

**AMENDMENT #1 TO THE
REGULATORY SETTLEMENT AGREEMENT**

On December 6, 2006, a regulatory settlement agreement (the "RSA") was entered into among The MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company of Tennessee and The Chesapeake Life Insurance Company (collectively, the "Company") and the Massachusetts Division of Insurance (the "Division").

WHEREAS, the Company has given due consideration to the Division's requests that it provide alternative notice to all claimants eligible to participate in the RSA, unless a claimant has already re-submitted his or her claim for reassessment pursuant to the RSA; and

NOW, THEREFORE, pursuant to this amending provision of the RSA, the Company and the Division hereby agree as follows:

1. Section B.6.h.1 of the RSA is amended to read as follows:

"Beginning no later than the thirtieth day following the execution of this Amended Regulatory Settlement Agreement, the Company shall begin mailing notices (attached hereto as Exhibit 1 to the Amended Regulatory Settlement Agreement) to all eligible Claimants stating that they may resubmit their claim for further review by the Company.

The Company agrees to send a second notice to any Claimants who were sent a notice under the original Regulatory Settlement Agreement and who have not already contacted the Company about the original letter with the following paragraph added as the first paragraph of the notice:

"This is a second letter being sent to your attention regarding an offer to review the claims that are noted in this mailing. We are sending this second notice to extend the timeline presented in the original notice in case there was any confusion about the offer that our Company was extending to review the noted health insurance claims."

With respect to any Claimants whose mailed notice is undeliverable, the Company shall provide the Division with evidence that the efforts to locate Claimants are rigorous and thorough. Such efforts shall include the use of or consultation with third parties or their databases and additional letter forwarding services offered by the United States Postal Service."

2. Section B.6.h.3 of the RSA is amended to read as follows:

"The Company commits to use its best efforts to complete this Claim Reassessment Process by May 21, 2008."

EXHIBIT 1

Claim Department
9151 Boulevard 26
P.O. Box 822122
North Richland Hills, TX 76182-2122

[Date]

[name]
[address]
[address]

Re: Certificate # _____

Dear [personalized]:

As part of a settlement and in cooperation with the Massachusetts Division of Insurance, The MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company of Tennessee and The Chesapeake Life Insurance Company ("the Company") have agreed to implement a Claim Reassessment Process, under which certain health insurance claims you submitted and the Company denied, have been identified as eligible for the reassessment process. This process will be monitored by the Massachusetts Division of Insurance. A copy of the agreement is available on the Division of Insurance web site at www.mass.gov/doi under "DOI Regulatory Information." It is listed as the "Health Markets, Inc. Settlement."

Relevant information regarding your denied claim(s) is included on the enclosed Claim Reassessment Form. If you believe that your claim should have been paid, you are entitled to request that the Company review its decision to deny your claim. You are not required to participate in the Claim Reassessment Process if you believe that your claims were processed according to your understanding of the coverage.

If you intend to participate in the Claim Reassessment Process, **within 60 days of the date of this letter**, you must either complete and return the Claim Reassessment Form enclosed with this letter or contact the toll-free number listed below, and the Company will acknowledge its receipt of your request for reassessment. If you do contact us by phone, please be aware that we will not be able to begin our reassessment until we actually receive your Claim Reassessment Form describing the circumstances that you believe warrant the reassessment of your claim.

The Company will review the claims of those electing to participate in the reassessment process on a first-in-first-out basis. The Company will rely on information you provided in your Claim Reassessment Form when conducting its review of your claim(s).

The Company may be able to provide more detail regarding the denied claims. We recognize that you may not be able to recall some of the details of the claim(s). If you require additional information or assistance please place a toll free call to 866-836-1636.

Reassessment Letter Number _____

The Company will contact you if any specific information is still needed in order to reassess your claim(s) after reviewing your Claim Reassessment Form. Once our prior claim decision has been reassessed and any additional investigation is completed, we will advise you in writing about the decision and benefits that may be paid. If the Company decides to pay the claim, it will send you an affidavit that will need to be completed and signed by a notary. During the reassessment process, all claims will be administered according to the deductible, co-insurance and co-payments set forth in the certificate of insurance you had in force at the time of the claim.

We appreciate this opportunity to serve your insurance needs.

Sincerely,

William J. Gedwed
President

Reassessment Letter Number _____

3. This Amendment to the RSA is effective as of May 21, 2007.

Authorizing Signature for The MEGA Life and Health Insurance Company

By: 
William J. Gedwed
President

MAC.
May 22, 2007

Authorizing Signature for Mid-West National Life Insurance Company of Tennessee

By: 
William J. Gedwed
President

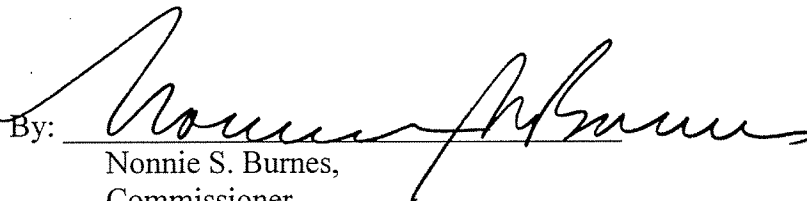
May 22, 2007

Authorizing Signature for The Chesapeake Life Insurance Company

By: 
William J. Gedwed
President

May 22, 2007

Authorizing Signature for the Massachusetts Division of Insurance

By: 
Nonnie S. Burnes,
Commissioner

May 24, 2007