reference is made to the Stock Purchase Agreement, which is attached to this Information Statement as Exhibit A.

At the Closing, the Company will sell, and Unified will purchase, the JALIC Shares. The Purchase Price for the JALIC Shares of \$3,350,000 is subject to adjustment as follows. If, on JALIC's last preceding month-end statutory financial statement prior to the Closing, the sum of (i) statutory capital and surplus, plus (ii) asset valuation reserve, plus (iii) interest maintenance reserve, plus (iv) \$405,000, is \$50,000 or more above or below the Purchase Price, then the Purchase Price shall be adjusted to such amount. In the event that such financial information is not available prior to the Closing, the parties shall estimate the appropriate Purchase Price for the Closing and shall settle the final amount of the Purchase Price no later than the filing date for the preceding calendar quarter's Statutory Insurance Statement of JALIC. Because of the number of variables involved, the Company cannot predict at this time if the above-mentioned formula will produce a higher or lower amount than the contractually-specified Purchase Price of \$3,350,000.

The Purchase Price is payable to the Company in cash by wire transfer in immediately available funds. In partial payment of the Purchase Price, the Company may retain invested assets of JALIC. Such assets shall be valued at admitted book value shown for each asset on JALIC's most recent Statutory Insurance Statement dated prior to or coincident with the closing date.

The Stock Purchase Agreement contains standard representations and warranties of the Company, as seller, and Unified, as purchaser, for a transaction of this nature. Among the more distinctive representations and warranties is the Company's representation to Unified that all life insurance policies issued by JALIC have been and currently are, or will be at Closing, in compliance with Section 7702 of the Internal Revenue Code of 1986, as amended (the "Code"), and other applicable tax law provisions, and qualify as "life insurance contracts" under said Section of the Code.

With respect to any "employee benefit plans" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, or any other benefit arrangement or payroll practice provided by JALIC with respect to any of JALIC's employees ("Employee Benefit Plans"), JALIC will either terminate any such Employee Benefit Plan prior to the Closing or will transfer all liability for or resulting from such Employee Benefit Plans to the Company or an affiliate of the Company. Neither JALIC nor Unified will have any liability as to any of JALIC's Employee Benefit Plans at the Closing.

The Stock Purchase Agreement also contains standard covenants of the Company and Unified, providing that certain specified actions are to be taken, and certain specified actions may not be taken, at or prior to the Closing. Among the more distinctive covenants agreed to by the Company is its agreement to cancel (i) the certificate of contribution dated July 2, 1982, in the amount of \$300,000, payable to the Company by JALIC; and (ii) the certificate of contribution dated September 7, 1982, in the amount of \$400,000, payable to the Company by JALIC. The certificates of contribution are non-interest bearing and were made directly to JALIC by a principal shareholder of the Company at the time the loans were made. In 1985, the two certificates of contribution were assigned to the Company in connection with an agreement between the Company and its then shareholders for the restructuring of certain indebtedness of the Company.

The Company has also agreed, at or before the Closing, to redeem or satisfy in full all securities and/or debt owed by the Company to JALIC. In lieu thereof, the value of such obligations shall be deducted from the Purchase Price. As of September 30, 1996, the total amount due from the Company to JALIC was \$240,847.

Unified will cause JALIC to cancel any agents' balances due to JALIC from Firingline as of the date of the Closing. As of September 30, 1996, the total amount of Firingline's agents' balance was \$286,749.

Unified will also cause JALIC to pay to Firingline in full all agents' commissions due on the business represented by the canceled balances pursuant to the Firingline Agreement. Additionally, Unified will also ratify the Firingline Agreement and the Firingline Amendment, which provide for standard renewal commissions and additional commissions, respectively, to be paid to Firingline by JALIC. See

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"ADDITIONAL AGREEMENTS BETWEEN THE COMPANY AND UNIFIED; FUTURE RELATIONSHIP".

As a further condition of the Closing, Unified has also agreed to purchase the additional 196.84 shares of Common Stock of JALIC which are not owned by the Company (the "JALIC Minority Shares"). The JALIC Minority Shares are held in the aggregate by three persons, two of whom are individuals, and one of whom is the State of California pursuant to that state's abandoned property laws. The costs to purchase the JALIC Minority Shares and any costs directly attributable to such purchase will be borne equally by Unified and the Company. It is not possible to estimate currently the costs involved to acquire the JALIC Minority Shares, but total costs are not expected to exceed \$17,000, half of which amount will be the Company's responsibility.

The Company has agreed to indemnify, defend and hold harmless Unified and its directors, officers, employees, agents and subsidiaries from and against any and all losses resulting from or arising out of any material inaccuracy in or material breach of any representation, warranty, covenant or agreement of the Company contained in the Stock Purchase Agreement within certain specified periods for tax-related matters and within two years after the date of Closing for all other matters. In order for this provision to have effect, Unified must suffer losses as a result of all such breaches in excess of \$50,000 and the

Company's maximum liability in such event shall not exceed the Purchase Price, as adjusted.

Unified has agreed to indemnify, defend and hold harmless the Company and its directors, officers, employees, agents and subsidiaries from and against any and all losses resulting from or arising out of any material inaccuracy in or material breach of any representation, warranty, covenant or agreement of Unified contained in the Stock Purchase Agreement within two years after the date of Closing.

Any controversy or claim arising out of, or relating to, the Stock Purchase Agreement, will be settled by arbitration under the commercial arbitration rules of the American Arbitration Association.

REGULATORY APPROVAL

The sale of the JALIC Shares and the consummation of the transactions at the Closing is subject to and conditioned upon the prior approval of the Insurance Commissioner of California (the "California Commissioner") and the Insurance Commissioner of Texas (the "Texas Commissioner"). Before this transaction, Unified was not admitted to sell life insurance in California.

As required by the California Code, the Stock Purchase Agreement has been filed with the California DOI, and Unified has advised the Company that Unified has filed the information statement required by the California DOI. Unified has also advised the Company that the California Commissioner has approved the transactions and has admitted Unified to sell life insurance in California.

The California Commissioner reviewed the proposed transactions from the perspective of protecting the interests of JALIC's policyholders. As part of the approval process, the California Commissioner considered, among other things: (i) the background and identity of each officer and person who is directly or indirectly the beneficial owner of more than ten percent of the outstanding voting securities of Unified; (ii) the source and amount of funds used to acquire the JALIC Shares and the JALIC Minority Shares; and (iii) Unified's plan to merge JALIC into Unified.

The Texas Commissioner must also review the purchase by Unified of the JALIC Shares and the JALIC Minority Shares. The Texas Commissioner reviews the proposed transactions from the perspective of protecting the interests of Unified's policyholders. As part of the review process, the Texas Commissioner considers, among other things, the effect of the proposed transactions on Unified's financial condition, so that the Texas Commissioner is satisfied that Unified's policyholders are adequately protected. Unified has advised the Company that the Texas Commissioner has not objected to the transactions.

If approval is not in effect from the California Commissioner at the Closing, or if the Texas Commissioner objects to the transactions, the Closing with respect to the sale of the JALIC Shares will not occur.

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There are no federal regulatory requirements or approvals in connection with the sale of the JALIC Shares or any of the related transactions.

ACCOUNTING TREATMENT OF THE TRANSACTION

On the date of the Closing, the Company will remove JALIC's assets and liabilities from the Company's consolidated balance sheet and record a gain or loss on the sale of the JALIC Shares equal to the difference between the net assets disposed of and the Purchase Price. The Company also expects to write down all intangible assets relating to JALIC, including deferred acquisition costs recorded by Firingline. Firingline will continue to receive commission income in the future without amortizing costs previously deferred. Accordingly,

the Company has reflected income from continuing operations in the Pro Forma Condensed Consolidated Statements of Operations presented in this Information Statement and expects to continue to show commission revenue from renewals. See "PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION".

FEDERAL INCOME TAX CONSEQUENCES

The following summary of the anticipated federal income tax consequences to the Company of the proposed sale of the JALIC Shares is not intended as tax advice and is not intended to be a complete description of the federal income tax consequences of the proposed transactions. No assurance can be given that future legislation, regulations, administrative interpretations or court decisions will not change significantly these conclusions (possibly with retroactive effect).

The sale of the JALIC Shares will result in a capital gain or loss to the Company equal to the difference between the Purchase Price (less transaction costs) and the Company's tax basis in the JALIC Shares. A capital gain would be taxed at the Company's top marginal tax rate. A capital loss could only be deducted to the extent of the Company's capital gains from other sources, if any. Capital losses in excess of capital gains in the year of sale must be carried back three years and forward five years. Unused capital losses remaining after the five-year carry forward period expire without the realization of any tax benefit. At present, the Company anticipates recognizing a capital loss for federal income tax purposes on the sale of the JALIC Shares.

Historically, the Company has treated the certificates of contribution issued by JALIC as a capital contribution and therefore the Company intends to increase its basis in the JALIC Shares to the extent of its basis in the certificates of contribution. Based on JALIC's historic treatment of the certificates of contribution as equity, JALIC should not realize cancellation of indebtedness income with respect thereto.

The sale of the JALIC Shares will not produce any separate and independent federal income tax consequences to the Company's shareholders.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the JALIC Shares will be used as follows. The Company intends to repay the post-Closing outstanding balance of certain loans made to the Company by Benjamin A. DeMotto, a director, President, Chief Executive Officer and principal shareholder of the Company. On September 30, 1996, the loans were outstanding in the original aggregate principal amount of \$377,000, together with accrued interest of \$23,586. See "CERTAIN TRANSACTIONS WITH RELATED PARTIES".

The balance of the net proceeds to the Company will be invested in fixed income securities and instruments and retained for general corporate purposes. There are no specific plans for the application or use of such proceeds at the present time.

APPROVAL OF THE SALE OF THE JALIC SHARES; PRICE OF COMPANY STOCK

Pursuant to the California Corporations Code and the Company's Restated Articles of Incorporation, the sale of the JALIC Shares may be approved by written consent of shareholders holding a majority of the voting securities of the Company. The sale of the JALIC Shares will be approved, not less than 20 days following the mailing of this Information Statement to the Company's shareholders of record at the close of business on

November 22, 1996, by the written consent of certain principal shareholders of the Company holding more than 50% of the Company's voting securities, including

Benjamin A. DeMotto, who is also a director, President and Chief Executive Officer of the Company; and Nicholas Del Sesto, who is a director and Executive Vice President of the Company. See "SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS AND MANAGEMENT". No Special Meeting of shareholders of the Company is planned in connection with the transactions described in this Information Statement. It is anticipated that this Information Statement will first be mailed to shareholders on or about January 2, 1997.

There will not be any material differences in the rights of shareholders of the Company as a result of the sale of the JALIC Shares. There are no rights of appraisal or similar rights of dissenting shareholders with respect to the sale of the JALIC Shares.

On November 22, 1996, there were outstanding 2,864,700 shares of Common Stock of the Company, which constituted all of the outstanding voting securities of the Company.

The Company's Common Stock is currently traded in the over-the-counter market under the symbol "JALC". The range of bid and asked prices for the Company's Common Stock in the over-the-counter market was \$.6875 bid/\$.875 asked, on October 28, 1996, the trading day preceding the public announcement of the sale of the JALIC Shares. The quotations are inter-dealer, without retail markups, markdowns or commissions, and may not necessarily represent actual transactions.

ADDITIONAL AGREEMENTS BETWEEN THE COMPANY AND UNIFIED;
FUTURE RELATIONSHIP

FIRINGLINE AGREEMENT AND FIRINGLINE AMENDMENT

Pursuant to the Firingline Agreement, Firingline provides marketing, servicing and other efforts in connection with the sale of life insurance and annuity products sold by JALIC, in consideration for commissions paid to Firingline by JALIC.

Pursuant to the Firingline Amendment, JALIC will pay to Firingline, effective January 1, 1997, a 35% commission ("Additional Commissions") on certain JALIC life insurance policies. The maximum aggregate amount of Additional Commissions which can be earned by Firingline over a three-year period is \$1,200,000. Firingline will also continue to be paid renewal commissions under the Firingline Agreement on all of the JALIC policies transferred to Unified at the Closing. The amount of any renewal commissions and any Additional Commissions are primarily dependent upon the persistency of the policies and there is no guarantee that any commissions will be earned under the Firingline Agreement or Firingline Amendment.

Provided that on January 1, 1997, at least \$1,350,000 of annualized premium is in force on policies covered by the Firingline Amendment, JALIC will advance to Firingline each month as a guaranteed advance against Additional Commissions, an amount equal to \$30,000, or \$360,000 for the year, less the amount of earned Additional Commissions.

Provided that on January 1, 1998, at least \$1,000,000 of annualized premium is in force on policies covered by the Firingline Amendment, JALIC will advance to Firingline each month as a guaranteed advance against Additional Commissions, an amount equal to \$25,000, or \$300,000 for the year, less the amount of earned Additional Commissions.

Provided that on January 1, 1999, at least \$750,000 of annualized premium is in force on policies covered by the Firingline Amendment, JALIC will advance to Firingline each month as a guaranteed advance against Additional Commissions, an amount equal to \$24,166.67, or \$290,000 for the year, less the amount of earned Additional Commissions.

Unified will ratify the Firingline Agreement and the Firingline Amendment prior to the Closing of the sale of the JALIC Shares.

REINSURANCE AGREEMENT

JALIC and Unified have entered into a Revised Life Coinsurance Treaty With Funds Withheld, as amended (the "Reinsurance Agreement"). Pursuant to the Reinsurance Agreement, Unified has agreed to reinsure 100% of JALIC's losses on or after July 1, 1996, for certain policies which are administered by JALIC and issued by JALIC and in force as of July 1, 1996.

