

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): December 23, 2002

SECURITY NATIONAL FINANCIAL CORPORATION
(Exact name of registrant as specified in this Charter)

Utah

0-9341

87-0345941

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

5300 South 360 West, Salt Lake City, Utah 84123

(Address of principal executive offices)(Zip Code)

Registrant's Telephone Number, Including Area Code: (801) 264-1060

Does Not Apply

(Former name or former address, if changed since last report)

ITEM 2. Asset Purchase Transaction with Acadian Life Insurance Company

On December 23, 2002, Security National Financial Corporation, a Utah corporation (the 'Company') completed an asset purchase transaction with Acadian Life Insurance Company, a Louisiana domiciled life insurance company ('Acadian'), in which it acquired from Acadian \$75,000,000 in assets and \$75,000,000 in insurance reserves through its wholly owned subsidiary, Security National Life Insurance Company, a Utah domiciled life insurance company ("Security National Life"). The acquired assets consist primarily of funeral insurance policies in force from over 275,000 policyholders in the state of Mississippi.

As part of the transaction, Security National Life entered into a Coinsurance Agreement with Acadian, in which Security National Life agreed to reinsure all the liabilities related to the policies held by the Mississippi policyholders, including the payment of all legal liabilities, obligations, claims and commissions of the acquired policies. The effective date of the Coinsurance Agreement was September 30, 2002, at 11:59:59 p.m. (Central Daylight Time) subsequent to Acadian recapture of the insurance in force from Scottish Re (U.S.) Inc. on September 30, 2002, at 11:59 p.m. (Central Daylight Time).

Under the terms of the Coinsurance Agreement, Security National Life agreed to assume all of the risks (including deaths, surrenders, disability, accidental deaths and dismemberment) on the reinsurance policies as of the effective date of the Agreement. Acadian represented and warranted that each of the reinsured policies was in force as of the effective date (including policies which may be

lapsed subject to the right of reinstatement, policies not lapsed but in arrears, and policies in force and in effect as paid up and extended term policies) with premiums paid and its face amount, insured, and all other characteristics accurately reflected. Security National Life accepted liability for all the risks under the reinsured policies on eligible lives for all benefits occurring on or after the effective date of the agreement. The liability of Security National Life commenced as of September 30, 2002.

The Coinsurance Agreement also provides that Security National Life reserves the right to assume all right, title and interest to the reinsured policies, as well as other similar policies written by Acadian under similar terms and conditions in the state of Mississippi from September 30, 2002, through termination of the Coinsurance Agreement, with an assumption agreement, at any time but in any event not later than nine months subsequent to December 16, 2002, subject to all regulatory approvals as required by law of the Louisiana Department of Insurance. In the event Acadian shall come under any supervision by a state regulator or any event Acadian shall apply for or consent in the appointment of, or the taking of possession by, a receiver, custodian, regulator, trustee or liquidator of itself or of all or a substantial part of its assets, make a general assignment for the benefit of its creditors, commence a voluntary case under the Federal Bankruptcy Code, file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization or winding up, Security National Life and Acadian shall be deemed to have converted the Coinsurance Agreement to an assumption agreement one day prior to such insolvency or other actions and Security National Life shall be deemed to have assumed the reinsurance policies as of one day prior to the date thereof.

The Coinsurance Agreement further provides that Acadian is required to pay Security National Life an initial coinsurance premium in cash or assets acceptable to Security National Life in an amount equal to the full coinsurance reserves, including the Incurred But Not Reported (IBNR) reserve as of the effective date. The ceding commission to be paid by Security National Life to Acadian for the reinsured policies was \$10,254,803, which included the recapture amount paid by Acadian to Scottish Re (U.S.), Inc., pursuant to the Automatic Coinsurance Agreement dated June 1, 2001 (Treaty No. 1001), between Acadian and Scottish Re (U.S.), Inc. The coinsurance premiums payable by Acadian to Security National Life are to be equal to all of the premiums collected by Acadian on the reinsurance policies subsequent to December 31, 2002.

Security National Life also entered into an Assumption Agreement effective January 1, 2003, with Acadian, in which Security National Life agreed to assume all of the liabilities related to the reinsurance policies. Under the terms of the Assumption Agreement, Acadian agreed to cede to Security National Life, and Security National Life agreed to assume, reinsure and guaranty all of the insurance risks and contractual obligations of Acadian relating to the reinsured business, including the reinsured policies. Security National Life agreed to pay all legal liabilities and obligations, including claims and commissions, of Acadian with respect to the reinsured business arising on or after January 1, 2003, in accordance with the terms and conditions of the reinsured policies. In addition, Security National Life agreed to assume and carry out the obligations of Acadian contained in the reinsured policies.

The Assumption Agreement also requires Security National Life to issue a certificate of assumption for each policy in force included in the reinsured business, reinsuring such policies according to the terms thereof, provided that Security National Life may be subrogated to and substituted for all rights, privileges and interests accruing under such policies, and provided further that all obligations and liabilities assumed by Security National Life are assumed subject to the terms, limitations and conditions of the insurance policies included in the reinsured business and all defenses, counterclaims and off-sets that are or might thereafter become available to Security National Life.

Under the Assumption Agreement Security National Life agreed to assume only those insurance risks in contractual obligations included within the reinsured business of Acadian. Security National Life did not agree to assume any extra contractual or other liability or obligations of Acadian. In addition, Security National Life did not agree to assume any policy issued to an insured whose death occurred prior to January 1, 2003, and for which a death claim had been received by Acadian prior to that date. However, Security National Life did agree to assume any valid claim of an insured whose death occurred prior to January 1, 2003, and for which a death claim was not received by Acadian prior to that date.

The Assumption Agreement also provides that as of January 1, 2003, Acadian agreed to transfer and assign to Security National Life all of its right, title and interest in the reinsured policies, including policies which may be lapsed subject to the right of reinstatement and policies in force and in effect as paid up and extended term policies. Acadian agreed to turn over to Security National Life, as of January 1, 2003, all policy owner service, underwriting and other files on hand that may be needed by Security National Life in the

continuation of the reinsured business, and Acadian further agreed to turn over all such records and record books as may be necessary for carrying on the reinsured business, including all such permanent records of Acadian necessary for Security National Life to continue in force in effect the reinsured policies.

On December 23, 2002, Security National Life also entered into an Asset Purchase Agreement with Acadian, in which Acadian agreed to transfer and convey to Security National Life, and Security National Life agreed to purchase from Acadian, all of Acadian's right, title and interest in and to the certain assets of Acadian. The assets included the following: (i) computer hardware; (ii) licensed software from International Business Machines, Inc. ('IBM') for certain software utilized in the maintenance of Acadian's general ledger accounting records, for use on Acadian's AS400 computer; (iii) owned software developed by employees or contractors of Acadian or Gulf National Life Insurance Company and utilized by Acadian in accounting for premiums received, reserve computations, and for other purposes; (iv) certain furniture and equipment; (v) the use of the name 'Gulf National Life Insurance Company' alone or as part of any other tradename, as well as the logo 'GNL'; (vi) the sublease of certain real property located at 6522 Dogwood View Parkway in Jackson, Mississippi; and (vii) the assignment and assumption of certain agreements and arrangements. Following the closing of the asset purchase transaction with Acadian, Security National Life intends to continue to operate the business it acquired from Acadian in the state of Mississippi.

ITEM 7. Financial Statements

(a) It is impractical for the Company to provide audited financial statements of the assets acquired from Acadian at the time this report is required to be filed. The Company intends to file the required audited financial statements as soon as practicable but not later than 60 days after this report must be filed.

(b) The Company intends to file the pro forma financial information as soon as practicable but not later than 60 days after this report has been filed.

(c) Exhibits

10.1 Coinsurance Agreement between Security National Life and Acadian.

10.2 Assumption Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company.

10.3 Asset Purchase Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SECURITY NATIONAL FINANCIAL CORPORATION
(Registrant)

Date: January 7, 2003

By: ss: Scott M. Quist

Scott M. Quist, President

COINSURANCE AGREEMENT

THIS COINSURANCE AGREEMENT (the "Agreement") is made and entered into effective as of the ___ day of December, 2002 (the "Execution Date"), by and between SECURITY NATIONAL LIFE INSURANCE COMPANY, a corporation organized under the laws of the state of Utah (hereinafter referred to as "Coinsurer") and ACADIAN LIFE INSURANCE COMPANY, a corporation organized under the laws of the state of Louisiana (hereinafter referred to as "Ceding") (Coinsurer and Ceding collectively, the "Parties").

WITNESSETH:

WHEREAS, Ceding and Coinsurer desire to enter into a Coinsurance Agreement pursuant to which Ceding and Coinsurer will agree to reinsure all of the assumed liabilities relating only to Policies included within the Reinsured Policies as defined in Section 1.1(d) below;

NOW, THEREFORE, in consideration and mutual promises and covenants contained herein, and in reliance upon representations, warranties, conditions and covenants contained herein, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Certain Terms Defined.

When used in this Agreement, the following terms shall have the meanings set forth below:

- (a) "Extra-Contractual Obligations" shall mean any amount awarded against Ceding or for which Ceding is in any way liable that exceeds the amount that Ceding is contractually obligated to pay. The foregoing includes, without limitation, damages awarded in addition to policy benefits, as well as tort damages, awarded as a result of conduct by Ceding or its agents or employees. The foregoing includes, without limitation, any amounts paid by Ceding over and above the contract liability as part of a settlement. Without limitation of the foregoing, "Extra-Contractual Obligations" include punitive damages (as commonly understood and which in any event are damages awarded as a penalty or as damage for certain conduct) and compensatory damages (amounts awarded to compensate for the actual damages sustained). Nothing in this paragraph is intended to include the trust agreements as described in the Asset Purchase Agreement dated June 15, 2001, among Gulf National Life Insurance Company, Gulf Holdings, Inc., the Gulf Group, Inc., Acadian Life Insurance Company and Acadian Financial Group, Inc. (the "Trust Agreements") that, while not part of the policy language, do constitute an obligation requiring additional reserves. Said Trust Agreements are being assigned by Ceding to, and accepted by, Coinsurer.
- (b) "Policies" shall mean the contracts of insurance issued or assumed by Ceding in respect of which reinsurance is applied for and/or placed pursuant to this agreement in whole or in part.
- (c) "Coinsurance Cession" shall mean the insurance transferred to Coinsurer by Ceding on a policy.
- (d) "Reinsured Policies" shall mean all the insurance policies in force to be transferred to Coinsurer that are listed and described on the compact disk (CD) attached hereto as Exhibit I. The Policies in Exhibit I include in force policies (including policies which may be lapsed subject to the right of reinstatement, policies not lapsed but in arrears, and policies in force and in effect as paid up and extended term policies) with premiums paid and their face amounts, insured, and all other characteristics are accurately reflected. Reinsured Policies shall also include all policies written by Ceding under similar terms and conditions, in the state of Mississippi from the Effective Date through termination of this treaty.

