

## INDIANA DEPARTMENT OF INSURANCE APPROVES PLAN TO PROTECT THE POLICYHOLDERS AND EMPLOYEES OF STANDARD LIFE OF INDIANA, NOW IN REHABILITATION

INDIANAPOLIS, DECEMBER 22, 2010 – Indiana Insurance Commissioner Stephen W. Robertson today announced an agreement by which Standard Life Insurance Company of Indiana, which has been in rehabilitation for two years would be reorganized. Among other things, the agreement contemplates that Guggenheim Life and Annuity Company would reinsure policies originally issued by Standard Life.

As part of the transaction, Guggenheim Life and Annuity and its affiliates also would take over Standard Life's offices in Carmel and guarantee employment to Standard Life's 55 employees for at least 18 months. Guggenheim Life and Annuity currently has its principal place of business in Indianapolis.

The agreement, which is still subject to approval by the Marion County Circuit Court and other closing conditions, would provide security for the nearly 34,000 individuals, including 3,400 Indiana residents, who hold annuities and other insurance policies issued by Standard Life.

"This agreement promises a successful conclusion to the Department's efforts to protect the policyholders of this company," Robertson said. "It's a credit to our rehabilitation team and to Guggenheim Life and Annuity that the solution, in addition to achieving our primary goal of protecting consumers, would keep the business operations and the jobs in Indiana."

Robertson said that the orderly process for the reorganization of Standard Life and transfer of its policies means that the Department's rehabilitation efforts would not result in additional costs to taxpayers and would protect the full cash value of policies for its customers.

Guggenheim Life and Annuity Company (GLAC) is a subsidiary of Guggenheim Partners, LLC, a privately held, global financial services firm headquartered in New York and Chicago with more than \$100 billion in assets under supervision. Guggenheim Partners provides investment management, investment advisory, insurance, investment banking and capital markets services. Over the past decade, Guggenheim Partners has built an asset management enterprise which includes more than \$45 billion in insurance general account assets under management. In 2010, a Guggenheim Partners-led group of investors acquired Security Benefit Corporation based in Topeka, Kansas.

Prior to this transaction, GLAC has been predominantly a reinsurer of fixed annuities and projects 2010 year end policy reserves exceeding \$2.3 billion and statutory equity of approximately \$190 million. The completion of this transaction in 2011 would bring scale and enhanced operational capacity to GLAC

Jeffrey Lange, Chief Executive Officer of GLAC, announced: "I am very pleased Guggenheim Partners has been able to once again use its depth of knowledge and experience in insurance asset and risk management to work closely with state regulators to achieve an outcome which is beneficial to policyholders. We look forward to working with our neighbors here in Indianapolis, both at Standard Life and at the Indiana Department of Insurance, to bring this transaction to a successful close."

The Department of Insurance asked the Marion County Circuit Court to place Standard Life under an Order of Rehabilitation on Dec. 18, 2008, to protect its customers' interests, due to deterioration of the investment portfolio. At the time the Order of Rehabilitation was issued, Standard Life had a high concentration of holdings in sub-prime debt that devalued its portfolio as well as investments in the failed Lehman Brothers and Washington Mutual, among others.

Since that time, Standard Life has operated under the oversight of Randolph Lamberjack, President of Noble Consulting of Indianapolis, who was appointed Special Deputy by the Insurance Commissioner. Lamberjack directed the continued provision of service to Standard Life's customers, communicated with agents and policyholders and conducted an assessment and reorganization of Standard Life that made its assets more attractive to a company that could take over its policies.

"When we were assigned this task in December 2008, we found in Standard Life a company that could not continue to operate without facing insolvency," Lamberjack said. "At the same time, we believed that by applying better business practices and by better managing the company's investment portfolio, we could keep the contracts with policyholders largely intact."

For the present and for a transition period, Standard Life policyholders will continue to be served under the procedures approved by the court. These procedures include:

- A six-month extension, after closing of the transaction, of the existing moratorium on loan and cash surrender rights for Standard Life policies.
- Payment of all death claims in full.
- Ability to access earned interest, where available.
- Maturities honored based on contract provisions.
- Hardship withdrawals and income payments in accordance with court-approved procedures.
- Annual 10 percent withdrawals without penalty on contracts expressly providing for such withdrawals.

The agreement also calls for notice to policyholders of the terms of the transaction and any modifications required in their contracts. Current Standard Life employees would be offered employment for a minimum of 18 months after

the transaction closes. The Rehabilitator would continue to monitor the interests of Standard Life's policyholders through completion of the rehabilitation process.

As part of the transaction announced today, Guggenheim's Asset Management division will succeed Delaware Investments as asset manager of SLIC's assets. Lamberjack stated: "We are grateful to Delaware for the advice and guidance provided to us throughout the rehabilitation. In addition, we engaged locally owned City Securities to execute all trades and provide important investment advice."

#### About Guggenheim Partners

Guggenheim Partners, LLC is a diversified financial services firm with more than \$100 billion in assets under supervision. The firm's businesses include investment management, investment advisory, insurance, investment banking and capital markets services. The firm is headquartered in Chicago and New York with a global network of offices throughout the United States, Europe and Asia. For more information, please visit [www.guggenheimpartners.com](http://www.guggenheimpartners.com).

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