The initial amount owed to Unified, as reinsurer under the Reinsurance Agreement, equals the policy reserves on the business reinsured less a ceding commission of \$800,000, less policy loans, less net due and deferred premiums, plus advance premiums, for a net amount of initial funds withheld of \$2,179,196 as of July 1, 1996. Under the terms of the Reinsurance Agreement, funds withheld remain with JALIC.

JALIC is required to provide quarterly reports to Unified under the Reinsurance Agreement. If the calculation of gross premiums, less certain deductions for reinsurance premiums and other items, is positive for the quarter, such amount is paid by JALIC to Unified. If the calculation is negative, such amount is paid by Unified to JALIC.

Increases in net policy liabilities are paid by Unified to JALIC. Decreases in net policy liabilities are paid by JALIC to Unified. The amount of funds withheld equals the preceding quarter's funds withheld, adjusted by the change in the net policy liabilities for the quarter.

The renewal expense allowances provision in the Reinsurance Agreement provides for reimbursement of commissions and premium taxes paid by JALIC, and for an administration expense of \$5.00 per month per policy in force at the beginning of each month.

The Reinsurance Agreement will have no effect on the Company once the JALIC Shares have been sold to Unified.

Other than the foregoing, there are no agreements, arrangements or understandings in effect between (i) Unified and its affiliates; and (ii) the Company, Firingline, or the directors, executive officers or principal shareholders of either the Company or Firingline.

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The following unaudited Pro Forma Condensed Consolidated Balance Sheet of the Company as of September 30, 1996, gives effect to the sale of the JALIC Shares as if it had occurred on September 30, 1996. The unaudited Pro Forma Condensed Consolidated Statements of Operations for the year ended December 31, 1995, and the nine months ended September 30, 1996, assume that the disposition occurred on the first day of each period presented and are based on the operations of the Company for the year ended December 31, 1995, and the nine months ended September 30, 1996.

The unaudited Pro Forma Condensed Consolidated Financial Statements have been prepared by the Company based upon assumptions deemed appropriate. The unaudited Pro Forma Condensed Consolidated Financial Statements presented herein are shown for illustrative purposes only and are not necessarily indicative of the future financial position or future results of operations of the Company, or

of the financial positions or results of operations of the Company that would have actually occurred had the sale of the JALIC Shares been in effect as of the date or for the periods presented.

The unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the historical financial statements of the Company, including notes thereto, and other financial information pertaining to the Company included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995; Quarterly Reports on Form 10-QSB for the quarters ended March 31, 1996 and June 30, 1996; and Amended Quarterly Report on Form 10-QSB for the quarter ended September 30, 1996.

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JOHN ADAMS LIFE CORPORATION AND SUBSIDIARIES
 PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
 SEPTEMBER 30, 1996
 (UNAUDITED)

<TABLE>
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	JOHN ADAMS LIFE CORPORATION AND SUBSIDIARIES	PRO FORMA ADJUSTMENTS		PRO FORMA CONSOLIDATED
	----- <C>	----- JALIC (A) ----- <C>	----- OTHER ----- <C>	
ASSETS				
Cash, investments and accrued investment income.....	\$14,226,615	\$14,193,350	\$ 2,564,414 (b)	\$ 2,597,679
Receivable from buyer.....			950,000 (b)	950,000
Policy loans.....	671,124	671,124	--	--
Accounts receivable and other assets....	148,104	72,114	--	75,990
Reinsurance recoverable.....	9,772,532	9,772,532	--	--
Deferred policy acquisition costs.....	4,352,362	3,362,258	(990,104) (c)	--
	-----	-----	-----	-----
Total Assets.....	\$29,170,737	\$28,071,378	\$ 2,524,310	\$ 3,623,669
	=====	=====	=====	=====
LIABILITIES				
Future life benefits and other policy obligations.....	\$19,391,599	\$19,391,599	\$ --	\$ --
Deferred revenue and other liabilities.....	521,479	92,814	(400,586) (b)	28,079
Due to reinsurers.....	4,198,899	4,198,899	--	--
	-----	-----	-----	-----
Total Liabilities.....	24,111,977	23,683,312	(400,586)	28,079
SHAREHOLDERS' EQUITY				
Capital stock and paid in capital.....	6,254,547	3,873,142	3,873,142 (d)	6,254,547
Retained earnings (deficit).....	(997,772)	712,939	712,939 (d)	(2,658,957)
Unrealized loss on bonds, net of deferred acquisition costs adjustment.....	(198,015)	(198,015)	(1,661,185) (e)	--
	-----	-----	-----	-----
Total Shareholders' Equity....	5,058,760	4,388,066	2,924,896	3,595,590
	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity.....	\$29,170,737	\$28,071,378	\$ 2,524,310	\$ 3,623,669
	=====	=====	=====	=====

</TABLE>

- (a) To eliminate the assets, liabilities and equity of JALIC as of September 30, 1996.
- (b) To reflect the proceeds of \$3,915,000 (which consists of the adjusted Purchase Price of \$2,965,000 pursuant to the terms of the Stock Purchase Agreement plus the present value, \$950,000, of Additional Commissions) from the sale of the JALIC Shares. The net proceeds are invested in short-term investments after retiring \$400,586 of outstanding debt and accrued interest due to the President, Chief Executive Officer and principal shareholder of the Company.
- (c) To write-down deferred acquisition costs of \$990,104 recorded by Firingline.
- (d) To record the Company's equity associated with JALIC.
- (e) To record the Company's net loss on the sale of the JALIC Shares calculated as follows:

<u><S></u>	<u><C></u>
The Company's investment in JALIC.....	\$4,586,081
Less the sales price.....	3,915,000

	671,081
Write-down of deferred acquisition costs recorded by Firingline.....	990,104

Total.....	\$1,661,185
	=====

</TABLE>

JOHN ADAMS LIFE CORPORATION AND SUBSIDIARIES
 PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 1995
 (UNAUDITED)

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<u><S></u>	<u>JOHN ADAMS LIFE CORPORATION AND SUBSIDIARIES</u>	<u>PRO FORMA ADJUSTMENTS</u>		<u>PRO FORMA CONSOLIDATED</u>
	-----	-----	-----	-----
	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>
REVENUES				
Premiums and policy charges.....	\$ 1,542,540	\$1,542,540	\$ --	\$ --
Premiums ceded.....	(776,768)	(776,768)	--	
Commission income.....			711,477 (b)	711,477
Interest on policy loans.....	530,865	530,865	--	--
Net investment income.....	717,916	708,824	215,325 (c)	224,417
Net realized investment losses.....	(45,882)	(28,836)	--	(17,046)
Net unrealized investment gains.....	195,635	195,635	--	--
	-----	-----	-----	-----
Total Revenues.....	2,164,306	2,172,260	926,802	918,848
EXPENSES				
Benefits incurred.....	1,209,079	1,209,079	--	--
Reinsurance recoveries.....	(343,794)	(343,794)	--	--
Interest on policyholders' accumulation accounts.....	478,516	478,516	--	--
Operating costs and expenses.....	906,571	131,121	--	775,450

Amortization of deferred acquisition costs.....	116,951	82,053	(34,898) (d)	--
Total Expenses.....	2,367,323	1,556,975	(34,898)	775,450
Income (loss) from continuing operations before loss on sale of the JALIC Shares.....	(203,017)	615,285	961,700	143,398
Loss on sale of the JALIC Shares.....			(1,811,372) (e)	(1,811,372)
Income (loss) before income taxes....	(203,017)	615,285	(849,672)	(1,667,974)
Income taxes.....	0	--	-- (f)	--
Net Income (loss).....	\$ (203,017)	\$ 615,285	\$ (849,672)	\$ (1,667,974)
PER SHARE DATA:				
Income (loss) from continuing operations before loss on sale of the JALIC Shares.....	\$ (0.07)			\$ 0.05
Net loss.....	\$ (0.07)			\$ (0.58)
Weighted average shares.....	2,864,700			2,864,700

</TABLE>

-
- (a) To eliminate the operating results of JALIC for the year ended December 31, 1995.
- (b) To reflect the commissions earned from the sale of life and annuity products underwritten by JALIC.
- (c) To reflect the investment of the net proceeds from the sale of the JALIC Shares, assuming a yield of 5.5%.
- (d) To eliminate the amortization of deferred acquisition costs recorded by Firingline.
- (e) To record the estimated \$771,052 excess of the net assets sold over the purchase price and write-down of deferred acquisition costs of \$1,040,320 recorded by Firingline at January 1, 1995.
- (f) Due to the Company's net operating losses being utilized, no provision for income taxes is necessary.

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JOHN ADAMS LIFE CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	JOHN ADAMS LIFE CORPORATION AND SUBSIDIARIES		PRO FORMA ADJUSTMENT		PRO FORMA CONSOLIDATED
	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>

REVENUES:				
Premiums and policy charges.....	\$ 1,515,711	\$1,515,711	\$ --	\$ --
Premiums ceded.....	(954,658)	(954,658)	--	--
Commissions income.....			859,651 (b)	859,651
Interest on policy loans.....	346,693	346,693	--	--
Net investment income.....	689,720	687,030	146,000 (c)	148,690
Net realized investment losses.....	(4,566)	(4,566)	--	--
	-----	-----	-----	-----
Total Revenues.....	1,592,900	1,590,210	1,005,651	1,008,341
EXPENSES:				
Benefits incurred.....	845,988	845,988	--	--
Reinsurance recoveries.....	(382,310)	(382,310)	--	--
Interest on policyholders'				
accumulation accounts.....	550,324	550,324	--	--
Operating costs and expenses.....	614,313	(298,309)	(23,586) (d)	889,036
Amortization of deferred acquisition				
costs.....	172,850	119,245	(53,605) (e)	--
	-----	-----	-----	-----
Total Expenses.....	1,801,165	834,938	(77,191)	889,036
	-----	-----	-----	-----
Income (loss) from continuing				
operations before loss on sale of				
the JALIC Shares.....	(208,265)	755,272	1,082,842	119,305
Loss on sale of the JALIC Shares.....	--	--	(1,520,379) (f)	(1,520,379)
	-----	-----	-----	-----
Income (loss) before income taxes.....	(208,265)	755,272	(437,537)	(1,401,074)
Income taxes.....	--	--	-- (g)	--
	-----	-----	-----	-----
Net Income (loss).....	\$ (208,265)	\$ 755,272	\$ (437,537)	\$ (1,401,074)
	=====	=====	=====	=====
PER SHARE DATA:				
Income (loss) from continuing				
operations before loss on sale of				
the JALIC Shares.....	\$ (0.07)			\$ 0.04
Net loss.....	\$ (0.07)			\$ (0.49)
	=====			=====
Weighted average shares.....	2,864,700			2,864,700
	=====			=====

</TABLE>

- (a) To eliminate the operating results of JALIC for the nine months ended September 30, 1996.
- (b) To reflect the commissions earned from the sale of life and annuity products underwritten by JALIC.
- (c) To reflect the investment of the net proceeds from the sale of the JALIC Shares, assuming a yield of 5.5% after retiring \$377,000 of outstanding debt due to the President, Chief Executive Officer and principal shareholder of the Company.
- (d) To eliminate the interest expense on the debt due to the President, Chief Executive Officer and principal shareholder of the Company.
- (e) To eliminate the amortization of deferred acquisition costs recorded by Firingline.
- (f) To record the estimated \$418,968 excess of the net assets sold over the purchase price and write-down of deferred acquisition costs of \$1,101,411 recorded by Firingline at January 1, 1996.
- (g) Due to the Company's net operating losses being utilized, no provision for income taxes is necessary.

CERTAIN TRANSACTIONS WITH RELATED PARTIES

On January 24, 1996, Benjamin A. DeMotto, a director, President, Chief Executive Officer and principal shareholder of the Company, loaned the Company \$285,000. On February 9, 1996, Mr. DeMotto loaned the Company an additional \$92,000. The loans are evidenced by promissory notes, each of which is a demand note that bears interest at a rate equal to one percent above the prime rate for unsecured loans as announced from time to time by City National Bank.

The \$285,000 loaned to the Company on January 24, 1996, was used by the Company as part of a \$400,000 contribution by the Company to JALIC's capital and surplus. The \$92,000 loaned to the Company on February 9, 1996, was loaned by the Company to Firingline, which paid the full amount to JALIC as a partial reduction of its agents' balance account.

As of September 30, 1996, the original principal amount of the loans was outstanding, together with accrued and unpaid interest in the amount of \$23,586. The Company intends to repay the post-Closing outstanding balance of these loans, together with all accrued and unpaid interest, from the net proceeds of the sale of the JALIC Shares.

SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS AND MANAGEMENT

The following table sets forth information available to the Company as of November 22, 1996, as to all shares of the Company's Common Stock owned by (i) the persons known to the Company to be the beneficial owners of more than five percent of the Company's Common Stock, (ii) directors of the Company and (iii) all directors and officers of the Company as a group. The Company's only outstanding class of equity securities is its Common Stock.