ARTICLE II REINSURANCE CEDED AND ACCEPTED

2.1. Effective Date

The Effective Date shall be September 30, 2002, at 11:59:59 p.m. (CDT) subsequent to Ceding's recapture of the insurance in force from Scottish Re (U.S.), Inc. on September 30, 2002, at 11:59 p.m. (CDT). Notwithstanding anything in this agreement to the contrary, Coinsurer shall incur no liability hereafter until the Initial Coinsurance Premium has been paid. If any amounts due under this treaty, including those due under paragraph 4.1, 5.3, and 2.7 are not paid, Coinsurer's liability shall be reduced accordingly.

2.2. Reinsurance Ceded and Accepted

Subject to paragraph 2.1, Coinsurer hereby agrees to assume all of the risks (including deaths, surrenders, disability, accidental deaths and dismemberment) only on the Reinsured Policies listed and described in Exhibit I as of the Effective Date of this Agreement. Ceding represents and warrants that each of the Policies in Exhibit I are in force (including policies which may be lapsed subject to the right of reinstatement, policies not lapsed but in arrears, and policies in force and in effect as paid up and extended term policies) with premiums paid and its face amount, insured, and all other characteristics is accurately reflected. The acceptance of risks under this Agreement will create no right or legal relation between the Coinsurer and the insured policy owner or beneficiary of any insurance policy or other contract of Ceding.

2.3. Liability

Coinsurer accepts liability for all of the risks under the Reinsured Policies on eligible lives for all benefits occurring on or after the Effective Date of this Agreement. The liability of Coinsurer on any policy shall commence on the Effective Date of this Agreement and end simultaneously with that of Ceding. Notwithstanding anything which may be to the contrary, Coinsurer shall not be liable at any time for Extra-Contractual Obligations. It is understood and agreed that Ceding is ceding all of the Reinsured Policies to Coinsurer as of the Effective Date. Notwithstanding Coinsurer's obligations in the Agreement, including the first sentence of this paragraph 2.3, from the Effective Date of this Agreement until the last day of the month in which the Execution Date occurs, Ceding will be wholly responsible for any and all risks related to the Reinsured Policies and shall operate in the ordinary course of business. Coinsurer shall be wholly responsible for any and all risks related to the Reinsured Policies following the last day of the month in which the Execution Date occurs, including any potential or actual decline in the level or number of insurance Policies included within the Reinsured Policies.

2.4. Errors and Omissions

It is expressly understood and agreed that if failure to comply with any terms of this Agreement is shown to be unintentional and the result of errors or omissions on the part of either Ceding or Coinsurer, both Ceding and Coinsurer shall be restored to the position they would have occupied had no such error or omission occurred. If it is not possible to restore each party to the position that it would have occupied, the parties will endeavor in good faith to resolve the situation in a manner that is fair and reasonable and most closely approximates the intent of this Agreement.

2.5. Currency

All figures and premiums in this Agreement are in U.S. dollars.

2.6. Right to Assume Reinsured Policies

Coinsurer reserves the right to assume all right, title and interest to the Reinsured Policies listed and described on Exhibit I, as well as all other similar policies written by Ceding under similar terms and conditions, in the state of Mississippi from the Effective Date through termination of this treaty, with an assumption reinsurance agreement (the "Assumption Reinsurance Agreement") in the form attached hereto as Exhibit II at any time but in any event not later than nine (9) months subsequent to the Execution Date of this Agreement, subject to all regulatory approvals as required by law of the insurance department of the State of Louisiana. In the event (i) Ceding comes under any supervision by a state regulator or in the event Ceding shall (ii) apply for or consent in the appointment of, or the taking of possession by, a receiver, custodian, regulator trustee or liquidator of itself or of all or a substantial part of its assets, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code, (v) file a petition seeking to take advantage of any other law relating to

bankruptcy, insolvency, reorganization or winding up, or (vi) take any action for the purpose of effecting any of the foregoing, or a proceeding or case shall be commenced without the application or consent of Ceding in any court or forum of competent jurisdiction seeking (a) its liquidation, reorganization, dissolution or winding-up, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of Ceding or of all or any substantial part of its assets, or (c) similar relief in respect of Ceding under any law relating to bankruptcy, insolvency, reorganization or winding up, Coinsurer and Ceding shall be deemed to have converted this Agreement to the Assumption Reinsurance Agreement one day prior to such insolvency or other actions described in this Paragraph 2.6, and Coinsurer shall be deemed to have assumed the Reinsured Policies as of one day prior to the date thereof.

2.7. Transfer of Assets

On or before the expiration of ninety (90) days following the last day of the month in which the Execution Date occurs, Ceding shall deliver or cause to be delivered to Coinsurer any additional assets as may be necessary to result in final delivery to Coinsurer of assets equal to the total reserves applicable to the Reinsured Policies as of the last day of the month in which the Execution Date occurs. Conversely, if the assets delivered by Ceding to Coinsurer on the Execution Date exceed the total reserves applicable to the Reinsured Policies as of the last day of the month in which the Execution Date occurs, Coinsurer shall return to Ceding assets having a statutory value equal to such excess, on or before the expiration of ninety (90) days following the last day of the month in which the Execution Date occurs. Ceding shall be entitled to the income received from the Reinsured Policies, including the net investment income, through the last day of the month in which the Execution Date occurs.

ARTICLE III ACTUARIAL RESERVES

3.1. Statutory Reserves Basis

On the Effective Date and throughout the duration of this Agreement, the reserves (the "Coinsurance Reserves") shall be those used by Ceding and approved by Coinsurer and the insurance departments of the States of Louisiana and Utah in the calculation as of September 30, 2002, at 11:59p.m. (CDT) as they appear in the NAIC Quarterly Statement filed by Ceding. To the extent approval cannot be obtained from any of such insurance departments, Ceding shall have presented the methodology for the calculation of reserves to such insurance departments and received no objection thereto.

ARTICLE IV TRANSACTIONS

4.1. Initial Coinsurance Premium

On the last Execution Date, Ceding shall pay Coinsurer an initial coinsurance premium in cash or assets acceptable to Coinsurer in an amount equal to the full Coinsurance Reserves (as defined in Paragraph 3.1), including the Incurred But Not Reported (IBNR) reserve as of the Effective Date.

4.2. Ceding Commission

The ceding commission to be paid by Coinsurer to Ceding for the Reinsured Policies shall be the recapture amount to be paid by Ceding to Scottish Re (U.S.), Inc. currently estimated to be \$10,254,803 pursuant to the Automatic Coinsurance Agreement dated June 1, 2001 (Treaty No. 1001), between Ceding and Scottish Re (U.S.), Inc., but in any event such commission shall not exceed \$10,300,000.

ARTICLE V ADMINISTRATION, PREMIUMS, ALLOWANCES AND BENEFITS

5.1. General

Coinsurer shall provide all of the administrative services and assumes all liability for the payment of all legal obligations, including claims, commissions, and expenses, not otherwise excluded herein, for

the Reinsured Policies following the last day of the month in which the Execution Date occurs. Ceding agrees to provide any necessary accommodations or assignments to effectuate the intent of this Agreement, including premium collections, billings, and use of licenses to insure that all premiums are paid to Coinsurer following the last day of the month in which the Execution Date occurs. Coinsurer agrees to perform the administrative services with a level of skill, diligence, care and expertise that is consistent with industry standards for an administrator of the types of policies coinsured hereunder and shall also comply in all material respects with all applicable laws and the terms of the Reinsured Policies. Coinsurer hereby covenants that it will employ and retain staff with the experience, skill and expertise to perform the administrative services in a manner consistent with the standards set forth herein. Unless specifically mutually agreed otherwise, Coinsurer shall follow the standard industry practices with respect to premium collections, changes, reductions, terminations, reinstatements, and the calculation and payment of non-forfeiture benefits. Ceding shall deliver the policy forms and policy jackets of the Reinsured Policies, and all other procedures, documents and systems relating to the Reinsured Policies. Coinsurer will be responsible for negligent acts or for errors while providing administrative services during the term of the Agreement.

5.2. Policy Loans

Coinsurer shall be responsible to calculate, dispense and account for all policy loans, following the last day of the month in which the Execution Date occurs.

5.3. Coinsurance Premiums

The Coinsurance premiums payable by Ceding to Coinsurer shall be equal to all of the premiums collected by Ceding on the Reinsured Policies following the last day of the month in which the Execution Date occurs.

5.4. Allowances

Allowances to be paid to Ceding (which include reimbursement for state premium tax) shall be equal to the gross premium taxes due on premiums collected following the last day of the month in which the Execution Date occurs. Reinsurer shall also reimburse Ceding for any actual expenses incurred by Ceding in order to comply with this Agreement, provided the Parties have agreed in writing in advance for such reimbursements.

5.5. Claims and other Policy Benefits

Coinsurer will be liable for all of the policy benefits on Policies ceded hereunder to the same extent as Ceding is liable for such benefits toward the insured. Coinsurer is not liable for and Ceding is not ceding any policy issued to an insured whose death occurred prior to the Effective Date and for which a death claim has been received by Ceding prior to the Effective Date. All claims of every nature and description originating and arising prior and including the last day of the month in which the Execution Date occurs under policies included in the Reinsured Policies shall be paid and discharged by Ceding. All claims originating and arising after the last day of the month in which the Execution Date occurs and relating to the Reinsured Policies shall be paid by Coinsurer. Coinsurer will receive the Incurred But Not Reported (IBNR) reserve to cover its liability following the last day of the month in which the Execution Date occurs.

