
The attached agreement reflects LIC Holdings' (LIC) proposal to indemnify both its present and former shareholders in the event those shareholders incur charge backs and legal expenses related to policies sold under the Cambridge Financing Program (Cambridge), providing that all commissions that have been received by LIC's, present or past shareholder, have been turned over to LIC .

LIC is presently insolvent. The current charge backs exceed the assets of LIC. Combined with the current liabilities, the company has a negative net worth.

Background:

The renewals of the policies sold under the Cambridge program, like the first year commissions, are assets of LIC. When policies were written under the Cambridge Financing Program, there is not a single instance in which a shareholder of LIC knowingly kept the first year commission or subsequent renewal commissions. In every case, the LIC shareholder that was named as agent on the case and received commissions for that case, acted in his capacity as an shareholder of LIC and received commissions solely in that capacity. Never did an LIC shareholder who received commissions on Cambridge Financing cases act in the capacity as "the agent" to the policy owner. All work done by LIC shareholders who received commissions for Cambridge Financing cases was done in his capacity as an LIC shareholder with his full knowledge and agreement.

Commissions were paid to LIC shareholders for policies financed under the Cambridge Financing Program because insurance companies did not offer an alternative, or did not offer an alternative that was comparable. Great lengths were taken to make sure that no LIC shareholder was disadvantaged.

Commissions received by each LIC shareholder for policies sold under the Cambridge program were turned over to LIC. In every instance, the

commissions received were offset by a corresponding 1099 back to the company, to avoid personal income taxation. No LIC shareholder paid any tax on any policy for which he received either first year or renewal commission.

No LIC shareholder ever met with or counseled a client or agent for that client of the Cambridge program in their capacity as agent (other than the cases named on Exhibit A). *What ARE these*

In every case where charge backs have resulted and legal counsel was retained for Cambridge cases, LIC has paid for the LIC shareholder's representation and paid the agreed amount of charged back commissions from renewal commissions earned from each respective carrier under that LIC agent code.

In every such case, LIC argued that the LIC shareholder should not be held responsible for charge backs or legal expenses because the LIC shareholder acted solely on behalf of the company and was forced to receive commissions that were turned over to LIC in every instance. *BUT we lost this SHOULD TO DATE*

LIC currently owes significant legal fees to law firms that have represented the LIC shareholders who received commissions and were forced to retain representation.

There are ongoing legal fees still being incurred by LIC for the Wright, Shapiro, Ossi, Sachs and Reiter cases.

LIC believes there to be other cases that will soon be rescinded. *?*

Proposal:

LIC Holdings' (LIC) will indemnify present and former shareholders in the event those shareholders incur charge backs and legal expenses related to policies sold under the Cambridge Financing Program (Cambridge), providing that all commissions received by LIC's, present or past shareholders, have been turned over to LIC.

With this agreement in place, LIC may have sufficient funds to meet its current obligations.

WMB Ted Bernstein will continue to manage the day to day business of LIC and its obligations.

Ted Bernstein will write new business in a new company owned by him.

WMB Simon Bernstein will relinquish any day to day responsibility and control for LIC.

Simon Bernstein will write new business wherever he chooses. If he chooses to write business through Ted Bernstein, or a company controlled by him, a separate agreement will be created for such business.