<TABLE>
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NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENTAGE OWNERSHIP (2)
<S>	<C>	<C>
Benjamin A. DeMotto(3) 11845 W. Olympic Boulevard Suite 905 Los Angeles, California 90064	1,530,000 (4) (5)	50.8%
Nicholas Del Sesto(3) 11845 W. Olympic Boulevard Suite 905 Los Angeles, California 90064	501,000	17.5%
Patrick W. Hopper 2624 Pebblegold Avenue Henderson, Nevada 89014	200,000	7.0%
Roger Adams and Joanne Evans Adams, Co-Trustees of the Roger Adams and Joanne Adams Living Trust RR 10 Box 131 Santa Fe, New Mexico 87501	150,000	5.2%
Alvin S. Milder(3) 11845 W. Olympic Boulevard Suite 905 Los Angeles, California 90064	55,000 (6)	1.9%
L.E. Chenault(3) 17642 Sumiya Drive Encino, California 91316	35,000 (7)	1.2%
Robert E. Adams(3)	20,000 (8)	*

2 Wolcott Lane
Old Lyme, Connecticut 06371
All directors and officers of the Company as a group (5
persons)
</TABLE>

2,141,009(9)

68.8%

* Less than 1% of the class
[footnotes on next page]

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- (1) Except as otherwise indicated in the notes to this table, and subject to applicable community property laws and similar statutes, the persons listed as beneficial owners of shares have, to the best of the Company's knowledge, sole voting and investment power with respect to said shares.
- (2) Percentages are stated to include exercisable stock options accounted for in the column listing Beneficial Ownership for those persons holding exercisable stock options.
- (3) Director of the Company.
- (4) Includes 250,000 shares of restricted stock which were issued to Mr. DeMotto pursuant to his employment agreement with the Company.
- (5) Includes options to purchase 150,000 shares which are currently exercisable.
- (6) Includes 3,000 shares owned by a retirement trust of which Mr. Milder is sole trustee and options to purchase 50,000 shares which are currently exercisable.
- (7) Includes options to purchase 25,000 shares which are currently exercisable.
- (8) Includes options to purchase 20,000 shares which are currently exercisable.
- (9) Includes options to purchase 245,000 shares which are currently exercisable.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

This Information Statement is accompanied by a copy of (i) the Company's latest Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995; and (ii) the Company's Amended Quarterly Report on Form 10-QSB for the quarter ended September 30, 1996.

The following documents filed by the Company with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are incorporated in this Information Statement by reference: (a) the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995; (b) the Company's Quarterly Reports on Form 10-QSB for the quarters ended March 31, 1996 and June 30, 1996; (c) the Company's Amended Quarterly Report on Form 10-QSB for the quarter ended September 30, 1996; (d) the Company's Current Reports on Form 8-K dated June 11, 1996 and October 31, 1996; and (e) the description of the Company's Common Stock contained in the Company's Registration Statement on Form 8-A, dated November 15, 1985, including all amendments and reports filed for the purpose of updating such description.

All documents filed by the Company pursuant to Section 13(a), 14 or 15(d) of the Exchange Act subsequent to the date of this Information Statement and prior to the Closing shall be deemed to be incorporated by reference into this Information Statement and to be a part of this Information Statement from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to

be modified or superseded for purposes of this Information Statement to the extent that a statement contained herein (or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein) modified or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or supersede, to constitute a part of this Information Statement.

This Information Statement incorporates by reference certain documents which are not presented herein or delivered herewith. Upon request, the Company will provide, without charge, to each person, including any beneficial owner, to whom this Information Statement is delivered, a copy of any or all of the documents incorporated by reference (other than exhibits to such documents that are not specifically incorporated by reference in such documents). Requests for such copies should be directed to John Adams Life Corporation, 11845 West Olympic Boulevard, Suite 905, Los Angeles, California 90064, attention: Alvin S. Milder, Secretary; telephone number (310) 444-5252.

By Order of the Board of Directors

Alvin S. Milder
Secretary

 STOCK PURCHASE AGREEMENT
 BY AND BETWEEN
 UNIFIED LIFE INSURANCE COMPANY
 AND
 JOHN ADAMS LIFE CORPORATION
 FOR THE CAPITAL STOCK OF
 JOHN ADAMS LIFE INSURANCE COMPANY OF AMERICA
 DATED SEPTEMBER 19, 1996

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement"), dated September 19, 1996, by and between UNIFIED LIFE INSURANCE COMPANY, a Texas corporation ("Purchaser"), and JOHN ADAMS LIFE CORPORATION, a California corporation ("Seller").

RECITALS

Seller owns 49,803.16 shares (the "Shares") of common stock, \$12.00 par value, of John Adams Life Insurance Company of America, a California corporation (the "Company"), which Shares constitute 99.6% of the issued and outstanding shares of capital stock of Company;

Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Shares on the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1.

PURCHASE AND SALE OF SHARES

1.1 Agreement to Purchase and Sell. On the Closing Date (as defined in Section 1.2) and upon the terms and subject to the conditions set forth in this Agreement, Seller shall sell, assign, transfer, convey and deliver the Shares to Purchaser, and Purchaser shall purchase and accept the Shares from Seller.

1.2 Closing. The closing of such sale and purchase (the "Closing") shall take place at the office of Seller, 11845 West Olympia Blvd., Suite 905, Los Angeles, California 90064, or at such other location as the parties hereto may agree upon, at such time and date after December 31, 1996 as the parties hereto shall agree in writing (the "Closing Date") provided each of the conditions set forth in Sections 6 and 7 has been fulfilled or waived; provided further that if, on or before the fifth calendar day after all of such conditions has been so satisfied or waived, Purchaser and Seller shall have failed to establish the Closing Date, the Closing Date shall be at 10:00 a.m., P.D.T., on the last day of the month during which the last of such conditions has been satisfied or waived (provided that if such day is a Saturday, Sunday or legal holiday, the Closing shall occur on the next business day). At the Closing, Seller shall deliver to Purchaser stock certificates representing the Shares duly endorsed in blank for transfer or accompanied by appropriate stock powers duly executed in blank, with all taxes, direct or indirect, attributable to the transfer of such Shares paid or provided for by Seller. In full consideration and exchange for the Shares, Purchaser shall pay to Seller at the Closing the Purchase Price (as defined in Section 1.3) in accordance with Section 1.3.

1.3 Purchase Price; Payment. The total purchase price for the Shares (the "Purchase Price") shall be:

(a) Three Million Three Hundred Fifty Thousand and No/100 Dollars (\$3,350,000.00) payable in cash or assets (as provided in Subsection 1.3(c), below), provided that, in the event a calculation made according to the formula set forth in Schedule 1.3(a) hereto (the "Formula") as of the end of the month immediately preceding or coincident with the Closing Date produces a Purchase Price which is Fifty Thousand and No/100 Dollars (\$50,000.00) or more above or below Three Million Three Hundred Fifty Thousand and No/100 Dollars (\$3,350,000.00) the Purchase Price shall be the

amount arrived at under the Formula.

(b) In the event accurate financial information is not available as of the date of calculation of the Purchase Price under the Formula prior to Closing, a preliminary Closing shall be made based upon the best estimate of the Purchaser, as confirmed by Seller, as to the values produced by the Formula with final settlement of amounts due to Seller or Purchaser no later than the filing date for the preceding calendar quarter's Statutory Insurance Statement. Interest on amounts due either party shall be calculated at five percent (5%) from the preliminary Closing Date to the date of final settlement and shall be included in the final settlement. Any amount of the Purchase Price payable in cash shall be paid to the

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Seller on the Closing Date by wire transfer in immediately available funds to Seller's bank account pursuant to Seller's wire transfer instructions.

(c) In partial payment of the Purchase Price Seller may retain invested assets of Company (the "Retained Assets"), as agreed by Seller and Purchaser. The Retained Assets shall be valued at the admitted book value shown for each such asset on the most recent Statutory Insurance Statement dated prior to or coincidental with the Closing Date. Such Retained Assets are as set forth on Schedule 1.3(c) to this Agreement.

2.

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents, warrants and agrees as follows:

2.1 Corporate Organization. Seller and the Company are duly organized, validly existing and in good standing under the laws of their jurisdiction of incorporation and have all requisite power and authority (corporate and other) to own their properties and assets and to conduct their business as now conducted. Company is duly qualified to do business as a foreign corporation and is in good standing in every jurisdiction where the nature of the business conducted by it makes such qualification necessary, except for any states wherein the failure to be so qualified would not have a material adverse effect on the assets, properties, business, operations, prospects or financial condition of the Company. Schedule 2.1 sets forth a list of each jurisdiction in which the Company is so qualified to do business.

2.2 Capitalization of Company. The authorized, issued and outstanding capital stock of the Company is as set forth in Schedule 2.2. No other class of capital stock or other security of Company is authorized, issued or outstanding. All of the Shares of the Company have been duly authorized and are validly issued, fully paid and non-assessable. There are no outstanding options, warrants, agreements, exchange rights, conversion rights, preemptive rights or other rights to subscribe for, purchase or otherwise acquire any of the Shares, any other outstanding, authorized but unissued, unauthorized or treasury shares of capital stock of the Company, or any other security of the Company. Neither Seller nor the Company is a party to any voting trust or other voting agreement with respect to any of the Shares, the shares of capital stock of the Company or any other security of the Company, or to any agreement relating to the issuance, sale, redemption, transfer or other disposition of any shares of capital stock or any other security of the Company. Seller has, and will have at the Closing, good and valid title to 99.6% of the Shares, free and clear of any liens, claims, charges, security interests, mortgages, pledges or other legal or

equitable encumbrances, limitations or restrictions. Upon the sale and transfer of the Shares to Purchaser, Seller will have sold and transferred to Purchaser good and valid title to the Shares, free and clear of any liens, claims, charges, security interests, mortgages, pledges or other legal or equitable encumbrances, limitations or restrictions.

2.3 Inter-Affiliate Investments. The Company does not own, and is not obligated in any way to acquire, any capital stock, equity interest, other securities or other ownership or similar interest in any "affiliate" of the Company, as that term is defined in Article Section 1215 of the California Insurance Code.

2.4 Corporate Authority. Seller has the corporate power to enter into this Agreement and to carry out its obligations hereunder; the execution and delivery of this Agreement and the performance by Seller of its obligations hereunder shall be duly authorized prior to Closing by the board of directors and shareholders of the Seller, and no other corporate proceedings on the part of Seller are necessary to authorize such execution, delivery and performance. Except for the requisite corporate approvals set forth in this Section 2.4, this Agreement has been duly executed by Seller and is the valid and binding obligation of Seller, enforceable against Seller in accordance with the terms hereof, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally or general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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2.5 No Violation. Subject to the consents and approvals contained in this Agreement, the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions by Seller contemplated hereby do not and will not in any material way

(a) violate, conflict with or result in the breach of any provision of the respective charter documents or by-laws of Seller or the Company;

(b) (i) violate, conflict with or result in the breach of any of the terms or provisions of, (ii) result in or give any contracting party the right of modification, suspension, termination, cancellation or acceleration of the performance required by, or (iii) constitute (or with notice or lapse of time or both, would constitute) a default or result in the loss of any material benefit under any permit, instrument, contract, mortgage, indenture, lease, deed of trust, license, note, loan agreement or other agreement to which Seller or the Company is a party, or by or to which any of them or any of their respective assets or properties may be bound or subject;

(c) violate any order, writ, judgment, ruling, injunction, award or decree applicable to or binding upon Seller or the Company or upon the assets or properties of Seller or the Company;

(d) violate any statute, law, rule or regulation applicable to Seller or the Company or any of their respective assets or properties;

(e) result in the creation or imposition of any lien, mortgage, pledge, limitation, restriction, charge, claim, security interest or encumbrance upon any of the properties or assets of Seller or the Company;
or

(f) violate or result in the modification, revocation, termination or suspension of any of the Licenses (as defined in Section 2.17).

2.6 Consents and Approvals. To Seller's knowledge, except as contemplated in Sections 4.6, 5.2, and 6.10, no consent, waiver, authorization or approval of, declaration or notification to, or filing or registration with, any court, administrative agency, or other governmental authority or instrumentality, whether federal, state, local or foreign (a "Governmental Entity") or any individual, corporation, partnership, joint venture, trust, association or other entity (a "Person"), is legally required on the part of Seller or the Company in connection with the execution and delivery of this Agreement by Seller, the performance by Seller of its obligations hereunder or the compliance by Seller or the Company with the provisions hereof.

2.7 Insurance Commissioner Statements. Seller has heretofore furnished to Purchaser complete and correct copies of the Annual Statements and any Quarterly Statements of Company made to or filed by Company with the Commissioner of Insurance for the State of California, or any equivalent official for any jurisdiction, for all periods beginning on or after January 1, 1995, together with all schedules thereto. All Annual Statements, Quarterly Statements and independent annual audits required by the California Department of Insurance, provided for in this Section 2.7 are hereinafter referred to as the "Statutory Insurance Statements." To Seller's knowledge, all Statutory Insurance Statements (i) accurately calculate and report the Company's condition and results of operations, including claims reserves, statutorily required life, health and annuity reserves, and agent advances; (ii) are complete and correct in all material respects and are in accordance with the books and records of the Company, and in material compliance with applicable law and statutory insurance accounting principals; and (iii) can be reconciled with the financial statements and the financial records maintained and the statutory insurance accounting methods applied by the Company for financial accounting and federal income tax purposes.

2.8 Basic Documents. The Seller has delivered to Purchaser true and complete copies of the Articles of Incorporation and By-Laws of Company. Such Articles of Incorporation and By-Laws are in full force and effect. Prior to the Closing, the Seller will have delivered to Purchaser a copy of the said Articles of Incorporation certified by the Secretary of State of the State of California, and a copy of the said By-Laws certified by the Secretary of the Company.

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2.9 Absence of Certain Changes or Events.

(a) Except as set forth in Schedule 2.9, since the last day of the period covered by the Company's most recently filed Statutory Insurance Statements (i) there has been no material adverse change in the assets, properties, business, operations, prospects, or financial condition of the Company, and (ii) the business of the Company has been operated in the ordinary course of business consistent with past practice except for the transactions contemplated by this Agreement. Neither Seller nor the Company knows of any event, condition or circumstance which will have or threatens to have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company.

(b) Except as set forth in Schedule 2.9, or as otherwise contemplated by this Agreement, since the last day of the period covered by the Company's most recently filed Statutory Insurance Statement neither Seller nor the Company has taken any actions referred to in Section 4.2 of this

Agreement that would have required the consent of Purchaser if such action were to have been taken during the period between the date hereof and the Closing Date.