5.6. Dividends

For policyholders' dividends, Coinsurer shall be liable for all of such dividends, provided such dividends have been declared by the board of directors of Ceding on the basis of recommendations made by Coinsurer, or are contractually guaranteed prior to Effective Date.

5.7. Authorization for Payment

Coinsurer will follow usual and customary procedures and decisions on all claims and settlements, and it agrees to hold harmless Ceding for any and all damages related to the payment of any such claims or settlements. Ceding agrees to hold harmless Coinsurer from (i) any claims by any third parties to the ownership or options to acquire the ownership of any of the assets, tangible, intangible, movable or immovable, covered by this Agreement, (ii) any claims to be paid or

discharged by Ceding and (iii) any and all monetary damages, liabilities, fines, fees, penalties, interest obligations, deficiencies, losses, costs, and expenses (including reasonable fees and expenses of attorneys, accountants, actuaries, and other experts) solely related to the Reinsured Policies resulting from any breach of Ceding of any representation, warranty, covenant or agreement made by Ceding in this Agreement. The indemnity provisions provided in subsection (iii) of the preceding sentence shall only apply to such claims presented in writing to Ceding on or after the Execution Date.

5.8. Reporting

All the amounts referred to in Paragraphs 5.3, 5.4, 5.5 and 5.6 shall be reported to Coinsurer by Ceding on a bulk basis at the end of each quarter. When an amount is due to Coinsurer according to the quarterly report, payment will accompany the report. When an amount is due to Ceding, Coinsurer shall pay it within thirty (30) days of the receipt of such report.

ARTICLE VI REPORTING AND ACCOUNTING

6.1. Accounting Period

Each accounting period under this Agreement will be a calendar quarter, except that: (a) the initial accounting period will run from the Effective Date of this Agreement through the last day of the calendar quarter during which the Effective Date of this Agreement falls, and (b) the final accounting period will run from the end of the preceding accounting period until the assumption date of this Agreement as described in Paragraph 2.6, if any, or until the termination of the last policy in force, whichever occurs first.

6.2. Quarterly Accounting Reports

Ceding and Coinsurer shall prepare quarterly accounting reports and submit them to each other within thirty (30) days of the end of each calendar quarter.

6.3. Inspection of Records

Ceding and Coinsurer shall each have the right to inspect at any reasonable time, at the office of the other party, all files and documents relating to the reinsurance under this Agreement.

ARTICLE VII RECAPTURE

7.1. Recapture

Ceding shall not have the option to recapture the business reinsured hereunder unless agreed to by Coinsurer in writing.

ARTICLE VIII ARBITRATION

8.1. Principle

If Ceding and Coinsurer cannot mutually resolve a dispute that arises out of, or relates to, this Agreement, the dispute will be decided through binding arbitration. To initiate arbitration either Ceding or Coinsurer will notify the other party in writing of its desire to arbitrate stating generally the nature of the dispute and the relief sought. The party to which the written notice is sent shall respond to the notification in writing within fourteen (14) days of its receipt.

8.2. Arbitration.

Unless the parties otherwise agree in writing, there will be three arbitrators. Each party will designate one arbitrator within thirty (30) days after the first written notice is given of arbitration. If either party refuses or neglects to appoint an arbitrator within the original thirty (30) day period or within twenty (20) days after the other party has given written notice to the other of its arbitrator appointment, whichever later occurs, the party that has already selected an arbitrator will appoint a second arbitrator. The two arbitrators shall endeavor to select a third arbitrator. If the two arbitrators cannot agree on the third arbitrator within twenty (20)

days of the appointment of the second arbitrator then Ceding and the Coinsurer will each name three candidates to serve as the third arbitrator. Beginning with the party that did not initiate arbitration, each party will eliminate one candidate from the six until one remains. If this candidate declines to serve as the arbitrator, then the candidate last eliminated will be approached to serve. This process will be repeated until a candidate has agree to serve as the third arbitrator. The three arbitrators are to be impartial regarding the dispute. Each of the arbitrators will be a current or former executive officer of a life insurance or a life reinsurance company other than the parties to this agreement, their affiliates or subsidiaries or any other company which would have and involvement with the parties to the extent that the arbitrate would not be impartial.

8.3 Procedures

The arbitrators will base their decision on the terms and conditions of this Agreement and the customs and practices of the insurance and reinsurance industries along with statutory and decisional law of the state of Utah, or if there is not applicable decisional law in the state of Utah, then the arbitrators may refer to other decisional law within the United States as the arbitrators deem appropriate. The arbitration hearing will be held in Jackson, Mississippi. A hearing will commence no later than one hundred eighty (180) days after the appointment of the third arbitrator unless otherwise agreed to by the parties in writing. As soon as reasonably possible the arbitrators will establish arbitration procedures as warranted by the facts and issues of the particular case. The arbitrators may utilize those procedures which appear to be appropriate from the commercial rules of the American Arbitration Association. A date will be established prior to the arbitration hearing when each party is to provide the other party and the arbitrators a statement of the facts and arguments to be presented at the arbitration hearing. The arbitrators will have the power to decide all substantive procedural rules of the arbitration, including but not limited to inspection of documents, examination of witnesses and any other matter relating to the conduct of the arbitration.

8.4 Decision

The decision of the arbitrators is to be made a majority rule and will be submitted in the writing and will be final and binding on the Parties, subject to any appeal or motion to vacate or modify. Any such appeal or motion to vacate or modify must be filed with the United States District Court for the District of Utah and the basis for any such appeal or motions is limited to that set forth in Sections 78-31a-14,15 of the Utah Arbitration Act. The parties agree that the determination of the arbitrators and award, if any, may be entered with the federal court located in Salt Lake County, State of Utah and the determination and award, if any, may then be enforced against the Parties, as if entered by a court at the conclusion of a judicial proceeding at which no appeal was taken. When seeking to enter the award with a court, the applicable Utah arbitration or statutory law or Federal Arbitration Act, as appropriate, will govern as the procedure and what may be brought to the attention of the court.

8.5. Costs

Unless the arbitrators decide otherwise, each party will bear the expense of its own arbitration activities, including its appointed arbitrator and witness fees. The parties will jointly bear the expense of the third arbitrator. Each Party is to bear its own attorney's fees.

8.6. Applicable Law

Should there be improprieties in the arbitration process or if one of the Parties objects to the implementation of the arbitration process, the laws of the State of Mississippi shall then apply.

ARTICLE IX INSOLVENCY

9.1. Payment of Claims

In the event of insolvency of Ceding, any amounts owed by Coinsurer under this Agreement shall be paid by Coinsurer directly to Ceding, its liquidator, receiver or statutory successor, and Coinsurer shall be deemed to have converted this Agreement to the Assumption

Reinsurance Agreement one day prior to such insolvency pursuant to Paragraph 2.6.

9.2. Right to Offset

In the event of the insolvency of either Coinsurer or Ceding, any amounts owed by Coinsurer to Ceding and by Ceding to Coinsurer with respect to this and all other reinsurance agreements between Coinsurer and Ceding, shall be offset against each other with the balance to be paid by the appropriate party.

9.3. Insolvency Definition

For purposes of this Article IX, "insolvency" encompasses the items set forth in Section 2.6(i), (ii), (iii), (iv), (v) and (vi) and Section 2.6(a), (b) and (c).

ARTICLE X
DEFERRED ACQUISITION COST TAX

Coinsurer and Ceding mutually agree to the following pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations issued on December 29, 1992 of the Internal Revenue Code of 1986.

- (a) The Party with net positive consideration for the Agreement(s) for each taxable year shall compute specified policy acquisition expenses without regard to the general deductions limitation of Section 848(c)(1).
- (b) Coinsurer and Ceding agree to exchange information pertaining to the amount of net consideration as determined for all reinsurance Agreements in force between them to ensure consistency or as may otherwise be required by the Internal Revenue Service.
- (c) Ceding will submit a schedule to Coinsurer by April 1st of its calculation of the net consideration for the preceding calendar year. This calculation shall be accompanied by a statement signed by an officer of Ceding stating that it will report such net consideration in its tax return for the preceding calendar year.
- (d) Coinsurer shall advise Ceding if it disagrees with the amounts provided and Ceding and Coinsurer agree to amicably resolve any difference. The amounts provided by Ceding shall be presumed correct if it does not receive a response from Coinsurer within 30 days after receipt by Coinsurer of these amounts or by May 30 of the current year.

ARTICLE XI
EXECUTION

11.1. Parties to the Agreement

This is an Agreement solely between Ceding and Coinsurer. There will be no legal relationship between Coinsurer and any person having an interest of any kind in any of Ceding's insurance, or between Coinsurer and any other Coinsurer, or between Coinsurer and any other third party.

11.2. Waiver

Any term or condition of this Agreement may be waived at any time by the party that is entitled to benefit thereof. Such waiver must be in writing and must be executed by an executive officer of such party. A waiver on one occasion will not be deemed to be a waiver of the same or any other breach or nonfulfillment on a future occasion. All remedies, either under this Agreement, or by law or, otherwise afforded, will be cumulative and not alternative.

11.3. Amendment

This Agreement may be modified or amended only in writing duly executed by each of the Parties.

11.4. Counterparts

This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, when taken together, will constitute one and the same instrument.

11.5. Governing Law

This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Mississippi (without regard to the principles of conflicts of law) applicable to a contract executed and performable in such state.

11.6. Binding Effect

This Agreement is binding upon and will inure to the benefit of the Parties and their respective successors and permitted assigns.

11.7. No Assignment

Neither this Agreement nor any right or obligation hereunder or part hereof may be assigned by any party hereto without the prior written consent of the other party hereto (and any attempt to do so will be void).

11.8. Entirety

This Agreement shall constitute the entire Agreement between Ceding and Coinsurer with respect to the business reinsured hereunder. There are no understandings between Ceding and Coinsurer other than as expressed in this Agreement.

11.9. Due Diligence

Each party to this Agreement hereby acknowledges that it has received from the other party all information requested and has had an adequate opportunity to investigate all aspects of this transaction. Each party has done its own due diligence with respect to this transaction, and each has hired and relied upon the advice of its own attorneys, financial advisors, and such other advisors as such party has deemed necessary to evaluate properly all aspects of this transaction. Each party further acknowledges that no representations have been made by any party concerning this transaction, except as specifically set forth herein or in one or more written agreements between the parties.