2.10 Compliance with Laws. Except as set forth in Schedule 2.10, to Seller's knowledge the business and operations of the Company have been and are being conducted in accordance and in substantial compliance with all laws, statutes, rules, regulations, judgments, writs, decrees, injunctions, awards, orders and other legal requirements of any Governmental Entity applicable thereto, except for violations which heretofore have been duly cured and except for violations which individually or in the aggregate would not have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company taken as a whole. Except as set forth in Schedule 2.10, to Seller's knowledge neither Seller nor the Company has received notice of the issuance of any notice, violation or alleged violation of any such law, statute, rule, regulation, judgment, writ, decree, injunction, award, order or other legal requirement, except for violations which heretofore have been duly cured, nor is Seller or Company in default with respect to any order, writ, judgment, award, injunction or decree of any Governmental Entity applicable to Seller, the Company, or any of their respective assets. Except as set forth on Schedule 2.10, to the best of Seller's knowledge neither Seller nor the Company has been notified by a Governmental Entity that an investigation or review by such Governmental Entity, with respect to the violation by Seller or the Company of any applicable law, statute, rule, regulation, judgment, writ, decree, injunction, award or order, is pending or has been threatened.

2.11 Tax Matters. Except as set forth in Schedule 2.11,

(a) The Company or the affiliated, combined or unitary group of which Company is or was a member, has (i) filed in a timely manner (taking into account extensions of due dates) with the appropriate federal, state, local, foreign or other governmental agencies all Tax returns, estimates and reports and combined or unitary returns, required to be filed with respect to Taxes and, as of the time of filing, all such Tax returns were accurately prepared, (ii) paid in full, all required Taxes or has established reserves that are adequate therefor and (iii) complied in all material respects with all Tax laws and rules pertaining to corporations including particularly corporations engaged in the life insurance business, except where such violations would not have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company taken as a whole.

(b) To Seller's knowledge, there are no Taxes assessed or asserted in writing in respect of any Tax returns filed by the Company or the affiliated, combined or unitary group of which such entity is or was a member, as the case may be, or claimed in writing to be due by any taxing authority or otherwise that are not adequately reserved for, (ii) no Tax return of the Company or the common parent of any affiliated, combined or unitary group for tax purposes of which such entity is or was a member is currently being audited by the IRS or other taxing authority (whether foreign or domestic), (iii) the Company has not been audited by the IRS or by any state taxing authority in respect of any Tax year for which the statute of limitations has not currently expired, (iv) all deficiencies asserted as a result of such examinations for prior Tax years have been paid, fully settled or adequately provided for, and no issue has been raised by a federal, state, local or foreign taxing authority in any such examination which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period, (v) neither the Company nor the common parent of any affiliated, combined or unitary

group of which any such entity is or was a member has executed or filed with the IRS or any other taxing authority (whether foreign or domestic) any agreement or other document that is currently in effect extending, or having the effect of extending, the period of assessment or collection of any Taxes, (vi) the Company has not executed or entered into a closing agreement or a compromise pursuant to Section 7121 of the Internal Revenue Code of 1986, as amended (the "Code"), or any predecessor provision thereof or any similar provision of state, local or foreign law which is binding on the Company for any taxable period ending after the Closing Date, (vii) all final adjustments made by the IRS with respect to any federal Tax return of the Company have been reported to the relevant state, local or foreign taxing authorities to the extent required by law, and (viii) no requests for ruling or determination letters are pending with any taxing authority with regard to the Company or any common parent of any affiliated, combined or unitary group of which any such entity is or was a member.

(c) The Company has complied in all material respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes and has timely withheld from employee wages, and other persons subject to withholding, including foreign persons and persons subject to backup withholding, and paid over to the proper governmental authorities all amounts required to be so withheld and paid over for all periods under all applicable laws.

(d) The Company is not a party to any agreement that provides for the payment of any amount that would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, and (ii) the Company has not agreed to and is not required to make any adjustment pursuant to Section 481(a) of the Code by reason of a change in accounting method initiated by the Company and the Company has no knowledge that the IRS has proposed any such adjustment or change in accounting method. Neither Seller nor the Company has filed an election pursuant to Rev. Proc. 91-11, 1991-1 C.B. 470.

(e) The Company is not a party to, bound by, or has any obligation under any tax sharing or similar agreement.

(f) The Company is not liable for the Taxes of any other Person under Treasury Regulation Section 1.1502-6 or similar principles of state, local, or foreign Tax laws, or other laws creating successor or transferee liability for the Taxes of another Person.

(g) To Seller's knowledge, the Company's net operating losses are not subject to any limitations under Code Section 382 or similar rules or regulations.

(h) To Seller's knowledge, all life insurance policies issued by the Company have been and are currently, or will be at Closing, in compliance with Code Section 7702 and other applicable Tax law provisions to be defined and qualify as "life insurance contracts" under Section 7702.

For purposes of this Agreement, "Tax(es)" shall mean all taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, gross receipts, premium, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp,

occupation, and property taxes, customs duties, fees, assessments and charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority (domestic or foreign) upon a corporation or any affiliated, combined or unitary group for tax purposes of which any such corporation is, was or becomes a member.

2.12 Absence of Undisclosed Liabilities. To Seller's knowledge after due inquiry at the close of business on the last date of the period covered by the Company's most recently filed Statutory Insurance Statement, the Company had no material indebtedness, obligation or liability, absolute, accrued or contingent, which is not shown or provided for on such statement or in the notes thereto. Except as shown on Schedules 2.12 or 2.23 or as shown in the Company's most recently filed Statutory Insurance Statement, the Company is not directly or indirectly liable upon or with respect to (by discount, repurchase agreements or otherwise), or obligated in any other way to provide funds in respect of, or to guarantee or assume, any debt, obligation or dividend of any Person (except endorsements in the ordinary course of business in connection with the deposit

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of items for collection), and has not declared, set-aside or paid any dividend or made any distribution on or with respect to shares of its capital stock. Except as set forth on Schedule 2.12, since the last date of the period covered by the Company's most recently filed Statutory Insurance Statement, the Company has not incurred any indebtedness, obligation or liability of any kind, whether absolute, accrued, contingent, which is individually or in the aggregate material to the Company other than those incurred since such date in the ordinary course of business consistent with past practice.

2.13 Interests in Real Property. Except as set forth and described in Schedule 2.13 hereto, the Company has no interest in any owned or leased real properties and is not in material violation of any covenant, agreement, or other obligation with respect to any such interests in real properties.

2.14 Personal Property. All personal property owned by the Company may be retained by the Seller and title to such property shall pass to Seller simultaneously with the Closing of this Agreement, except for such items of machinery or equipment as may be identified as essential to the continued operation of Company's business. Such items to be retained by the Company shall be agreed to prior to Closing by Purchaser and Seller, and a list of such items shall be appended to this Agreement prior to the Closing.

2.15 Accounts Receivable. Except as set forth on Schedule 2.15, to the knowledge of Seller and the Company, all notes and accounts receivable payable to or for the benefit of the Company reflected on the most recently filed Statutory Insurance Statements or acquired by the Company after the effective date of that filing have been collected or are current in amounts not less than the aggregate amount thereof (net of adequate reserves established in accordance with the Company's ordinary accounting practices) carried on the books of the Company, and the Company has not been notified or advised of any defenses or set-offs to payment of such receivables. All such notes and accounts receivable have arisen from bona fide transactions in the ordinary course of business consistent with past practice.

2.16 Trademarks; Software; Patents; Copyrights; and Know-How. To Seller's and Company's knowledge, the Company possesses, licenses or otherwise has the right to use all material trademarks, software, patents, copyrights, trade secrets (including customer lists and renewals) and proprietary know-how (the "Intangible Assets") necessary for the conduct of its operations as conducted

during the preceding five (5) years and on the date hereof. The material Intangible Assets used by the Company are listed on Schedule 2.16. Except as set forth in Schedule 2.16, there is no restriction affecting the Company's use of any of the Intangible Assets, each item of the Intangible Assets is free and clear of all liens, security interests, claims, mortgages, pledges, charges, encumbrances and equities and no license has been granted with respect thereto. To Seller's knowledge, none of the Intangible Assets is currently being challenged, is involved in any pending or, to the knowledge of Seller or the Company, threatened administrative or judicial proceeding, or conflicts with any rights of any other Person. To the knowledge of Seller and the Company, none of the Company's operations involves any infringement of any proprietary right of any Person. Neither Seller nor the Company has received any notice from any Person with respect to any infringement.

2.17 Licenses; Permits and Governmental Approvals. Set forth in Schedule 2.17 hereto is a true and complete list of all material licenses, permits, franchises, authorizations and approvals issued or granted to the Company by any Governmental Entity and all pending applications therefor. The Company holds all material licenses, permits, franchises, authorizations and approvals of Governmental Entities required to permit the continued lawful conduct of the Company's business in the manner now conducted including a valid Certificate of Authority to write life insurance issued by the Departments of Insurance of Arizona, California, Hawaii, Louisiana, New Mexico, Oregon, Utah and Washington (the "Licenses"), and the Company's operations are not being conducted in a manner which violates any of the terms or conditions under which any License was granted such that the operations, as conducted, will have or threaten to have a material adverse effect on the assets, properties, operations, prospects or financial condition of the Company. Each License has been duly obtained, is valid and in full force and effect, and is not subject to any pending or, to the knowledge of Seller or the Company, threatened administrative or judicial proceeding to revoke, cancel or declare such License invalid in any respect. The Company has not received any notice to the effect that there is lacking any such License required in connection with the current operations of its respective businesses. No default,

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violation or event, which with notice or the lapse of time or both would become a default or violation, has occurred with respect to any such License.

2.18 Title to Assets. Except as set forth on Schedule 2.18 and except for the consents contemplated by this Agreement, the Company holds, owns and has an unrestricted right to transfer title to all of the assets owned by it and used in its business, including without limitation all of the assets reflected in the latest Statutory Insurance Statement and acquired since the period covered by that filing, described in Sections 2.13, 2.14, 2.15, 2.16 or 2.17 hereof or set forth in Schedules 2.13, 2.14, 2.15, 2.16, and 2.17. In each case, such assets are free and clear of any lien, charge, security interest, claim, mortgage, pledge, or encumbrance other than (i) those specifically described in the latest Statutory Insurance Statement or noted on any schedule hereto; (ii) assets leased by the Company as described in such Statutory Insurance Statement or any Schedule hereto; (iii) assets disposed of in the ordinary course of business since the period covered by the latest Statutory Insurance Statement; (iv) liens of current property taxes and assessments not in default; or (v) liens or other encumbrances of a character that do not interfere with or impair the present and continued use thereof in the usual and normal conduct of the business of the Company and which are disclosed on the Schedules hereto.

2.19 Litigation. To Seller's knowledge, except as set forth in Schedule

2.19, there are no claims, actions, suits, proceedings, complaints, charges, labor disputes or investigations ("Claims") pending or, to the knowledge of Seller or Company, threatened before any Governmental Entity or before any arbitrator of any nature, brought by or against Seller, the Company or any of their respective officers, directors, employees, agents or affiliates involving, affecting or relating to the Company. To Seller's knowledge, except as set forth in Schedule 2.19, neither Seller nor the Company nor any of their respective assets or properties is subject to or overtly threatened by any order, writ, judgment, award, injunction or decree of any Governmental Entity or arbitrator ("Orders"), which affects or might affect their respective assets, properties, operations, prospects, or financial condition or which would or might interfere with the transactions contemplated by this Agreement, except for Claims and Orders made in the ordinary course of insurance business other than those based upon allegations of lack of good faith and fair dealing and except for Claims or Orders which will not have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company.

2.20 Contracts. Set forth in Schedule 2.20 hereto is a true and complete list and summary description of all material contracts, agreements and other instruments of whatsoever nature to which the Company is a party or otherwise relating to or affecting any of its respective assets, properties or operations (other than contracts, agreements and instruments listed in other Schedules to this Agreement). The Company has performed in all material respects all the obligations required to be performed by it under all such contracts, instruments or agreements. The Company is not in material default under any of such contracts, instruments or agreements, nor does any condition exist which, with notice or lapse of time or both, would constitute a material default by the Company thereunder, or, to the knowledge of Seller or the Company, by any other party thereto. True and complete originals or copies of all documents listed or required to be listed in Schedule 2.20 or in any other Schedule have been made available, or will be made available at Purchaser's request prior to Closing, by Seller to Purchaser or its representatives. Each of such contracts, instruments or agreements is valid and enforceable against the Company and, to the knowledge of Seller and the Company, against the party or parties thereto, in accordance with its terms. No previous or current party to any such contract, instrument or agreement has given notice of or made a claim with respect to any material breach or default currently existing thereunder. With respect to any of such contracts, instruments or agreements which were assigned or subleased to the Company by a third party, all necessary consents to assignments or subleases have been obtained.

2.21 Employees; Employee Plans. Company employs the employees listed on Schedule 2.21 hereto. With respect to any "employee benefit plans" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or any other benefit arrangement or payroll practice provided by Company with respect to any of its employees, ("Employee Benefit Plans"), Company has either terminated or will have terminated any such Employee Benefit Plan prior to Closing or will have transferred all liability for or resulting from such Employee Benefit Plans to Seller or another affiliate of the Company, without recourse, such that Company will have no liability as to such Plans at Closing. Except as to liability

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which will not have or threaten to have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company, Company has no liability to any employee, past or present, with respect to any manuals, brochures or publications or similar documents regarding office administration, personnel matters and hiring, evaluation, supervision, training,

termination and promotion of employees of the Company, including but not limited to an affirmative action plan, or any written communications disseminated to employees concerning such matters (collectively "Employee Policies and Procedures"), or with respect to any employee arising under the Consolidated Omnibus Benefit Reconciliation Act of 1985 ("COBRA"), or the Americans With Disabilities Act of 1990 ("ADA") or any other similar state or federal law or regulation pertaining to the rights of employees. Further, Company has no long-term (one (1) year or more in duration) employment contracts, arrangements or commitments as to any of its employees, officers, directors, consultants, or other representatives and has no such long-term contracts, arrangements or commitments to any such persons concerning stock options, warrants, share appreciation, bonuses, incentive plans or any other form of compensation for services as an employee or otherwise.

2.22 Insurance. Set forth in Schedule 2.22 hereto is a true and complete list (specifying the insurer and describing any pending claims thereunder of more than \$5,000) of all insurance policies or fidelity bonds in force on the date hereof owned by or purchased on behalf of Company to insure its directors, officers, employees, assets, properties or operations, together with a summary description including the premiums currently paid thereon, type of policy, name of insured, the insurer, expiration date, the hazards insured against and the dollar amount of coverage per occurrence and in the aggregate and deductibles. All such policies and fidelity bonds are in full force and effect. True and complete copies of all such insurance policies and fidelity bonds have been made available for review, or will be made available for review upon Purchaser's request prior to Closing, to Purchaser by Seller. Except for claims set forth in Schedule 2.22, there are no outstanding unpaid claims under any of such policies or bonds, and the Company has received no notice of cancellation or non-renewal thereof.

2.23 Transactions with Related Parties. Except as set forth in Schedule 2.23, and except for transactions which will not have or threaten to have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company, there have not been, nor are there now, any transactions between the Company and (i) Seller, (ii) any director, officer, employee, stockholder or affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended (the "Securities Act") and as defined by Section 1215 of the California Insurance Code) of Seller or the Company, or (iii) any relative or spouse (or relative of such spouse) of any such director, officer, employee, stockholder or affiliate of Seller or the Company (such persons in clauses (i), (ii), and (iii) referred to herein as a "Related Party" or collectively as the "Related Parties"). Except as set forth in Schedule 2.23, no Related Party owns, directly or indirectly, in whole or in part, any tangible or intangible property material to the condition of the Company, or that the Company uses in the conduct of its business. Except as set forth in Schedule 2.23, no Related Party owes any money or other amounts to, nor is any Related Party owed any money or other amounts by, the Company. All indebtedness of the Company to any Related Party, and all indebtedness of any Related Party to the Company is set forth on Schedule 2.23, and all indebtedness of the Company to any Related Party will be forgiven on or prior to the Closing Date. Except as set forth on Schedule 2.23, the Company has not directly or indirectly (i) created, incurred or assumed any indebtedness for borrowed money or otherwise to any Related Party, or (ii) made any loans, payments or transfers of assets of the Company to any Related Party other than for salaries paid for services actually performed in amounts in keeping with past practice and in the ordinary course of business. Except as set forth on Schedule 2.23, neither the Seller nor the Company, or any affiliate of Seller or any officer or employee of any of them (i) owns any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is (A) a competitor, supplier, customer, landlord, tenant, creditor or

debtor of the Company, (B) engaged in a business related to the business of the Company or (C) participating in any transaction to which the Company is a party, or (ii) is a party to any contract, instrument or agreement with the Company.

2.24 Books and Records. During the five (5) year period preceding the execution of this Agreement, the books and records of the Company contain in all material respects true, correct and complete entries of all

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of its material business transactions and have been maintained in accordance with good business practice and applicable statutory insurance accounting principles, except to the extent the failure to so maintain the Company's books and records would not have a material adverse effect on the assets, properties, operations, prospects or financial condition of the Company taken as a whole.

2.25 Accuracy of Information. To Seller's knowledge, all documents, agreements and other papers and materials delivered by or on behalf of Seller or the Company in connection with this Agreement and the transactions contemplated hereby are true and correct in all material respects. None of the representations, warranties or statements of Seller or the Company, as the case may be, contained in this Agreement, in the Schedules hereto, or in any other agreement, instrument or document executed or delivered by Seller or Company in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the representations, warranties or statements contained herein or therein not misleading in light of the circumstances under which they were made, other than such statements or omissions which will not have or threaten to have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company.

2.26 Insurance Business. All policies of insurance currently being marketed by the Company are, to the extent required under applicable law, on forms approved by applicable insurance regulatory authorities in the jurisdiction where issued or have been filed with and not objected to by such authorities within the period provided for objection. Copies of all such approved forms issued or used by the Company have previously been made available for inspection to Purchaser or will be made so available no later than thirty (30) days prior to the Closing Date. To the best knowledge of Seller, the transactions contemplated by this Agreement will not materially adversely affect the validity and binding character of any policy of insurance issued by the Company.

2.27 Regulatory Filings. The Seller has heretofore furnished Purchaser with true and correct copies of the two latest California Department of Insurance Examination Reports and independent audits of the Company completed since December 31, 1994. The Seller will allow Purchaser access to complete and correct copies of all registrations, filings, or submissions made by the Company with any Governmental Entity and any reports of examinations issued by any such Governmental Entity since January 1, 1991, that relate to the Company including any examinations performed by the California Department of Insurance in the last five (5) years. The Company has filed all reports, statements, documents, registrations, filings or submissions it is required to file with any Governmental Entity.

3.

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents, warrants and agrees as follows:

3.1 Corporate Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, and has all requisite power and authority (corporate and other) to own its properties and assets and to conduct its business as now conducted.

3.2 Corporate Authority. Purchaser has the corporate power to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement, and the performance of Purchaser's obligations hereunder shall be duly authorized prior to Closing by the shareholders and the Board of Directors of Purchaser and no other corporate proceedings on the part of Purchaser are necessary to authorize such execution, delivery and performance. Except for requisite corporate approvals set forth in the preceding sentence, this Agreement has been duly executed by Purchaser as the valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with the terms hereof, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally or general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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3.3 No Violation. The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby do not and will not

(a) violate, conflict with or result in the breach of any provision of the charter documents or by-laws of Purchaser;

(b) violate, conflict with or result in the breach of any of the terms or provisions of, result in a modification, suspension, termination or cancellation of, or acceleration of the performance required by, or otherwise give any other contracting party the right to modify, suspend, terminate or cancel or accelerate the performance required by, or constitute (or with notice or lapse of time or both would constitute) a default or result in the loss of any material benefit under any permit, instrument, contract, mortgage, indenture, lease, deed of trust, license, note, loan agreement or other agreement to which Purchaser is a party, or by or to which it or its assets or properties may be bound or subject;

(c) violate any order, writ, judgment, ruling, injunction, award or decree applicable to or binding upon Purchaser or upon the assets or properties of Purchaser;

(d) violate any statute, law, rule or regulation of any Governmental Entity applicable to Purchaser or any of its assets or properties;

(e) result in the creation or imposition of any lien, mortgage, pledge, limitation, restriction, charge, claim, security interest or encumbrance upon any of the properties or assets of Purchaser; or

(f) violate or result in the modification, revocation, termination or suspension of any material license, permit, franchise, authorization or approval of any Governmental Entity required to permit the continued lawful conduct of Purchaser's business in the manner now conducted.

3.4 Consents and Approvals. Except as contemplated in Sections 4.6 and

5.2, no consent, waiver, authorization or approval of, declaration or notification to, or filing or registration with, any Governmental Entity or Person is legally (by law, regulation, contract or otherwise) required on the part of Purchaser in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of its obligations hereunder or compliance by Purchaser with the provisions hereof.

3.5 Accuracy of Information. All documents, agreements and other papers and materials delivered by or on behalf of Purchaser in connection with this Agreement and the transactions contemplated hereby are true and correct in all material respects. None of the representations, warranties or statements of Purchaser contained in this Agreement, or in any other agreement, instrument or document executed or delivered by or on behalf of Purchaser in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the representations, warranties or statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

3.6 Investment Intent. Purchaser is purchasing the Shares for its own account and not with a view to distribution or sale.

3.7 Litigation. Except as set forth in Schedule 3.7, there are no claims, actions, suits, proceedings, complaints, charges, labor disputes or investigations pending or, to the knowledge of Purchaser, threatened before any Governmental Entity or before any arbitrator of any nature, brought by or against Purchaser or any of its officers, directors, employees, agents or affiliates. Except as set forth in Schedule 3.7, Purchaser nor any of its assets or properties is subject to or overtly threatened by any order, writ, judgment, award, injunction or decree of any Governmental Entity or arbitrator, which affects or might affect its assets, properties, operations, prospects, or financial condition or which would or might interfere with the transactions contemplated by this Agreement, except for claims made in the ordinary course of insurance business other than those based upon allegations of lack of good faith and fair dealing and except for claims which will not have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Purchaser.

3.8 Compliance with Laws. Except as set forth in Schedule 3.8, to Purchaser's knowledge, the business and operations of the Purchaser have been and are being conducted in accordance and in substantial

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compliance with all laws, statutes, rules, regulations, judgments, writs, decrees, injunctions, awards, orders and other legal requirements of any Governmental Entity applicable thereto, except for violations which heretofore have been duly cured and except for violations which individually or in the aggregate would not have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Purchaser taken as a whole. Except as set forth in Schedule 3.8, to Purchaser's knowledge Purchaser has not received notice of the issuance of any notice, violation or alleged violation of any such law, statute, rule, regulation, judgment, writ, decree, injunction, award, order or other legal requirement, except for violations which heretofore have been duly cured, nor is Purchaser in default with respect to any order, writ, judgment, award, injunction or decree of any Governmental Entity. Except as set forth on Schedule 3.8, to the best of Purchaser's knowledge, Purchaser has not been notified by a Governmental Entity that an investigation or review by such Governmental Entity, with respect to the violation by Purchaser of any

applicable law, statute, rule, regulation, judgment, writ, decree, injunction, award or order, is pending or has been threatened.

4.

COVENANTS OF SELLER

Seller hereby covenants and agrees with Purchaser as follows:

4.1 Conduct of Business. Except as otherwise provided in this Agreement, from the date hereof through the Closing Date, Seller shall cause the Company not to enter, perform or agree to enter or perform any transaction or act that would result in any of the representations and warranties contained in Section 2 to be untrue or incorrect in any material respect as of the Closing Date, that would be likely to cause any condition set forth in this Agreement to be unsatisfied or that would otherwise jeopardize the transactions contemplated hereby. Seller shall cause the Company to conduct its business in the ordinary course of business consistent with past practice. Seller shall further use reasonable efforts from the date hereof through the Closing Date to preserve and enhance the business of the Company and to preserve intact the business organization of the Company and to otherwise preserve its present business relationships and the good will of those having business relationships with the Company.

4.2 Negative Covenants. Except for actions required by law, regulation, a Governmental Entity or which will not have or threaten to have a material adverse effect on the assets, properties, operations, prospects, or financial condition of the Company, during the period commencing on the date of this Agreement and ending on the Closing Date, Seller shall not, without the prior consent of Purchaser, cause, permit or suffer the Company to take any action within Seller's control to:

(a) Amend its charter documents or by-laws;

(b) Declare, set aside or pay any dividend or make any distribution on or with respect to shares of its capital stock (including the Shares);

(c) Transfer, issue, sell or otherwise dispose of any shares of capital stock or other security of the Company or grant or enter into any options, warrants, agreements, conversion rights, exchange rights, preemptive rights or other rights to subscribe for, purchase or otherwise acquire, or issue securities convertible into or exchangeable for or pledge or encumber any shares of capital stock or other security of the Company, or purchase, call, redeem or otherwise acquire any shares of capital stock or other security of the Company;

(d) Acquire any assets or properties, other than in the ordinary course of business and consistent with past practice;

(e) Sell, lease, transfer, dispose of, any assets or properties, other than for fair consideration in the ordinary course of business and consistent with past practice;

(f) Enter into or effect any merger, consolidation, reclassification, recapitalization or other business combination or reorganization;

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(g) Assume, guarantee, endorse or otherwise become liable or

responsible (whether direct, contingent or otherwise) for the obligations of any other Person, except endorsements in the ordinary course of business and consistent with past practice in connection with the deposit of items for collection;

(h) Except in the ordinary course of business, make any loans, advances or capital contributions to or investments in any Person;

(i) Cause or permit any of Company's own current insurance (or reinsurance) policies to be canceled or terminated or any of the coverage thereunder to lapse or to be decreased, unless simultaneously with such termination, cancellation or lapse, the Company obtains replacement policies from the same or comparable insurers providing coverage which is the same as or comparable to that provided under the canceled, terminated or lapsed policies;

(j) Sell, transfer, license or otherwise dispose of or encumber any item of Intangible Assets;

(k) Cancel or compromise any debt or claim or waive, release, grant or transfer any rights of value or modify or change in any material respect any existing license, lease, contract or other document, other than in the ordinary course of business and consistent with past practice;

(l) Except in the ordinary course of business, hire any employees or implement any Employee Benefit Plans or Employee Policies and Procedures;

(m) Grant any stock options, restricted stock grants or stock appreciation rights;

(n) Enter into any contract, lease, commitment or other agreement of any type whatsoever, unless terminable without liability to it on notice of thirty (30) days or less;

(o) Create, incur or assume any indebtedness except for normal trade payables incurred in the ordinary course of business;

(p) Cause or permit the Company's assets and properties to not be maintained in their current condition, ordinary wear and tear excepted;

(q) (i) Not maintain Company's books, accounts and records other than in the ordinary course of business consistent with past practices, (ii) not continue to collect accounts receivable and pay accounts payable utilizing Company's normal procedures and (iii) not comply with all material contractual and other obligations applicable to its operations;

(r) Enter into any commitment for capital expenditures of the Company in excess of \$10,000 for any individual commitment and \$50,000 for all commitments in the aggregate;

(s) Enter into any transaction or make or enter into any contract, agreement or instrument which by reason of its size or otherwise is not in the ordinary course of business consistent with past practice; or

(t) Enter into any contract, agreement, instrument or transaction in excess of \$10,000, individually, or \$50,000 in the aggregate, not including insurance policies or reinsurance agreements;

(u) Write any insurance policy or enter into any reinsurance agreement, except in the ordinary course of business;

(v) Take any action or fail to take any action which would cause the Company's Licenses to lapse;

(w) Make any material change in the underwriting, actuarial, financial or accounting practices customarily followed by the Company.