11.10. Invalid Provisions

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable; (ii) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

IN WITNESS WHEREOF, each of the Parties hereto, intending to be legally bound hereby, have duly executed this Agreement as of the date first written.

ACADIAN LIFE INSURANCE COMPANY

By: _____
Its: _____

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: _____
Its: _____

ASSUMPTION REINSURANCE AGREEMENT
BETWEEN
ACADIAN LIFE INSURANCE COMPANY
AND
SECURITY NATIONAL LIFE INSURANCE COMPANY

THIS ASSUMPTION REINSURANCE AGREEMENT (this "Agreement") is made and entered into effective as of the 1st day of January, 2003 (the "Effective Date"), by and among ACADIAN LIFE INSURANCE COMPANY, a Louisiana insurance company ("Acadian"), ACADIAN FINANCIAL GROUP, INC., a Louisiana corporation ("AFG"), SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah insurance company ("Security National Life") and SECURITY NATIONAL FINANCIAL CORPORATION, a Utah corporation ("Security National Financial").

WITNESSETH:

WHEREAS, Acadian desires to reinsure with Security National Life all of Acadian's insurance policies listed and described in that certain coinsurance agreement (the "Coinsurance Agreement") dated December 17, 2002 (the "Execution Date"), between Acadian and Security National Life acquired from Gulf National Life Insurance in force and effect (including policies which may be lapsed subject to the right of reinstatement, policies not lapsed but in arrears, and policies in force and in effect as paid up and extended term policies) as of the Effective Date (hereinafter the "Reinsured Business"), subject to approval by the commissioner of insurance of the state of Louisiana (the "Commissioner"), upon the following terms and of conditions; and

WHEREAS, Acadian constitutes the sole operating subsidiary of AFG, and AFG desires to join in this Agreement to ratify and confirm the sale and reinsurance of Acadian's insurance business; and

WHEREAS, Security National Life is a wholly-owned subsidiary of Security National Financial, and Security National Financial desires to join in this Agreement to ratify and confirm the assumption of the Reinsured Business by Security National Life;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the parties hereby agree as follows:

1. Reinsurance Obligations of Security National Life. Subject to approval by the Commissioner, as provided for in Section 9 below, Acadian does hereby cede to Security National Life, and Security National Life does hereby assume, reinsure, and guarantee all of the insurance risks and contractual obligations of Acadian relating only to the Reinsured Business and included within the Master Policy List of Acadian as listed and described on the compact disk (CD) attached hereto as Schedule A, dated as of the Effective Date, which Schedule shall be attached to this Agreement on the Effective Date. Security National Life hereby agrees to pay all legal liabilities and obligations, including claims and commissions, of Acadian under or with respect to the Reinsured Business, arising on or after the Effective Date, in accordance with the terms and conditions of the policies included within the Reinsured Business. Security National Life hereby further covenants and agrees with Acadian and with each of the holders of policies included in the Reinsured Business, and with the beneficiaries thereof and/or their legal representatives and assigns, that effective as of the Effective Date, Security National Life will assume and carry out the several obligations of Acadian contained in the policies included in the Reinsured Business.

Security National Life covenants and agrees to issue a certificate of assumption for each policy in force included in the Reinsured Business, reinsuring the same according and subject to the terms and conditions thereof; provided, however, that Security National Life may be subrogated to and substituted for all rights, privileges and interests accruing under said policies included in the Reinsured Business, to the extent of the reinsurance agreed upon hereunder, and provided further that all obligations and liabilities hereby assumed by Security National Life are assumed subject to the terms, limitations and conditions of the insurance policies included in the Reinsured Business and all defenses, counter-claims and off-sets which are or might hereafter become available to Security National Life subsequent to the Effective Date. Security National Life is assuming only those insurance risks and contractual obligations included within the Reinsured Business of Acadian provided for hereunder, and Security National Life is not assuming hereunder any extra-contractual or other liabilities or obligations of Acadian. Security National Life is not assuming and Acadian is not ceding any policy issued to an insured whose death occurred prior to the Effective Date and for which a death claim has been received by Acadian prior to the Effective Date. Security National Life does hereby assume any valid claim of an insured whose death occurred prior to the Effective Date :and for which a death claim was not received by Acadian prior to the Effective

Date.

2. Assignment by Acadian of Policy Contracts

- (a) Acadian does hereby, upon the Effective Date of this Agreement, transfer, assign and convey unto Security National Life all of its right, title and interest, as of the Effective Date, in and to the Reinsured Business, including policies which may be lapsed subject to the right of reinstatement and policies in force and in effect as paid up and extended term policies. Such policies have been issued or assumed by Acadian only in the forms set forth on all policy forms on Schedule B, attached hereto.
- (b) On the Effective Date, Acadian agrees to turn over to Security National Life all policy owner service, underwriting and other files now on hand which may be needed by Security National Life in the continuation of the Reinsured Business, and Acadian further agrees to turn over such records and record books as may be necessary for carrying on the Reinsured Business including all such permanent records of Acadian necessary to Security National Life to continue in force and effect the Reinsured Business. It is understood that Acadian is to turn over to Security National Life all life applications in Acadian's possession on risks covered by policies in full force and effect and on which premiums are currently being collected, and all of such other forms which Acadian has been using in the conduct of its insurance business, including life registers, lapse registers, reinsurance reserve sheets and tabulations on the Reinsured Business.
- (c) Effective as of the Effective Date, all premiums on policies of insurance covered by this contract shall be and become the property of Security National Life subject to the restrictions and limitations herein provided and shall be accounted for to Security National Life.
- (d) It is understood and agreed that Acadian is ceding all of the Reinsured Business to Security National Life as of the Effective Date.

From the date of this Agreement until the Effective Date, Acadian shall operate in the ordinary course of business. Notwithstanding the foregoing, Security National Life shall be wholly responsible for any and all risks related to the Reinsured Business following the Effective Date, including any potential or actual decline in the level of or number of insurance policies included within the Reinsured Business.

3. Treatment of Claims. Subject to the provisions of Section 1, above, all claims of every nature and description originating and arising prior to the last day of the month in which the Execution Date occurs of the Coinsurance Agreement under policies included in the Reinsured Business shall be paid and discharged by Acadian. All claims originating and arising on or after the last day of the month in which the Execution Date occurs and relating to the Reinsured Business shall be paid by Security National Life.

4. Transfer of Assets.

- (a) The Reinsured Business shall be transferred as of the Effective Date to Security National Life, and Acadian shall deliver these assets, which will include the Incurred But Not Reported (IBNR) reserve to cover the liabilities assumed by Security National Life in paragraph #1 above, to Security National Life pursuant to the Coinsurance Agreement and the assets shall become the sole and exclusive property of Security National Life. The reserves applicable to the Reinsured Business and other similar amounts with respect to losses, benefits, claims, and expenses in respect of the Reinsured Business are to be
 - (i) determined in accordance with the accounting practices required or permitted by the insurance regulatory authority in the State of Mississippi, consistently applied throughout the specified period and in the comparable period in the immediately preceding year, and generally accepted actuarial assumptions consistently applied,
 - (ii) determined in accordance with the benefits specified in the related insurance policies,
 - (iii) calculated, established and reflected on a basis consistent with those reserves and other similar amounts and reserving methods followed by Acadian at December 31, 2001, and
 - (iv) determined in conformity with the requirements of the insurance laws of the State of Mississippi. The reserves for the Reinsured Business as of the end of the quarter immediately preceding the date of Closing are set forth on Schedule C.

- (b) The assets subject to this Agreement will be such assets as may be identified by Security National Life, all of which shall be admissible assets under statutory accounting principles as applicable in the states of Mississippi and Utah. The assets that are designated to be transferred at statutory values as of the last day of the quarter immediately preceding Closing date to support the reserves for the Reinsured Business, are set forth on Schedule D. All of the assets shall be transferred to Security National Life free and clear of all liens and encumbrances of any nature, whatsoever.
- (c) On or before the expiration of sixty (60) days following the Effective Date, Acadian shall deliver or cause to be delivered to Security National Life any additional assets as may be necessary to result in final delivery to Security National Life of assets equal to the total reserves applicable to the Reinsured Business as of the Effective Date. Conversely, if the assets delivered by Acadian to Security National Life at Closing exceed the total reserves applicable to the Reinsured Business as of the Effective Date, Security National Life shall return to Acadian assets having a statutory value equal to such excess, on or before the expiration of sixty (60) days following the Effective Date.
5. Consideration for Reinsurance. The consideration for this Agreement on the part of Security National Life is hereby declared to be the assumption by Security National Life of all liabilities and obligations of Acadian pursuant to Section 1 hereof and the administration thereof, and the payment by Security National Life to Acadian of the sum of ten dollars (\$10.00), the receipt and sufficiency of which are hereby acknowledged.
6. Closing. The closing of this transaction (the "Closing") shall occur at a time and place specified by Security National Life anytime but not later than nine (9) months subsequent to the Execution Date of the Coinsurance Agreement. In the event Acadian comes under any supervision of a state regulator, applies for or consent in the appointment of, or the taking of possession by, a receiver, custodian, regulator, trustee or liquidator of itself or of all or a substantial part of its assets, makes a general assignment for the benefit of its creditors, commences a voluntary case under the Federal Bankruptcy Code, or files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization or winding up, Acadian shall be deemed to have converted the Coinsurance Agreement to this Agreement one day prior to such insolvency or other actions described in this Section 6.
7. Indemnity.
- (a) Acadian agrees to hold harmless Security National Life from (i) any claims by any third parties to the ownership or options to acquire the ownership of any of the assets, tangible, intangible, movable or immovable, covered by this Agreement, (ii) any claims to be paid or discharged by Acadian pursuant to Section 3 and (iii) any and all monetary damages, liabilities, fines, fees, penalties, interest obligations, deficiencies, losses, costs, and expenses (including reasonable fees and expenses of attorneys, accountants, actuaries, and other experts) solely related to the Reinsured Business resulting from any breach of Acadian of any representation, warranty, covenant or agreement made by Acadian in this Agreement. The indemnity provisions provided in subsection (iii) of the preceding sentence shall only apply to such claims presented in writing to Acadian on or before one year from the Effective Date. 30.
- (b) Security National Life agrees to hold harmless Acadian from (i) any and all liabilities and obligations with respect to the Reinsured Business which Security National Life has agreed to pay pursuant to this Agreement, provided that Security National Life shall be entitled to assert any defenses at law or in equity that could have been asserted by Acadian, and (ii) any and all monetary damages, liabilities, fines, fees, penalties, interest obligations, deficiencies, losses, costs, and expenses (including reasonable fees and expenses of attorneys, accountants, actuaries, and other experts) solely related to the Reinsured Business resulting from any breach by Security National Life of any representation, warranty, covenant or agreement made by Security National Life in this Agreement. The indemnity provisions provided in subsection (ii) of the preceding sentence shall only apply to such claims presented in writing to Security National Life on or before one year from the Effective Date.
8. Certificates of Assumption. Security National Life agrees to issue to each policyholder reinsured hereunder a Certificate of Assumption in the form attached hereto as Schedule E.