4.3 Positive Covenants. On or prior to the Closing Date, Seller shall take or cause Company to take the following actions:

(a) Seller will cancel and unconditionally forgive the surplus debenture in the amount of \$400,000.00 made payable to Seller from Company and dated September 7, 1982, (Certificate No. 2) and the surplus debenture in the amount of \$300,000.00 made payable to Seller from Company and dated July 2, 1982 (Certificate No. 1) (the "Debentures") and, at Closing, will provide a release of the

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Debentures to Purchaser executed by an authorized officer of Seller, relieving Company of any obligation whatsoever under the Debentures;

(b) Seller will redeem or satisfy in full all securities and/or debt (including notes payable) issued by Seller and owned by or made to Company, or the value of any such securities or debt may be deducted from the Net Cash Settlement and the security or debt so applied shall be canceled and forgiven by Company in a release acceptable to Seller;

(c) Seller will cooperate with and assist Purchaser in acquiring ownership of the 196.84 shares of the Company's common stock currently owned by the State of California (the "Minority Shares") by virtue of having been escheated to the state. Seller will pay one-half (1/2) of the purchase price paid to the State of California by Purchaser to acquire the Minority Shares and one-half (1/2) of any costs directly attributable to such acquisition.

(d) Seller will amend its Schedules provided pursuant to Article 2 as necessary prior to the Closing Date to make its representations and warranties true and correct as of the Closing.

4.4 Preparation of Statutory Insurance Statements. For any statutory accounting period which ends prior to the Closing, Seller shall prepare (or have prepared) and file, at its expense, any Statutory Insurance Statements due after Closing, and Purchaser shall cooperate fully with Seller in the preparation of such Statements.

4.5 Access to Properties and Records. To permit Purchaser to make such business, accounting and legal review and examination of the Company as Purchaser shall desire, Seller shall afford, and shall cause the Company to afford, to Purchaser and Purchaser's accountants, counsel and other representatives, access throughout the period prior to the Closing Date to the business, operations, properties, books, contracts, commitments and records of the Company as Purchaser or its representatives shall reasonably request. Seller shall cause the Company to cooperate with Purchaser and its representatives in their investigation and examination of the assets and properties of the Company.

4.6 Consents and Approvals. Seller (i) shall use its reasonable efforts to promptly obtain all necessary consents, waivers, authorizations and approvals of all Governmental Entities and Persons required in connection with the execution, delivery and performance by it of this Agreement and the transactions

contemplated hereby, and (ii) shall diligently assist and cooperate with Purchaser in preparing and filing all documents required to be submitted by Purchaser to any Governmental Entity in connection with such transactions (which assistance and cooperation shall include, without limitation, timely furnishing to Purchaser all information concerning Seller or the Company which, in the opinion of counsel to Purchaser, is required to be included in such documents), and in obtaining any governmental, or other third party consents, waivers, authorizations or approvals which may be required to be obtained by Purchaser in connection with such transactions, including, without limitation, the approvals contemplated in Section 5.2.

4.7 Third Party Agreements. Seller shall cooperate with Purchaser and use its reasonable efforts to assist Purchaser in obtaining any consents, or similar assurances from third parties required under or reasonably requested by Purchaser in connection with agreements, licenses, permits and other documents or instruments of the Company.

4.8 Further Assurances. Upon the reasonable request of Purchaser at any time on or after the Closing Date, Seller will, at its reasonable expense, forthwith execute and deliver such further instruments of assignment, transfer, conveyance, endorsement, direction or authorization and other documents as Purchaser or its counsel may request in order to perfect title of Purchaser and its successors and assigns in and to the Shares or otherwise to effect the purposes of this Agreement.

4.9 Satisfaction of Conditions. Seller agrees to use its reasonable efforts to cause the conditions to obligations of Purchaser set forth in Section 6 to be fulfilled.

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5.

COVENANTS OF PURCHASER

Purchaser hereby covenants and agrees with Seller as follows:

5.1 Conduct of Business. From the date hereof through the Closing Date, Purchaser shall not enter, perform or agree to enter or perform any transaction or act which would result in any of the representations and warranties contained in Section 3 to be untrue or incorrect in all material respects as of the Closing Date, that would be likely to cause any condition set forth in this Agreement to be unsatisfied or that would otherwise jeopardize the transactions contemplated hereby.

5.2 Consents and Approvals. Purchaser (i) shall use its reasonable efforts to promptly obtain all necessary consents, waivers, authorizations and approvals of appropriate Governmental Entities or other Persons required in connection with the execution, delivery and performance by Purchaser of this Agreement and (ii) shall diligently assist and cooperate with Seller in preparing and filing all documents required to be submitted by Seller to any Governmental Entity in connection with such transactions (which assistance and cooperation shall include, without limitation, timely furnishing to Seller all information concerning Purchaser which, in the opinion of counsel to Seller, is required to be included in such documents), and in obtaining any governmental or third party consents, waivers, authorizations or approvals which may be required to be obtained by Seller in connection with such transactions, including without limitation, the consents and approvals contemplated in Section 4.6 hereof.

5.3 Satisfaction of Conditions. Purchaser agrees to use best efforts to cause the conditions to obligations of Seller set forth in Section 7 to be fulfilled.

5.4 Completion of Due Diligence. Purchaser and Purchaser's representatives shall complete their due diligence review of the Company (the "Due Diligence"), at Purchaser's expense, within thirty (30) days of execution of this Agreement (the "Due Diligence Completion Date"). If on or before the Due Diligence Completion Date, the Due Diligence is not satisfactory to Purchaser or if Purchaser notifies Seller of any condition which is not as represented in Section 2, Purchaser shall have the unilateral right to terminate this Agreement immediately upon written notice to Seller. The notice shall specify with particularity the unsatisfied condition or conditions or due diligence issue(s) that Purchaser reasonably asserts as a basis for the proposed termination. The termination shall be effective following twenty (20) days from the date of receipt of the notice unless the specified unsatisfied condition or conditions or due diligence issue(s) have been cured on or before the effective date for termination. Purchaser shall inform Seller of any information that it considers necessary to review in order to make a determination to purchase the stock and shall inform Purchaser of any additional information that it deems necessary to review prior to Closing.

5.5 Corporate Approvals. Purchaser shall have secured the requisite approval of this Agreement and the transactions contemplated hereby from the board of directors of Purchaser and Purchaser's stockholders within ten business days of execution of this Agreement.

5.6 Purchaser's Intent. Purchaser is purchasing the stock for its own account and not with a view to the distribution thereof.

5.7 Third Party Agreements. Purchaser shall cooperate with Seller and use its reasonable efforts to assist Seller in obtaining any consents, or similar assurances from third parties required under or reasonably requested by Seller in connection with agreements, licenses, permits and other documents or instruments of the Company.

5.8 Positive Covenants. On or prior to the Closing Date, Purchaser will take the following actions:

(a) Purchaser will cause Company to forgive agents balances due Company from the Firingline as of the Closing Date and will further cause Company to pay to Firingline in full all agent's commissions due on the business represented by forgiven balances pursuant to the Agency Agreement;

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(b) Purchaser may, in its sole discretion, cause Company to re-hire, on terms agreed to by Purchaser, Company and the employee, such employees as Purchaser shall desire to retain for Purchaser and/or Company;

(c) Purchaser, and its successors and assigns, will ratify and re-affirm the Supervising General Agent's Commission Agreement originally entered into with OZCO Insurance Services, Inc. on February 1, 1976, and assigned to Firingline Corporation on June 24, 1985, and all amendments, modifications and additions thereto (the "Firingline Agreement"), upon the same terms and conditions set forth in the Firingline Agreement as of the date of execution of this Agreement.

(d) Purchaser will pay one-half (1/2) of the purchase price paid to

the State of California to acquire the Minority Shares and one-half (1/2) of any costs directly attributable to such acquisition.

6.

CONDITIONS TO OBLIGATIONS OF PURCHASER

All obligations of Purchaser under this Agreement are subject to the fulfillment, at or prior to the Closing Date, of the following conditions:

6.1 Representations and Warranties of Seller. All representations and warranties made by Seller in this Agreement shall be true and correct in all material respects on and as of the time of Closing as if again made by Seller on and as of such date, and Purchaser shall have received a certification of that fact dated as of the Closing Date and signed by the President or any authorized Vice President of the Seller.

6.2 Covenants of Seller. Seller shall have performed and complied in all material respects with all covenants and obligations required under this Agreement to be performed with which it must comply on or prior to the Closing Date, and Purchaser shall have received a certificate to such effect dated the Closing Date and signed by the President or any authorized Vice President of the Seller.

6.3 Consents and Approvals. All consents, waivers, authorizations and approvals of any Governmental Entity, arbitrator or Person, required in connection with the execution, delivery and performance of this Agreement, including, without limitation, (i) the approvals contemplated in Section 5.2, and (ii) any and all material consents required from third parties under any contracts, agreements, licenses, leases and other instruments, relating to the business of the Company, shall have been duly obtained and shall be in full force and effect on the Closing Date and in form and substance reasonably satisfactory to Purchaser provided that Purchaser may terminate this Agreement pursuant to Section 9.1(b) and have no further obligation thereunder of any kind in the event:

(a) Purchaser is unable on or before January 1, 1997, to obtain the required approval of Governmental Entities with proper jurisdiction for acquisition of the Company's Shares; or

(b) Purchaser is unable, on or before January 1, 1997, to obtain the required approval of Governmental Entities with proper jurisdiction to merge the Company with Purchaser; or

(c) Purchaser is unable, on or before January 1, 1997, to obtain such regulatory approval that will allow it to simultaneously acquire the Company's license or certificate of authority or a new license or certificate of authority for Purchaser as the merger survivor in California.

6.4 No Violation of Orders. There shall not be in effect on the Closing Date any statute, rule, regulation, rule, decree, writ, order, preliminary or permanent injunction or other order issued, promulgated or enacted by any Governmental Entity which declares this Agreement invalid in any respect or prevents the consummation of the transactions contemplated hereby; and no action or proceeding shall have been instituted or threatened by any Governmental Entity which seeks to prevent or delay the consummation of the transactions contemplated by this Agreement or which challenges the validity or enforceability of this Agreement or any term or provision hereof or seeks damages as a result of the transactions contemplated by this Agreement.

6.5 No Material Adverse Change. During the period from the date of this Agreement to the Closing Date, there shall have been no material adverse change in or any event or occurrence which would result in a material adverse change in, or any litigation, which in the reasonable opinion of Purchaser, might result in any material adverse change in the assets (including insurance in force), liabilities, properties, operations, prospects, or financial condition of the Company, and Purchaser shall have received a certificate to such effect dated the Closing Date and signed by the President of the Seller.

6.6 Inter-Affiliate or Related Party Debt, Agreement or Investments. Purchaser shall have received such agreements and assurances as it shall reasonably require evidencing the forgiveness and release of all inter-affiliate or other obligations owed by the Company to Seller or any of their respective affiliates, or Related Parties; the cancellation and forgiveness of any obligation under any interaffiliate or Related Party contracts, agreements, arrangements or understandings of any nature; and the elimination of any interaffiliate or Related Party investment owned by the Company.

6.7 Other Closing Documents. Purchaser shall have received such other certificates, instruments and documents in confirmation of the covenants, representations, warranties of Seller contained in this Agreement or in furtherance of the transactions contemplated by this Agreement, as Purchaser or its counsel may reasonably request.

6.8 Legal Matters. All certificates, instruments, opinions and other documents required to be executed or delivered by or on behalf of Seller under the provisions of this Agreement, and all other actions and proceedings required to be taken by or on behalf of Seller in furtherance of the transactions contemplated hereby, shall be reasonably satisfactory in form and substance to counsel for Purchaser.

6.9 Resignation of Directors and Officers. The individuals constituting all of the directors and officers of the Company shall have delivered to Purchaser their written resignations from all positions elected to and/or held in such entity.

6.10 Corporate Approvals. Seller shall have secured the requisite approval of this Agreement and the transactions contemplated hereby from the board of directors of Seller within fifteen (15) business days of execution of this Agreement and approval of Seller's shareholders no later than November 30, 1996, unless extended by agreement of Seller and Purchaser.

6.11 Minority Shares. Purchaser shall have acquired ownership of the Minority Shares on or prior to the Closing Date.

7.

CONDITIONS TO OBLIGATIONS OF SELLER

All obligations of Seller under this Agreement are subject to the fulfillment, at or prior to the Closing Date, of the following conditions:

7.1 Representations and Warranties of Purchaser. All representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects as of the Closing Date as if again made by Purchaser on and as

of such date, and Seller shall have received a certificate to such effect dated the Closing Date and signed by the Chairman of the Board, the President or any Vice President of Purchaser.

7.2 Performance of Purchaser's Obligations. Purchaser shall have performed and complied in all material respects with all obligations required under this Agreement to be performed by it on or prior to the Closing Date, and Seller shall have received a certificate to such effect dated the Closing Date and signed by the Chairman of the Board, the President or any Vice President of Purchaser.