9. Approval by Louisiana Department of Insurance. This Agreement shall be binding on the parties hereto from the date of its execution, and neither party shall have the right to void this Agreement, but it shall not become effective unless and until it has been approved in writing by the commissioner of insurance of the state of Louisiana and the transfer of assets and payment of consideration described in Sections 4 and 5 have occurred.
10. Other Reinsurance Agreements. Acadian hereby represents to Security National Life that there is not presently in force any other reinsurance or coinsurance agreement between Acadian and any other company, except for those reinsurance agreements listed and described on Schedule F attached hereto, nor has Acadian ceded any business to any company through any means whatsoever, except as set forth on Schedule F.
11. Coinsurance Agreement. The parties acknowledge that all of the obligations of Acadian and Security National Life hereunder shall be conditioned upon Regulatory Approval (as defined below) of an automatic Coinsurance Agreement between Security National Life and Acadian. For purposes of this Agreement, the term Regulatory Approval shall mean formal, written approval of such automatic Coinsurance Agreement by the Louisiana Department of Insurance, as well as any other regulatory department, agency or authority having jurisdiction over such transaction, or in lieu of such approval, written confirmation from any such department or agency that no such approval is required.
12. Arbitration.
 - (a) It is the intention of both Security National Life and Acadian that the normal business practices of the insurance industry applicable to reinsurance be used to interpret this Agreement. The companies will act in all things with the highest good faith. All disputes and differences with respect to either party's rights or obligations under this Agreement, on which an amicable understanding cannot be reached are to be decided by arbitration. The arbitrators are empowered to interpret this Agreement and are free to reach their decision from the standpoint of equity and customary reinsurance practices rather than from the strict law.
 - (b) Three arbitrators shall be appointed who must be current or former executive officers of life insurance or life reinsurance companies, other than the two parties to this Agreement or their affiliates or subsidiaries, Security National Life will appoint one arbitrator and Acadian the second. These two arbitrators will select a third before arbitration begins. If one of the parties declines to appoint an arbitrator or if the two arbitrators are unable to agree upon the choice of a third, the appointment will be left to the president of the American Council of Life Insurance or its successor organization.
 - (c) The arbitration will be held in Jackson, Mississippi. The arbitrators will decide by a majority of votes and from their written decision there shall be no appeal. Each party will pay the fees of its own attorneys and all other expenses connected with the presentation of its case. The other costs of arbitration, including the fees of the arbitrators, will be borne by the losing party unless the arbitrators decide otherwise.
13. Insolvency. In the event of Acadian's insolvency, the reinsurance afforded by this Agreement will be payable by Security National Life on the basis of Acadian's liability under the policies reinsured without diminution because of Acadian's insolvency or because its liquidator, receiver, conservator, or statutory successor has failed to pay all or a portion of any claims, subject, however, to the right of Security National Life to offset against such funds due hereunder, any sums that may be payable by Security National Life to said insolvent Acadian, which right of offset is hereby expressly granted by Acadian, in accordance with applicable law. The reinsurance will be payable by Security National Life directly to Acadian, its liquidator, receiver, conservator, or statutory successor except (a) where this Agreement specifically provides another payee of such reinsurance in the event of Acadian's insolvency or (b) where Security National Life, with the consent of the direct insured or insureds, has assumed such policy obligations of Acadian as direct obligations of itself to the payees under such policies in substitution for Acadian's obligation to such payees.

Acadian's liquidator, receiver, conservator, or statutory successor will give written notice of the pendency of a claim against Acadian under the policies reinsured within a reasonable time after such claim is filed in the insolvency proceeding. During the pendency of such claim, Security National Life may investigate said claim and interpose in the proceeding where the claim is to be adjudicated, at its own expense, any defense that they may deem available to Acadian, its liquidator, receiver, conservator, or statutory successor. The

expense thus incurred by Security National Life will be chargeable against Acadian, subject to court approval, as part of the expense of conservation or liquidation to the extent that such proportionate share of the benefit will accrue to Acadian solely as a result of the defense undertaken by Security National Life.

In the event of the insolvency of Security National Life, the liquidator, receiver, or statutory successor of Security National Life will be entitled to a lien against all assets of Security National Life in an amount equal to the reserves and other liabilities of Security National Life applicable to the Reinsured Business, and all reinsurance will be payable directly to the liquidator, receiver, or statutory successor of Security National Life without diminution because of the insolvency of Security National Life.

14. General Provisions.

(a) Notices. Any notice or other communication given pursuant to this Agreement must be in writing and (i) delivered personally, (ii) sent by facsimile or other similar facsimile transmission, (iii) delivered by overnight express, or (iv) sent by registered or certified mail, postage prepaid, as follows:

(A) If to Acadian:

Acadian Life Insurance Company
236 Third Street
Baton Rouge, Louisiana 70801
Attn: Robert E. Dolese, Chairman
Facsimile: (225) 7863-6540

(B) If to AFG:

Acadian Financial Group, Inc.
236 Third Street
Baton Rouge, Louisiana 70801
Attn: Robert E. Dolese, Chairman
Facsimile: (225) 7863-6540

(C) If to Security National Life:

Security National Life Insurance Company
5300 South 360 West, Suite 250
Salt Lake City, UT 84123
Attn: Scott M. Quist, President
Facsimile: (801) 265-9882

(D) If to Security National Financial:

Security National Financial Corporation
5300 South 360 West, Suite 250
Salt Lake City, UT 84123
Attn: Scott M. Quist, President
Facsimile: (801) 265-9882

All notices and other communications required or permitted under this Agreement that are addressed as provided in Section 14(a) will

- (a) if delivered personally or by overnight express, be deemed given upon delivery;
- (b) if delivered by facsimile or similar facsimile transmission, be deemed given when electronically confirmed; and
- (c) if sent by registered or certified mail, be deemed given when received. Any party from time to time may change its address for the purpose of notices to that party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the party sought to be charged with the contents thereof.

(b) Entire Agreement. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matters of this Agreement, and this Agreement, including the schedule attached hereto, contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

(c) Expenses. Except as otherwise expressly provided in this Agreement, each party hereto will pay its own costs and expenses in connection with this Agreement and the transactions contemplated hereby.

(d) Confidentiality.

- (i) From the date hereof until the fifth anniversary of the Effective Date, each of Acadian and Security National Life will refrain, and will cause its respective affiliates, officers, directors, employees, agents, and other representatives to refrain, from disclosing to any other person or entity any documents or information concerning the other party hereto acquired by it in connection with this Agreement or the transactions contemplated hereby unless (A) such disclosure is compelled by judicial or administrative process or by other requirements of law (including in connection with obtaining necessary insurance regulatory approvals) and notice of such disclosure is furnished to such other party hereto as promptly as possible so that they may take action to avoid such disclosure; (B) either party hereto deems it necessary (upon advice of such party's legal counsel) to disclose any such documents or information in connection with the requirements of law; or (C) such documents or information can be shown to have been (1) previously known by the party hereto receiving such documents or information, (2) in the public domain through no fault of such receiving party, or (3) later acquired by such receiving party from other public sources.
- (ii) If this Agreement is terminated and does not become effective, then, for a period of five years after such termination, Security National Life will refrain, and will cause its respective officers, directors, employees, agents, and other representatives to refrain, from disclosing to any other person or entity any documents or information concerning Acadian or the Reinsured Business acquired by Security National Life in connection with this Agreement or the transactions contemplated hereby unless (A) such disclosure is compelled by judicial or administrative process or by other requirements of law and notice of such disclosure is furnished to Acadian as promptly as possible so that they may take action to avoid such disclosure; (B) Security National Life deems it necessary (upon advice of legal counsel to Security National Life) to disclose any such documents or information in connection with the requirements of law; or (C) such documents or information can be shown to have been (1) previously known by Security National Life, (2) in the public domain through no fault of Security National Life, or (3) later acquired by Security National Life from other public sources.
- (iii) If this Agreement is not terminated and does become effective, then for a period of five (5) years following the Effective Date, Acadian will refrain, and will cause its affiliates, officers, directors, employees, agents, and other representatives to refrain, from disclosing, to any person or entity any information regarding the Reinsured Business or the transactions contemplated hereby unless (A) such disclosure is compelled by judicial or administrative process or by other requirements of law and notice of such disclosure is furnished to Security National Life as promptly as possible so that it may take action to avoid such disclosure; (B) Acadian deems it necessary (upon advice of legal counsel to Acadian) to disclose any such documents or information in connection with the requirements of law; or (C) such documents or information can be shown to have been (1) in the public domain through no fault of Acadian Seller, or (2) later acquired by Acadian from other public sources.
- (iv) Acadian and Security National Life hereto acknowledge and agree that (A) a breach of any of the terms or provisions of this Section would cause irreparable damage to the non-breaching party for which adequate remedy at law is not available; and (B) the non-breaching party will be entitled as a matter of right to obtain, without posting any bond whatsoever, an injunction, restraining order, or other equitable relief or restrain any threatened or further breach of this Section, which right will not be exclusive but will be cumulative and in addition to any other rights and remedies available at law or in equity.
- (v) Nothing in this subsection (d) shall prevent any party to this Agreement from cooperating fully with insurance regulatory officials in conducting examinations or otherwise carrying out their regulatory responsibilities as authorized by applicable law.
- (e) Further Assurances. Acadian and Security National Life agree that, from time to time after the Closing, upon the reasonable request of the other, they will cooperate and will cause their respective affiliates to cooperate with each other to effect the orderly

transition of the Reinsured Business from Acadian to Security National Life.