7.3 No Violation of Orders. There shall not be in effect on the Closing Date any statute, rule, regulation, decree, writ, executive order, preliminary or permanent injunction or other order issued by any Governmental Entity which declares this Agreement invalid or unenforceable in any respect or which prevents the consummation of the transactions contemplated hereby; and no action or proceeding shall have been instituted or threatened by any Governmental Entity which seeks to prevent or delay the consummation of the

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transactions contemplated by this Agreement or which challenges the validity or enforceability of this Agreement or any term or provision hereof or seeks damages as a result of the transactions contemplated by this Agreement.

7.4 Other Closing Documents. Seller shall have received such other certificates, instruments and documents in confirmation of the covenants, representations and warranties of Purchaser or in furtherance of the transactions contemplated by this Agreement as Seller or its counsel may reasonably request.

7.5 Legal Matters. All certificates, instruments, opinions and other documents required to be executed or delivered by or on behalf of Purchaser under the provisions of this Agreement, and all other actions and proceedings required to be taken by or on behalf of Purchaser in furtherance of the transactions contemplated hereby, shall be reasonably satisfactory in form and substance to counsel for Seller.

7.6 Consents and Approvals. All consents, waivers, authorizations and approvals of any Governmental Entity, arbitrator or Person, required in connection with the execution, delivery and performance of this Agreement, including, without limitation, (i) the approvals contemplated in Section 4.6, and (ii) any and all material consents required from third parties under any contracts, agreements, licenses, leases and other instruments, relating to the business of the Company, shall have been duly obtained and shall be in full force and effect on the Closing Date and in form and substance satisfactory to Seller, provided that Seller may terminate this Agreement pursuant to Section 9.1(c) and have no further obligation thereunder of any kind in the event:

(a) Purchaser or Seller is unable to obtain the required approval of Governmental Entities with proper jurisdiction for the transaction contemplated by this Agreement; or

(b) Purchaser is unable, within sixty (60) days following regulatory approval to acquire the Shares, to obtain the required approval of Governmental Entities with proper jurisdiction to merge the Company with Seller; or

(c) Purchaser is unable to obtain such regulatory approval following

the merger to simultaneously acquire the Company's license or certificate of authority or a new license or Certificate of Authority for Purchaser as the merger survivor in California.

(d) Seller is unable to obtain timely approvals under Section 6.11.

8.

INDEMNIFICATION

8.1 Indemnification by Seller. Subject to the terms and conditions of this Section 8, Seller shall indemnify, defend and hold harmless Purchaser and its directors, officers, employees, agents and subsidiaries from and against any and all losses, costs, liabilities, damages and expenses, including, without limitation, reasonable legal fees and other expenses incurred in the investigation and defense of claims and actions (the "Damages") resulting from or arising out of any material inaccuracy in or material breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement or in any Schedule, Exhibit, instrument or other document delivered pursuant to or in connection with this Agreement; provided, however, that any claim hereunder:

(a) with respect to representations, warranties, covenants and agreements of Seller contained in or pertaining to Article 2.11 and Article 11, must be made within the period of limitation provided in Section 11.11, herein;

(b) with respect to any representations, warranties, covenants and agreements of Seller contained in this Agreement not specified in or subject to Subsections (a), above, must be made no later than two (2) years after the Closing Date.

8.2 Indemnification by Purchaser. Subject to the terms and conditions of this Section 8, Purchaser shall indemnify, defend and hold harmless Seller and its directors, officers, employees, agents and subsidiaries

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from and against any and all Damages resulting from or arising out of any material inaccuracy in or material breach of any representation, warranty, covenant or agreement of Purchaser contained in this Agreement, or in any Schedule, Exhibit, instrument or other document delivered pursuant to or in connection with this Agreement; provided, however, that any claim hereunder must be made no later than two (2) years after the Closing Date.

8.3 Notice of Asserted Liability. Promptly after receipt by any party (the "Indemnatee") of notice of the assertion of any claim or the commencement of any action against it in respect of which indemnity or reimbursement may be sought hereunder (an "Assertion"), such Indemnatee shall promptly give written notice (the "Claims Notice") to the party obligated to provide indemnification pursuant to this Section 8 (the "Indemnitor") of the Assertion, but the failure to so notify any Indemnitor shall not relieve any Indemnitor of any liability it may have to the Indemnatee hereunder except to the extent such Indemnitor has been prejudiced thereby. The Indemnitor shall be entitled to participate in and, to the extent the Indemnitor elects by written notice to the Indemnatee within 30 calendar days after receipt by the Indemnitor of notice of such Assertion, to assume the defense of such Assertion, at its own expense, with counsel chosen by the Indemnitor and reasonably satisfactory to the Indemnatee. Notwithstanding that the Indemnitor shall have elected by such written notice to assume the

defense of any Assertion, the Indemnitee shall have the right to participate in the investigation and defense thereof, with separate counsel chosen by such Indemnitee, but in such event the fees and expenses of such counsel shall be paid by such Indemnitee unless (i) the Indemnitor shall have agreed to pay such fees and expenses, (ii) the Indemnitor shall have failed to assume the defense of such Assertion with counsel reasonably satisfactory to such Indemnitee, or (iii) in the reasonable judgment of such Indemnitee, based upon advice of its counsel, a conflict of interest exists between the Indemnitor and such Indemnitee with respect to such Assertion (in which case, if such Indemnitee notifies the Indemnitor that such Indemnitee elects to employ separate counsel, the Indemnitor shall not have the right to assume the defense of such Assertion on behalf of such Indemnitee). Notwithstanding anything to the contrary in this Section 8.3, the Indemnitor shall not, without the written consent of such Indemnitee, settle or compromise any action or consent to the entering of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to such Indemnitee of a duly executed written release of such Indemnitee from all liability in respect of such Assertion, which release shall be satisfactory in form and substance to counsel to such Indemnitee, or settle or compromise any action in any manner that, in the sole judgment of such Indemnitee or its counsel, may materially and adversely affect such Indemnitee.

8.4 Certain Limitations on Remedies. Notwithstanding anything to the contrary set forth in this Agreement:

(a) Seller shall not have any obligation to protect, hold harmless or indemnify Purchaser from and against any Damages resulting from or arising out of the breach of any warranty, representation, covenant or agreement of Seller until Purchaser has suffered aggregate losses by reason of all such breaches in excess of \$50,000.00 (after which point Seller will be obligated to indemnify Purchaser from and against all such aggregate Damages in excess of \$10,000.00; provided, however, Seller's maximum liability under this Agreement shall not exceed the aggregate amount of the Purchase Price.

(b) The parties hereto shall make appropriate adjustments for tax benefits and insurance proceeds (reasonably certain of receipt as verified by an independent, qualified CPA firm) in determining the amount of Indemnitee's Damages.

9.

TERMINATION AND ABANDONMENT

9.1 Methods of Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by the mutual written consent of Seller and Purchaser;

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(b) by Purchaser, if all of the conditions set forth in Section 6 of this Agreement shall not have been substantially satisfied or waived on or prior to January 1, 1997;

(c) by Seller, if all of the conditions set forth in Section 7 or Section 6.3(ii)(a), (b) and (c) of this Agreement shall not have been substantially satisfied or waived on or prior to January 1, 1997;

(d) by either Seller or Purchaser if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before January 30, 1997, or such later date as the parties may mutually agree upon;

(e) by Purchaser if Purchaser, in its sole discretion, is not satisfied, on or before the Due Diligence Completion Date, that all life insurance policies issued by the Company either have been or are currently in compliance with Code Section 7702 and other applicable Tax law provisions to be defined and qualify as "life insurance contracts" under Section 7702, whether Seller has knowledge of any instance of non-compliance or not.

provided, that no party shall have the right to terminate this Agreement unilaterally pursuant to Section 9.1(b) or (c) if the failure to consummate the transactions contemplated hereby shall be primarily attributable to the party seeking such unilateral termination or to any affiliate of such party. The party electing to terminate this Agreement under section 9.1(b) or (c) shall give notice of such termination to the other party. The notice shall specify with particularity the condition or conditions not satisfied upon which the proposed termination is based. The termination shall be effective following twenty (20) days from the date of receipt of the notice unless the specified unsatisfied condition or conditions have been cured on or before the effective date for termination.

9.2 Effect of Termination. In the event of termination and abandonment of this Agreement pursuant to Section 9.1 hereof, written notice thereof shall forthwith be given to the other party, and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by Seller or Purchaser. In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of Seller or Purchaser except as set forth in Sections 10.3, 10.4, 10.10, 10.13 and 10.14 and except to the extent that such termination results from the willful breach by a party hereto of any of its representations, warranties, covenants or agreements set forth herein.

10.

MISCELLANEOUS PROVISIONS

10.1 Survival. The respective representations, warranties, covenants, agreements and indemnification obligations of each of the parties to this Agreement shall survive the Closing Date and the consummation of the transactions contemplated by this Agreement for the periods set forth in Sections 8.1 and 8.2 hereof as to Seller and Purchaser, respectively. In the event of a material breach of any of such representations, warranties, covenants or agreements, the party to whom such representations, warranties, covenants or agreements have been made shall have all rights and remedies for such breach available to it under the provisions of this Agreement or otherwise, whether at law or in equity, regardless of any investigation made by or on behalf of such party on or before the Closing Date; provided, however, if the damaged party knew or had reason to know of any misrepresentation or any breach of a representation, warranty, covenant or agreement on or before the Closing, such party's sole remedy shall be the release of its obligation to close this transaction.

10.2 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, heirs,

representatives and assigns, as the case may be; provided, however, that no party shall assign or delegate this Agreement or any of the rights or obligations created hereunder without the prior written consent of the other party. Except as set forth in this Section 10.2, nothing in this Agreement shall confer upon any Person not a party to this Agreement, or the legal representatives of such Person any rights or remedies of any nature or kind whatsoever under or by reason of this Agreement.

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10.3 Brokers and Finders. Seller represents and warrants that it has not engaged any broker or finder in connection with the transactions contemplated by this Agreement. Purchaser represents and warrants that Purchaser has not engaged any broker or finder in connection with the transactions contemplated by this Agreement.

10.4 Expenses. Except as otherwise expressly provided in this Agreement, the parties hereto shall bear their respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants.

10.5 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been given or made, if delivered personally or transmitted by telex, telecopy or telegram, on the date so delivered or transmitted, or if mailed by registered or certified mail (postage prepaid, return receipt requested), on the fifth business day after the date so mailed, to the parties at the following addresses:

<TABLE>

<S>	<C>	<C>
(a)	if to Purchaser, to:	Unified Life Insurance Company 7201 W. 129th Street, Suite 300 Overland Park, Kansas 66213 Attn: Frank Neidig Fax: (913) 685-2204
	with a copy to:	Roan & Autrey, P.C. 710 First State Bank Building 400 West Fifteenth Street Austin, Texas 78701-1647 Attn: Jeff W. Autrey Fax: (512) 469-0470
(b)	if to Seller, to:	John Adams Life Corporation 11845 West Olympic Boulevard, Suite 905 Los Angeles, California 90064 Attn: Benjamin A. DeMotto Fax: (310) 444-5296
	with a copy to:	Alvin S. Milder 134 Greenfield Avenue Los Angeles, CA 90049 Fax: (310) 472-5652

</TABLE>

or to such other persons or at such other addresses as shall be furnished by any party by like notice to the other, and such notice or communication shall be deemed to have been given or made as of the date so delivered or transmitted or

on the fifth business day after the date so mailed.

10.6 Entire Agreement. This Agreement, together with the Schedules attached hereto, represents the entire agreement and understanding of the parties hereto with reference to the transactions set forth herein, and no representations, warranties or covenants have been made in connection with this Agreement, either express or implied, other than those expressly set forth herein, in the Schedules or in the certificates, agreements and other documents delivered in connection with the transactions contemplated hereby. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement and all prior drafts of this Agreement, all of which are merged into this Agreement. Each party hereto agrees to adhere to a standard of reasonableness in determining its approvals and in exercising its discretion under this Agreement.

10.7 Waivers, Amendments and 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 Seller and Purchaser or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in

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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 such 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.

10.8 Section Headings. The Section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof.

10.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

10.10 Litigation Assistance. Seller agrees from and after the Closing Date to cooperate with Purchaser and the Company, at Purchaser's expense, unless Seller is an Indemnitor under Section 8.1 hereof, with respect to any action, suit, proceeding or investigation pending or threatened against the Company or any of its respective successors and assigns.

10.11 Schedules. The Schedules referenced herein have been delivered to all parties and are a part of this Agreement as if fully set forth herein. All references herein to Sections, clauses, Schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.

10.12 Miscellaneous Undertakings. From the date of this Agreement until the earlier of (i) the Closing or (ii) the termination of this Agreement, the Seller agrees that it will not, directly or through any representative, solicit, engage in any discussions relating to, or accept any other offers for the acquisition or other disposition of Company. Nothing in this Agreement shall be deemed to prohibit or hinder the Board of Directors of Seller or the Company from performing their respective fiduciary duties.

10.13 Arbitration. Any controversy or claim arising out of, or relating to, this Agreement, or the making, performance, or interpretation of it, will be settled by arbitration under the commercial arbitration rules of the American

Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. The prevailing party shall be entitled to recover reasonable attorney fees and other costs in any action brought under this Agreement.

10.14 Confidentiality. Purchaser agrees that, unless and until the Closing has been consummated, Purchaser and its officer, directors, and other representatives will hold in strict confidence, all data and information about the business of Seller and Company obtained in connection with this transaction or Agreement. If the transactions contemplated by this Agreement are not consummated, Purchaser will return to Seller all data and information that Seller may reasonably request.