- (f) Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to benefit thereof. Such waiver must be in writing and must be executed by an executive officer of such party. A waiver on one occasion will not be deemed to be a waiver of the same or any other breach or nonfulfillment on a future occasion. All remedies, either under this Agreement, or by law or, otherwise afforded, will be cumulative and not alternative.
- (g) Amendment. This Agreement may be modified or amended only in writing duly executed by all parties.
- (h) Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which, when taken together, will constitute one and the same instrument.
- (i) Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Mississippi (without regard to the principles of conflicts of law) applicable to a contract executed and performable in such state.
- (j) Binding Effect. This Agreement is binding upon and will inure to the benefit of the parties and their respective successors and permitted assigns.
- (k) No Assignment. Neither this Agreement nor any right or obligation hereunder or part hereof may be assigned by any party hereto without (i) the prior written consent of the other parties hereto (and any attempt to do so will be void), and (ii) the prior approval of the Mississippi Department of Insurance. This paragraph shall not be deemed to prohibit a merger or dissolution of Acadian.
- (l) Due Diligence. All parties to this Agreement hereby acknowledge that they have received from the others all information requested and have had an adequate opportunity to investigate all aspects of this transaction. Each party has done its own due diligence with respect to this transaction, and each has hired and relied upon the advice of its own attorneys, financial advisors, and such other advisors as such party has deemed necessary to evaluate properly all aspects of this transaction. Each party further acknowledges that no representations have been made by any party concerning this transaction, except as specifically set forth herein or in one or more written agreements between the parties.
- (m) Ratification by Holding Companies. AFG and Security National Financial hereby execute this Agreement solely for the purpose of ratifying the actions of their respective subsidiary companies, described herein.
- (n) Invalid Provisions. If any provision of this Agreement is held to be illegal; invalid, or unenforceable under any present or future law, and if the rights or obligations under this Agreement of Acadian and Security National Life will not be materially and adversely affected thereby, (i) such provision will be fully severable; (ii) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Reinsurance Agreement to be executed by the respective officers authorized to act in the premises, effective on the Effective Date.

ACADIAN LIFE INSURANCE COMPANY

By: _____
Its: _____

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: _____
Its: _____

JOINING IN AGREEMENT FOR RATIFICATION
PURPOSES ONLY:

ACADIAN FINANCIAL GROUP, INC.

By: _____
Its: _____

SECURITY NATIONAL FINANCIAL CORPORATION

By: _____
Its: _____

STATE OF LOUISIANA)
)ss:
PARISH OF _____)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, 2003, within my jurisdiction, the within named _____, who acknowledged that he is the _____ of Acadian Life Insurance Company, a Louisiana insurance company, and that for and on behalf of said company and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Notary Public

STATE OF UTAH)
)ss:
COUNTY OF SALT LAKE)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, 2003, within my jurisdiction, the within named _____, who acknowledged that he is the _____ of Security National Life Insurance Company, a Utah insurance company, and that for and on behalf of said company and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Notary Public

STATE OF LOUISIANA)
)ss:
PARISH OF _____)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, 2003, within my jurisdiction, the within named _____, who acknowledged that he is the _____ of Acadian Financial Group, Inc., a Louisiana corporation, and that for and on behalf of said corporation and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Notary Public

STATE OF UTAH)
)ss:
COUNTY OF SALT LAKE)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, 2003, within my jurisdiction, the within named _____, who acknowledged that he is the _____ of Security National Financial Corporation, a Utah corporation, and that for and on behalf of said corporation and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Asset Purchase Agreement" or "Agreement") is made and entered into effective this ___ day of December, 2002, by and among Acadian Life Insurance Company, a Louisiana insurance corporation ("ALIC"), and Acadian Financial Group, Inc., a Louisiana corporation ("AFG" and collectively with ALIC referred to as "Seller") and Security National Life Insurance Company, a Utah insurance corporation ("Security National Life") and Security National Financial Corporation, a Utah corporation ("Security National" and collectively with Security National Life referred to as "Buyer").

WITNESSETH:

WHEREAS, Buyer and Seller have entered into a Coinsurance Agreement (the "Coinsurance Agreement"), pursuant to which Seller and Buyer will agree to reinsure all of the assumed liabilities relating only to policies with certain reinsured policies as defined in the Coinsurance Agreement; and

WHEREAS, upon approval of Coinsurance Agreement by the Louisiana and Mississippi Insurance Departments, certain insurance business and operations of Seller as set forth herein will be transferred to Buyer; and

WHEREAS, in connection with this Agreement, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller certain tangible and intangible assets as described below (the "Assets") of Seller, as set forth in more detail below; and

WHEREAS, Buyer further agrees to assume certain obligations of Seller, as set forth in more detail below;

NOW, THEREFORE, in consideration of the mutual and reciprocal covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, Seller and Buyer hereby agree as follows:

1. Purchase of Computer Hardware. The parties acknowledge that Seller is in the possession of computer hardware listed and described on Schedule A attached hereto and incorporated herein by reference (the "Computer Hardware"). For a period of sixty (60) days following Closing, Buyer shall have the right to purchase all or part of the Computer Hardware for a price not to exceed \$13,000. If Buyer elects to purchase all or part of the Computer Hardware, then at the completion of said purchase, Seller shall transfer and convey to Buyer all of Seller's right, title and interest in and to the Computer Hardware purchased by Buyer. Buyer hereby acknowledges that all of the Computer Hardware is purchase in "as is" condition and that none of the Computer Hardware is under manufacturer or other warranty, except as specifically described on Schedule A. At the Closing of any such Computer Hardware purchase, Seller shall deliver to Buyer a Bill of Sale, without warranty, and Buyer shall deliver to Seller the Purchase price set forth in Section 5, below. 1.
2. Purchase of Computer Software.
 - 2.1 Licensed Software. The parties acknowledge that Seller currently holds a license from International Business Machines ("IBM") for certain software utilized in the maintenance of Seller's general ledger accounting records, for use on Seller's AS400 computer (the "Licensed Software"). At Closing, Seller shall assign and transfer to Buyer and Buyer shall assume from Seller, all of Seller's rights and obligations in and to the Licensed Software.
 - 2.2 Owned Software. The parties acknowledge that, in addition to the Licensed Software, Seller is also in the possession of other software, developed by employees or contractors of either Gulf National Life Insurance Company or Seller and utilized by Seller in accounting for premiums received, reserve computations, and for other purposes (the "Owned Software"). For a period of sixty (60) days following Closing, Buyer shall have the right to purchase all or part of the Owned Software for a price not to exceed \$75,000. If Buyer elects to purchase all or part of the Owned Software, then at the completion of said purchase, Seller shall transfer and assign to Buyer all of Seller's right, title and interest in and to the Owned Software purchased by Buyer. Buyer hereby acknowledges that such transfer shall be without any warranty, including, but not limited to any warranty of fitness for a particular purpose.
 - 2.3 Transfer of Software Rights. At Closing, Seller shall deliver to Buyer an Assignment of all rights of Seller in and to the Licensed Software and the Owned Software, without warranty, and Buyer shall deliver to Seller the purchase price set forth in Section 5, below.

3. Purchase of Furniture and Equipment. At Closing, Seller shall transfer and convey to Buyer, and Buyer shall purchase from Seller, all furniture, equipment and other personal property listed and described on Schedule B attached hereto and incorporated herein by reference (the "Furniture and Equipment"). At Closing, Seller shall deliver to Buyer a Bill of Sale, without warranty, and Buyer shall deliver to Seller the purchase price set forth in Section 5, below. Buyer acknowledges that the Furniture and Equipment are purchased in "as is" condition.
4. Purchase of Name. The parties acknowledge that Seller is an insurance corporation organized and existing under the laws of the State of Louisiana, and that Seller uses the name "Gulf National Life Insurance Company." Except as set forth in Schedule C attached hereto, promptly following Closing, Seller shall assign and transfer to Buyer, and Buyer shall purchase and acquire from Seller, all of Seller's right, title and interest in the name "Gulf National Life Insurance Company," including the right to use the words "Gulf National Life" alone or as a part of any other trade name, as well as the logo "GNL." At Closing, Seller shall deliver to Buyer an Assignment of Seller's rights in the name "Gulf National Life Insurance Company," without warranty, and Buyer shall deliver to Seller the purchase price set forth in Section 5, below. This paragraph shall not prevent the continued use by Seller following the Closing of the name Gulf National Benefits Association and its marketing and collection agent, Gulf National Mississippi Benefits, LLC, which Seller represents and warrants will not be offering any funeral insurance products. 1.
5. Purchase Price. The purchase price for the Computer Hardware, the Licensed Software, the Owned Software, the Furniture and Equipment, and the name, shall be as set forth below, and shall be payable in cash at Closing:

Computer Hardware	\$13,000.00
Licensed Software	\$ 10.00
Owned Software	\$75,000.00
(Unamortized cost)	
Furniture and Equipment	\$ 10.00
Name	\$ 100.00

6. Sublease of Real Property. At Closing Seller shall sublease to Buyer or an affiliate of Buyer, and Buyer or an affiliate shall sublease from Seller, that certain real property located at 6522 Dogwood View Parkway, Jackson, Mississippi (the "Real Property"), currently subleased by Seller from Underwood Investment Company, GP, for Lakeover Partnership, LP pursuant to the terms of that certain Lease entered into on or about August 26, 1998 (the "Lease"). The duration of the term of the sublease to be entered into between Seller and Buyer (or Buyer's affiliate) shall be identical to the remaining term of the Lease, as amended by that certain letter agreement dated April 2, 2001. Such sublease shall provide for the assumption by Buyer of all obligations of Seller under the terms of the Lease, and shall vest in Buyer all rights of Seller in and to the use and possession of the Real Property.
7. Assignment and Assumption of Certain Agreements and Arrangements.
 - 7.1 Mortimer Agency Agreement. The parties acknowledge that Gulf National Life Insurance Company and Robert B. Mortimer entered into an Agency Agreement on or about August 26, 1997 (the "Mortimer Agency Agreement"), a true and correct copy of which is attached hereto as Schedule D and incorporated herein by reference. On June 15, 2001, Gulf National Life Insurance Company assigned all of its right, title and interest in and to the Mortimer Agency Agreement to Seller. At Closing, Seller shall assign and transfer to Buyer, and Buyer shall assume from Seller, all of Seller's right, title and interest in and to the Mortimer Agency Agreement, and Seller shall designate Buyer as the successor to Seller pursuant to the terms of Paragraph 7 of the Mortimer Agency Agreement.
 - 7.2 Agreements with Willis N. Puckett, II.
 - (a) Puckett Non-Compete Agreement. The parties acknowledge that Gulf National Life Insurance Company and Willis N. Puckett, II entered into an Agreement Not to Compete on or about January 30, 1998 (the "Puckett Non-Compete Agreement"), a true and correct copy of which is attached hereto as Schedule E and incorporated herein by reference. On June 15, 2001, Gulf National Life Insurance Company assigned all of its rights and obligations under the Puckett Non-Compete Agreement to Seller. At Closing, Seller shall assign

to Security National Life, and Security National Life shall assume from Seller, all of Seller's rights and obligations under the Puckett Non-Compete Agreement. Pursuant to the provisions of Paragraph 6(d) of the Puckett Non-Compete Agreement, Buyer hereby specifically agrees to be bound by all of the terms of the Puckett Non-Compete Agreement, from and after the date of Closing.

- (b) Puckett Stock Purchase Agreement. The parties acknowledge that Gulf National Life Insurance Company and Willis N. Puckett, II entered into an Agreement to Purchase Corporate Stock on or about January 30, 1998 (the "Puckett Stock Purchase Agreement"), a true and correct copy which is attached hereto as Schedule F and incorporated herein by reference. At Closing, Seller shall assign to Buyer, and Buyer shall assume Seller's rights and obligations pursuant to the Puckett Stock Purchase Agreement, including, but not limited to, Seller's obligations to maintain an office in Columbus, Mississippi on the terms and conditions and for the period of time set forth in the Puckett Stock Purchase Agreement.

7.3 Pearce Agreements.

- (a) Pearce Agency Agreement. The parties acknowledge that Gulf National Life Insurance Company and Charlotte Pearce, et al. entered into an Agency Agreement on or about November 5, 1998 (the "Pearce Agency Agreement"), a true and correct copy of which is attached hereto as Schedule G and incorporated herein by reference. At Closing, Seller shall assign and transfer to Buyer, and Buyer shall assume from Seller, all of Seller's right, title and interest in and to the Pearce Agency Agreement, and Seller shall designate Buyer as the successor to Seller pursuant to the terms of Paragraph 7 of the Pearce Agency Agreement.
- (b) Pearce Non-Compete Agreement. The parties acknowledge that Seller and John E. Pearce and Charlotte Pearce entered into an Agreement Not to Compete on or about November 5, 1998 (the "Pearce Non-Compete Agreement"), a true and correct copy of which is attached hereto as Schedule H and incorporated herein by reference. On June 15, 2001, Gulf National Life Insurance Company assigned all of its rights and obligations under the Pearce Non-Compete Agreement to Seller. At Closing, Seller shall assign to Buyer, and Buyer shall assume from Seller, all of Seller's rights and obligations under the Pearce Non-Compete Agreement. Pursuant to the provisions of Paragraph 6(d) of the Pearce Non-Compete Agreement, Buyer hereby specifically agrees to be bound by all of the terms of the Pearce Non-Compete Agreement, from and after the date of Closing.
- (c) Pearce Trust Rollover Agreement. The parties acknowledge that Seller and John E. Pearce, Colonial Chapel, Inc. and Brookhaven Funeral Home, Inc. entered into an Agreement to Purchase Group Master Insurance Policies and to Establish Agency Relationship on or about October 26, 1998 (the "Pearce Trust Rollover Agreement"). On June 15, 2001, Gulf National Life Insurance Company assigned all of its rights and obligations under the Pearce Trust Rollover Agreement to Seller. At Closing, Seller shall assign to Buyer, and Buyer shall assume from Seller all of Seller's rights and obligations under the Pearce Trust Rollover Agreement, including, but not limited to, Seller's obligations to maintain trust funds in a banking institution selected by John E. Pearce or his corporate affiliates, pursuant to Paragraph 2 of the Pearce Trust Rollover Agreement.

7.4 Billing Arrangements with Certain Funeral Homes. The parties acknowledge that Seller currently performs certain billing functions for and on behalf of Hulett-Winstead Funeral Home, in Hattiesburg, Mississippi, Memory Chapel Funeral Home in Laurel, Mississippi and Randy Rowell Agency in Columbia, Mississippi, on a monthly basis, at no charge. The parties further acknowledge that no written agreements are in existence with respect to these billing services performed by Seller. Buyer agrees, from and after the date of Closing, to continue performing such services for and on behalf of Hulett-Winstead Funeral Home, Memory Chapel Funeral Home and Randy Rowell Agency, for so long as each such entity remains an agent of Buyer, with respect to the sales of any insurance product.

7.5 Funeral Home Trust Agency Agreement. The parties acknowledge that Gulf National Life Insurance Company has entered into Agency Agreements with (a) Deposit Guaranty National Bank, now known as AmSouth Bank, on or about July 23, 1991; (b) Peoples Bank of Biloxi, on or about January 29, 1990; (c) Trustmark National Bank, on or about November 27, 1989; and The Peoples Bank of Biloxi, on or about December 21, 1998 (collectively the "Funeral

Home Trust Fund Agency Agreements"), as amended by certain Addenda to Agency Agreements entered into or to be entered into between Seller and each such bank, true and correct copies of all of which are attached hereto as composite Schedule I and incorporated herein by reference. On June 15, 2001, Gulf National Life Insurance Company transferred all of its interest in the Funeral Home Trust Fund Agency Agreements to Seller. Among other provisions, each Agency Agreement provides that the respective bank will invest certain trust assets received from funeral homes in policies of insurance issued by Seller; that Seller will issue policies and/or annuities to such bank; and that all policies issued by Seller shall earn at least a guaranteed rate of interest of at least 4%. At Closing, Seller shall assign and transfer to Buyer, and Buyer shall assume from Seller, all of Seller's right, title and interest in and to the Funeral Home Trust Fund Agency Agreement, and Buyer shall assume from Seller all of Seller's obligations thereunder.

7.6 Capital Mutual Insurance Company ("CMIC"). Buyer acknowledges that Gulf National Life Insurance Company consummated an assumption reinsurance transaction with CMIC, effective January 1, 2001, pursuant to which transaction Gulf National Life Insurance Company paid to CMIC a ceding fee of \$143,500 (the "CMIC Ceding Fee"). Seller represents that the insurance business of CMIC is included within the insurance business of Seller transferred to Buyer under the Coinsurance Agreement.

7.7 Indemnification. Seller shall indemnify and hold Buyer harmless from and against any and all claims, liabilities, damages and demands (including expenses and reasonably attorney's fees) resulting from any breach by Seller of any of its obligations under any of the agreements referenced to in this Section 7, occurring or arising prior to Closing. Buyer shall likewise indemnify and hold Seller harmless from and against any and all claims, liabilities, damages and demands (including expenses and reasonable attorney's fees) resulting from any breach by Buyer of any of its obligations under any of the agreements referred to in this Section 7, occurring or arising from and after the Closing, all of which agreements are hereby specifically assumed by Buyer.

8. Agreement Not to Compete. For a period of five (5) years from and after the date of Closing, Seller agrees that it shall not, within the State of Mississippi, (i) engage, either directly or indirectly, in the sale of industrial life insurance, other funeral insurance, pre-need contracts, ordinary life insurance, life insurance trusts, credit life and credit accident and health insurance, property and casualty insurance, annuities, or any similar or related products or services for or on behalf of any company or other entity, other than Buyer, without the prior written consent of Buyer; or (ii) own or otherwise participate financially in any business, firm, partnership, corporation or other entity, whether as an employee, officer, director, agent, security holder, creditor, consultant, or otherwise, that sells or underwrites, or issues any policies of industrial life insurance, other funeral insurance, pre-need contracts, ordinary life insurance, life insurance trusts, credit life and credit accident and health insurance, property and casualty insurance, annuities, or any other similar or related products or services, or engages in any activity relating in any way to the issuance, sales or servicing of insurance policies, without the prior written consent of Buyer. This Agreement shall not be deemed to prohibit Seller from investing in any entity in which Seller holds less than 5% of the equity ownership thereof. Additionally, at Closing, Seller agrees to deliver to Buyer separate covenants not to compete, on the same terms as set forth hereinabove, executed by Jeremiah J. O'Keef, Sr., Susan O'Keefe Snyder, Jeffrey H. O'Keefe, Kathryn O'Keefe Kaye, and Virginia O'Keefe. This paragraph shall not prevent Seller from continuing its "Funds in a Flash" insurance factoring program in the state of Mississippi.

9. Representations. Warranties and Agreements of Seller and Shareholder. Seller represents, warrants and agrees, as of the date hereof, that:

9.1 Organization and Good Standing. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana, with full corporate power and authority to conduct its business as such business is now being conducted, and has all requisite corporate power and authority to execute and perform this Agreement and the transactions contemplated hereby. Seller is qualified to do business in all states where the failure to be so qualified would have a material adverse effect on the Assets.

9.2 No Violation: No Consents. Seller has taken or will take prior to Closing all necessary or appropriate action to enable it to enter into, execute, deliver and perform this Agreement and the transactions contemplated hereby. The execution and the performance of this Agreement, and the consummation of the transactions contemplated hereby, will not violate any provision of the Articles of Incorporation or Bylaws of Seller, or, to the

best knowledge of Seller, violate or result in the breach of any term or provision of or constitute a default or accelerate maturities under any loan or any other similar agreement, instrument, indenture, mortgage, deed of trust, or other restriction to which Seller is a party or by which any of Seller's property is bound.

9.3 Validity of Agreement. This Agreement and the transactions contemplated hereby have been, or shall have been prior to Closing, duly authorized and approved by the Board of Directors and the shareholders of Seller, and this Agreement has been duly executed and delivered by Seller and is the legal, valid and binding obligation, enforceable in accordance with its terms, of Seller. No other proceedings are necessary to authorize this Agreement and the transactions contemplated hereby, or the performance or compliance by Seller with any of the terms, provisions or conditions hereof.