10.15 Materiality. Notwithstanding anything to the contrary in this Agreement, any inaccurate representation or any alleged violation of any representation, warranty or covenant contained herein that does not have a material adverse effect on the financial, operational or legal standing of the Company, Seller or Purchaser, respectively, shall not constitute grounds for asserting a breach of this Agreement by a party. For the purposes of this Agreement, the term "material adverse effect" shall mean:

(a) Any adverse financial circumstances, condition or development which would adversely affect the financial condition of Seller, Company or Purchaser, respectively, in an amount equal to or greater than \$50,000.00; or

(b) Any adverse operational circumstance, condition or development which would have a significant affect on the ability of Seller, Company or Purchaser to continue their operations in the ordinary course of business; or

(c) Any adverse legal circumstance, condition or development which would have a significant affect on the ability of Seller, Company or Purchaser to continue their operations in the ordinary course of business.

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11.

TAX MATTERS

11.1 Certain Defined Terms. For purposes of this Agreement: (a) "Pre-Acquisition Periods" means all periods (whether or not they conclude with the end of a taxable year or taxable period) ending on or before the Closing, (b) "Post-Acquisition Periods" means all periods (whether or not they commence with the beginning of a taxable year or taxable period) beginning after the Closing, (c) "Period" means both a Pre-Acquisition Period and Post-Acquisition Period, and (d) the "Affiliated Group" of any corporation is the "affiliated group" of corporations (as defined in Section 1504(a) of the Code) that includes that corporation.

11.2 Existing Agreements and Other Matters. At the Closing Date, any Tax sharing agreement to which the Company is a party shall be terminated, and the Company shall have no further obligations under any Tax sharing agreement. Seller will not elect to retain or reattribute any net operating loss carryovers or capital loss carryovers of the Company under Treasury Regulation Section 1.1502-20(g).

11.3 Seller's Obligations. Except as provided in Section 11.7, the Seller

shall be responsible for and pay or discharge and shall indemnify and hold harmless the Purchaser and the Company with respect to (i) any and all Taxes imposed on the Company or for which the Company is liable, with respect to any Pre-Acquisition Period, (ii) all Taxes imposed on Purchaser, Company, or an affiliate of either of them arising out of a breach of the Seller's representations, warranties or covenants contained in Section 2.11 hereof, (iii) any costs or expenses with respect to Taxes indemnified under this Section 11.3, (iv) any liability for Taxes arising out of the inclusion of the Company in any consolidated, combined or unitary return, with respect to any Pre-Acquisition Period, including any Taxes attributable to deferred income triggered into income by Treasury Regulation Sections 1.1502-14 and any excess loss accounts taken into income under Treasury Regulation Section 1.1502-19 on the Seller's consolidated income tax return and (v) any Taxes arising out of any adjustment pursuant to Section 481(a) of the Code to the extent such adjustment arose in a Pre-Acquisition Period. The Seller shall be entitled to any refund, net of any tax effect to the Purchaser or Company, of any and all Taxes that are the Seller's responsibility pursuant to this Section and, unless such refunds are received directly by Seller from the relevant taxing authority, Purchaser agrees to deliver to Seller an amount of cash equal to such refunds plus the interest actually received thereon within thirty (30) business days after receipt of such refunds by Purchaser or Company.

11.4 Purchaser's Obligations. Except as provided in Section 11.7, from and after the Closing, Purchaser and the Company shall be solely responsible for the payment or discharge of, and shall indemnify and hold Seller harmless from, all Taxes imposed on the Company (i) with respect to all Post-Acquisition Periods and (ii) any costs or expenses with respect to such Taxes. The Purchaser or the Company shall be entitled to any refund of any and all Taxes that are Purchaser's and the Company's responsibility pursuant to the immediately preceding sentence.

11.5 Transaction Taxes. All sales, use, transfer, real property gains, stamp, conveyance, and value added Taxes, duties, excises or government charges (except filing fees) with respect to the transactions contemplated by this Agreement shall be shared by Seller and Purchaser. Seller and Purchaser shall cooperate with each other in order to minimize the payments of Taxes contemplated by this Section 11.5.

11.6 Apportionment. For the sole purpose of appropriately apportioning any Taxes relating to a period that includes (but that would not end on) the Closing Date, the parties hereto will, to the extent permitted by applicable law, elect with the relevant taxing authority to treat for all purposes the Closing Date as the last day of a taxable period of the Company. In the case where applicable law does not permit the Company to treat the Closing Date as the last day of a taxable period, then for purposes of this Agreement, the portion of such Tax that is attributable to the Company for the part of such taxable period that ends on the Closing Date shall be (a) in the case of a Tax that is not based on net income, the total amount of such Tax for the full taxable period that includes the Closing Date multiplied by a fraction, the numerator of which is the number of days from the beginning of such taxable period to and including the Closing Date and the denominator of which is the total number of days in such full taxable period, and (b) in the case of a Tax that is based on net income, the Tax that would be due with respect to such partial period, if such partial period were a full taxable period,

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apportioning income, gain, expenses, loss, deductions and credits equitably based on an interim closing of the books. The benefits of lower tax brackets and

other similar benefits shall be apportioned in making the calculation of such allocated portions on the basis of the number of days in the respective Purchaser's and the Seller's holding periods for the taxable period beginning before and ending after the Closing Date. Within thirty days after the actual liability for such Taxes has been determined, the Purchaser and Seller shall jointly prepare a schedule detailing the calculation of the actual liability, including the allocations required under this Section 11.6. Promptly thereafter, the Purchaser or the Seller, as the case may be, shall make a payment to the other party reflecting the allocations.

11.7 Contests. For purposes of this Agreement, a "Contest" is any audit, court proceeding or other dispute with respect to any Tax matter that affects the Company. Unless the Purchaser has previously received written notice from the Seller of the existence of such Contest, the Purchaser shall give written notice to the Seller of the existence of any Contest relating to a Tax matter that is the Seller's responsibility under Section 11.3 within ten (10) days from the receipt by the Purchaser of any written notice of such Contest, but no failure to give such notice shall relieve the Seller of any liability hereunder except to the extent such failure increases any interest or penalties that otherwise would be payable by Seller hereunder. Unless the Seller has previously received written notice from the Purchaser of the existence of such Contest, the Seller shall give written notice to the Purchaser of the existence of any Contest relating to a Tax matter for which the Purchaser has responsibility within ten (10) days from the receipt by the Seller of any written notice of such Contest but no failure to give such notice shall relieve the Purchaser of any liability hereunder except to the extent such failure increases any interest or penalties that otherwise would be payable by Purchaser hereunder. The Purchaser, on the one hand, and the Seller, on the other, agree, in each case at no cost to the other party, to cooperate with the other and the other's representatives in a prompt and timely manner in connection with any Contest. Such cooperation shall include, but not be limited to, making available to the other party, during normal business hours, all books, records, returns, documents, files, other information (including without limitation working papers and schedules), officers or employees (without substantial interruption of employment) or other relevant information necessary or useful in connection with any Contest requiring any such books, records, files, other items, persons and information. The Seller shall, at its election, have the right to represent the Company's interests in any Contest relating to a Tax matter relating to or arising in a Pre-Acquisition Period, to employ counsel of its choice at its expense, which counsel shall be reasonably acceptable to the Purchaser, and to control the conduct of such Contest, including settlement or other disposition thereof; provided, however, that the Purchaser shall have the right to consult with the Seller regarding any such Contest that may affect the Company for any Post-Acquisition Periods at the Purchaser's own expense, provided further that any settlement or other disposition of any such Contest may only be made with the consent of Purchaser, which consent shall not be unreasonably withheld. With regard to Contests relating solely to Tax matters that are the Seller's responsibility under Section 11.3 and which could have no effect on any Taxes that are the Purchaser's responsibility under Section 11.4, the Seller shall have the exclusive right to decide whether any consent or waivers to extend applicable statutes of limitations shall be granted. The Purchaser shall have the sole and exclusive right to control the conduct of any Contest, including settlement or other disposition thereof, with respect to any Tax matter relating to or arising in a Post-Acquisition Period; provided, however, that the Seller shall have the right to consult with the Purchaser regarding any such Contest that may affect the Company for any Pre-Acquisition Periods at the Seller's own expense, provided further that any settlement or other disposition of any such Contest may only be made with the consent of Seller, which consent shall not be unreasonably withheld.

11.8 Access to Records, Cooperation. Seller and Purchaser hereby agree to

afford the other party access to its books and records to the extent necessary to achieve the objectives of this Section 11. The Seller, the Purchaser, and the Company will cooperate fully with each other in connection with (a) the allocation of any item of income, deduction, gain, loss or credit for the taxable year in which the Closing occurs and (b) the preparation of any Tax return or report for the taxable period in which the Closing occurs.

11.9 Filing of Returns. The Seller shall prepare or cause to be prepared, consistent with past practices, all Tax returns of the Company (or any Affiliated Group of which it is or was a member) for all tax periods ending on or prior to the Closing Date. Seller shall deliver to the Purchaser for review a draft copy of such Tax

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returns thirty (30) days before the due date, including extensions of such returns, to the extent such returns have not been filed as of the execution date of this Agreement. The Purchaser or Company shall prepare and bear the expense of preparation of all other Tax returns of the Company.

11.10 Survival. All obligations under this Section 11 shall survive the Closing hereunder and continue until the end of three (3) years following the Closing Date.

11.11 Disputes. Any dispute as to any matter covered under this Section 11 shall be resolved by a nationally recognized accounting firm, to be chosen jointly by the Purchaser and the Seller. The fees and expenses of such accounting firm shall be borne equally by the parties.

11.12 Operational Rules. For all purposes of determining the sharing and allocation of Taxes and other matters under the provisions of this Section 11, the following rules and principles shall in all cases apply:

(a) The determination of a Tax with respect to a Period (or portion of a Period) shall, except as otherwise provided herein, be determined under applicable Tax law, including applicable Tax law relating to carryovers, without regard to timing or other adjustments, such as the debiting or crediting of reserves for Taxes, as may result under financial accounting principles.

(b) Any payment made under Sections 11.3, 11.4, 11.6, or 11.7 shall be net of any Tax benefits to (i) the Purchaser or the Company, or (ii) the Seller, as the case may be. For example, but without limitation, if, upon examination by any taxing authority of any Tax return or Tax payment of the Company, an item of deduction is shifted from a Pre-Acquisition Period to a Post-Acquisition Period, other than by way of carrybacks or carryovers, and such shifting results in a Tax benefit to the Purchaser or the Company in a Post-Acquisition Period and a Tax liability (or detriment) to the Seller or the Company in a Pre-Acquisition Period, then the Purchaser shall pay the Seller the lesser of the amount of such benefit or the amount of such liability (or detriment). It is intended by this Section 11.12(b) that neither party (Seller, on the one hand, or the Company or Purchaser, on the other) shall achieve a double benefit, or incur a double liability (or detriment), arising out of the same item of adjustment. Any payment required hereunder shall be made when such Tax benefit is realized (e.g., as a refund or as a reduction of Tax shown on a return) and shall include interest actually received from or allowed by such taxing authority.

(c) If and to the extent that any party (Seller and the Company on the

one hand, or Purchaser, on the other hand) makes or has made a payment to the other party, a taxing authority, or other person with respect to an item of Tax (including estimated Tax), the paying party shall have a right of payment against the other party under this Section 11 with respect to such item of Tax if and to the extent necessary to assure that double payments and omissions shall be avoided and the allocation of liability for Taxes among the parties under this Section 11 shall be implemented. The parties shall settle the balances owing between them for Taxes as promptly as practicable under the circumstances unless otherwise specifically provided.

11.13 No Section 338(h)(10) Election. Purchaser does not intend to make an express election pursuant to Code Section 338(h)(10) with respect to the purchase and sale of the stock of the Company hereunder. Seller shall not take any action where such act is inconsistent with such intent.

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IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be duly executed all as of the date first written above.

PURCHASER:

UNIFIED LIFE INSURANCE COMPANY

By: WILLIAM M. BUCHANAN

Its: Chairman of the Board

SELLER:

JOHN ADAMS LIFE CORPORATION

By: BENJAMIN A. DeMOTTO

Its: CEO and President

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SCHEDULES

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SCHEDULE 1.3(a)

PURCHASE PRICE FORMULA

The purchase price shall be the sum of the amounts set forth below, based on the last preceding month end statutory statement:

1. Statutory capital and surplus; plus
2. The Asset Valuation Reserve; plus
3. The Interest Maintenance Reserve; plus
4. \$405,000.00.

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RIDER ATTACHED TO AND MADE A PART OF STOCK PURCHASE AGREEMENT (THE "AGREEMENT") BY AND BETWEEN UNIFIED LIFE INSURANCE COMPANY ("PURCHASER") AND JOHN ADAMS LIFE CORPORATION ("SELLER") FOR THE CAPITAL STOCK OF JOHN ADAMS LIFE INSURANCE COMPANY OF AMERICA ("COMPANY").

The Agreement is hereby amended as follows:

A. The date of the Agreement shall be October 24, 1996 (the "date of execution of this Agreement").

B. Section 6.3 is amended by changing "January 1, 1997" to "ninety (90) days from the date of execution of this Agreement" in subsections (a), (b) and (c) of Section 6.3.

C. Section 6.10 is amended by changing "November 30, 1996" to "seventy (70) days from the date of execution of this Agreement".

D. Section 9.1 is amended (i) by changing "January 1, 1997" to "ninety (90) days from the date of execution of this Agreement" in subsections (b)

and (c); and (ii) by changing "January 30, 1997" to "120 days from the date of execution of this Agreement" in subsection(d).

All other terms and conditions of the Agreement shall remain in full force and effect.

Purchaser:

Unified Life Insurance Company

By: WILLIAM M. BUCHANAN

Seller:

John Adams Life Corporation

By: BENJAMIN A. DeMOTTO

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