9.4 Assets. (a) Seller has good and marketable title to all the Assets, including the Computer Hardware, Licensed Software, Owned Software, and Furniture and Equipment. All personal property is in good working order and operating condition and is free and clear of all liens, security interests, mortgages, deeds of trust, pledges, conditional sales contracts, charges, leases, claims, administrative orders or decrees or encumbrances whatsoever (except as disclosed in Schedule 9.4(A)). To the best knowledge of Seller, all the Assets are in compliance with all applicable laws and governmental regulations. All of the Assets are in the possession of Seller or its customers and, if in the possession of customers, are held pursuant to binding agreements (whether written or oral) obligating the customer to return or reimburse Seller for such property.

(b) All real property owned by, leased to or otherwise occupied by Seller for use in the conduct of the business (the "Real Property") is listed on Schedule 9.4(B). To the best knowledge of Seller, the present use of each parcel of Real Property is in compliance with all applicable zoning ordinances (or variances therefrom) and other applicable government regulations, and there does not exist any notice of any uncorrected violation of any housing, building, safety, fire or other ordinance or applicable governmental regulation. Except for assessments not yet due and payable, Seller is not liable for any unpaid assessments for any public improvements, whether as owner or lessee of any Real Property, nor has Seller received any notice from any appropriate governmental authority of intention to make any public improvement for which Seller may be assessed directly or by reason of a leasehold interest or otherwise. The Real Property is free and clear of all liens and free and clear of all easements, restrictions, building encroachments and other matters disclosed by an accurate survey of the premises, which would have a material adverse effect on the value of any of such properties or the use of any such property in the manner that it is currently being used. All leases for any of the Real Property subject to a lease (the "Real Property Leases") are listed in Schedule 9.4(C). No underground tanks currently or formerly used for the storage of any gas or petroleum products are present at the Real Property and if any such tanks previously existed and were removed, they were removed in accordance with applicable law.

9.5 Inventories. All inventories of Seller are useable in the ordinary course, have been recorded in amounts not in excess of the lower of cost paid by Seller for such items or the market value thereof, and are good and merchantable and readily saleable in the ordinary course of Seller's business.

9.6 Taxes. Within the times and in the manner prescribed by law, Seller has filed all federal, state and local tax returns and reports required by law to have been filed by it, and has paid all taxes, assessments, and penalties due and payable by it. There are no federal, state or local tax liens (other than a lien for property taxes not delinquent) against any of the Assets, nor are there any overdue federal, state or local taxes with respect to any of the Assets. At Closing, all taxes and other assessments and levies which Seller is required by law to withhold or collect, shall have been duly withheld and collected, and if due, shall be paid over to or deposited with the proper governmental authorities.

9.7 Litigation. Except as disclosed in Schedule 9.7, neither Seller nor any employees or officers of Seller is a party to any pending or threatened litigation or administrative investigation or proceedings which would materially and adversely affect the Assets, nor, to the best knowledge of Seller, is there any basis therefor. To the best knowledge of Seller, no complaints or charges of unlawful conduct have been made against Seller or any employees or officers of Seller that relate in any way to the Assets. Buyer is not assuming any liability with respect to any pending or threatened litigation or administrative investigation or proceeding or with

respect to any such complaints or charges of unlawful conduct.

9.8 Compliance with Laws. To the best knowledge of Seller, the Assets are in compliance in all material respects with all judgments, decrees, injunctions, orders, writs, rulings, laws, ordinances, statutes, rules, regulations and other requirements of all federal, state and local governmental, administrative and judicial bodies and authorities (the "Legal Requirements"). Seller has not received any notice of any uncorrected violation of any such Legal Requirements. All Real Property, and the use and occupancy thereof, are, to the best knowledge of Seller, in compliance with all Legal Requirements and all applicable leases and insurance requirements. The Real Property has not been used by Seller, any third party acting at the request or direction of Seller (a "Directed Third Party") nor, to the best knowledge of Seller, any other third party, for the generation, manufacture, storage or disposal of, and there has not been transported to or from the Real Property by Seller, any Directed Third Party or, to the best knowledge of Seller, any other third party, any Hazardous Substances or Wastes (as those terms are hereinafter defined) in violation of any Legal Requirements; there are no Hazardous Substances or Wastes present on the Real Property except in compliance with all Legal Requirements; there has been no use of the Real Property by Seller, any Directed Third Party or, to the best knowledge of Seller, any other third party, that may, under any federal, state or local law or regulation, require any closure or cessation of the use of the Real Property or impose upon Seller, its successors or assigns any monetary obligations; Seller has not been identified by any governmental agency or individual in any pending or threatened action, litigation, proceeding or investigation as a responsible party or potentially responsible party for any liability for disposal or releases of any Hazardous Substances or Wastes, no lien or superlien has been recorded, asserted or, to the best knowledge of Seller, threatened against the Real Property for any liability in connection with any environmental contamination; the Real Property has not been listed on either the National Priorities List, as defined in CERCLA, or any state listing of hazardous sites; and the Real Property is in compliance with all environmental laws. For the purposes hereof, "Hazardous Substances" shall mean any flammables, explosives, radioactive materials, asbestos, ureaformaldehyde, hazardous wastes, toxic substances or any other elements or compounds designated as a "hazardous substance", "pollutant" or "contaminant" in the environmental laws or any other Legal Requirements; and "Wastes" shall mean any hazardous wastes, residual wastes, solid wastes or other wastes as those terms are defined in the environmental laws or any other Legal Requirements.

9.9 Absence of Undisclosed Liabilities. There are no liabilities of Seller that have not been disclosed to Buyer which could materially and adversely affect the Assets.

9.10 Knowledge. For purposes of this Agreement, the term "to the best knowledge of Seller" or similar knowledge or awareness qualifiers shall be understood to refer to all matters that are known or, in the exercise of reasonable business judgment, should be known to Seller. For purposes hereof, Seller shall be deemed to have knowledge of all acts and circumstances regarding Seller, the Assets and the Real Property that are known or, in the exercise of reasonable conduct, should be known by Seller's officers, directors, or senior level management.

10. Representations, Warranties and Agreements of Buyer. Buyer hereby represents, warrants and agrees, as of the date hereof, that:

10.1 Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Utah, with full corporate power and authority to conduct its business as such business is now being conducted, and has requisite corporate power and authority to execute and perform this Agreement and the transactions contemplated hereby.

10.2 No Violation: No Consents. Buyer has taken or will take prior to Closing all necessary or appropriate action to enable Buyer to enter into, execute, deliver and perform this Agreement. The execution and the performance of this Agreement, and the consummation of the transactions contemplated hereby, will not violate any provision of the Articles of Incorporation or Bylaws of Buyer, or, to the best knowledge of Buyer, violate or result in the breach of any term or provision of, or constitute a default or accelerate maturities under any loan or other similar agreement, instrument, indenture, mortgage, deed of trust, or other restriction to which Buyer is a party or by which any of Buyer's property is bound.

10.3 Validity of Agreement. This Agreement and the transactions contemplated hereby have been, or shall have been prior to Closing, duly authorized and approved by the Board of Directors of Buyer, and this Agreement has been duly executed and delivered by Buyer and is the legal, valid and binding

obligation, enforceable in accordance with its terms, of Buyer. No other proceedings are necessary to authorize this Agreement and the transactions contemplated hereby, or the performance or compliance by Buyer with any of the terms, provisions or conditions hereof.

10.4 Absence of Undisclosed Liabilities. There are no liabilities of Buyer that have not been disclosed to Seller which could materially and adversely affect the business of Buyer.

10.5 Disclosure. No representation or warranty by Buyer herein or in any statement, certificate, schedule or document furnished or to be furnished by Buyer to Seller pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

10.6 Knowledge. For purposes of this Agreement, the term "to the best knowledge of Buyer" or similar knowledge or awareness qualifiers shall be understood to refer to all matters that are known or, in the exercise of reasonable business judgment, should be known to Buyer. For purposes hereof, Buyer shall be deemed to have knowledge of all acts and circumstances regarding Buyer that are known or, in the exercise of reasonable conduct, should be known by Buyer's officers, directors, or senior level management.

11. Conditions Precedent. Each parties obligations hereunder are subject to the following conditions precedent, each of which conditions must be satisfied prior to Closing:

11.1 Regulatory Approvals. Each party's obligations to close and to perform pursuant to this Agreement shall be subject to prior approval by any applicable regulatory agencies, of the Reinsurance Agreement.

11.2 Closing of Reinsurance Agreement. The Closing of the transactions contemplated by this Agreement shall occur simultaneously with the Closing of the Coinsurance Agreement, as set forth therein, and neither party shall have any obligations to close hereunder until the occurrence of the Closing of the transactions contemplated by the Coinsurance Agreement.

12. Notices. Any notice or other communications required or permitted hereunder shall be sufficiently given if delivered in person or sent by registered or certified mail, postage prepaid, addressed as follows to the following addresses, or such other address as shall be furnished in writing by any such party, and such notice or communications shall be deemed to have been given as of the date so delivered and mailed:

If to Seller:

Acadian Life Insurance Company
236 Third Street
Baton Rouge, Louisiana 70801
Attn: Robert Edward Dolese, Chairman

And also to:

Acadian Financial Group, Inc.
236 Third Street
Baton Rouge, Louisiana 70801
Attn: Robert Edward Dolese, Chairman

If to Buyer:

Security National Life Insurance Company
5300 South 360 West, Suite 250
Salt Lake City, UT 84123
Attn: Scott M. Quist, President

And also to:

Security National Financial Corporation
5300 South 360 West, Suite 250
Salt Lake City, UT 84123
Attn: Scott M. Quist, President

13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Utah.

14. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

15. Public Announcements. All parties hereby agree that no party shall make any public announcement of this transaction, prior to Closing, except with the

prior consent of the other parties.

1

SELLER:

ACADIAN LIFE INSURANCE COMPANY

By: _____
Its: _____

ACADIAN FINANCIAL GROUP, INC.

By: _____
Its: _____

BUYER:

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: _____
Its: _____

SECURITY NATIONAL FINANCIAL CORPORATION

By: _____
Its: _____

2