

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 31, 2005

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  
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Does Not Apply  
(Former name or former address, if changed since last report)

ITEM 1.01. Registrant's Business and Operations.

Reinsurance Agreement Between Security National Life Insurance Company  
and Southern Security Life Insurance Company

On December 31, 2005, Security National Financial Corporation (the "Company"), through its subsidiaries, Security National Life Insurance Company, a Utah domiciled life insurance company, and Southern Security Life Insurance Company, a Florida domiciled life insurance company, entered into a reinsurance agreement to reinsure the remaining in force business of Southern Security Life Insurance Company to Security National Life Insurance Company to the extent permitted by the Florida Office of Insurance Regulation. The assets and liabilities reinsured under the reinsurance agreement will be deposited into a trust account, in which Zions First National Bank agrees to act as trustee. Under the terms of the reinsurance agreement, in the event of the insolvency of Security National Life Insurance Company, Zions First National Bank will hold the assets and liabilities in trust for purposes of administration of the assets and liabilities with respect to such insolvency.

The Florida Office of Insurance Regulation approved the reinsurance agreement on December 28, 2005. As a result of the execution of the reinsurance agreement, all of the insurance business and operations of Southern Security Life Insurance Company will be transferred to Security National Life Insurance

Company, as reinsurer, as of December 31, 2005, the effective date of the agreement. Any future insurance business by Southern Security Life Insurance Company will be covered by this reinsurance agreement. All of the insurance business and operations of Southern Security Life Insurance Company, including its assets and liabilities, will be transferred to Security National Life Insurance Company under the terms of the reinsurance agreement, except for approximately \$3,500,000 in capital and surplus that Southern Security Life Insurance Company will continue to hold in order to remain qualified as a life insurance company for federal income tax purposes. Thus, approximately \$45,197,000 in assets and liabilities will be transferred from Southern Security Life Insurance Company to Security National Life Insurance Company pursuant to the reinsurance agreement.

Dividend Payment by Southern Security Life Insurance Company  
to Security National Life Insurance Company

Also, on December 31, 2005, Southern Security Life Insurance Company declared a dividend to Security National Life Insurance Company in the amount of approximately \$7,145,000. Following the payment of the dividend, the remaining capital and surplus of Southern Security Life Insurance Company will be approximately \$3,500,000, which is a sufficient amount in order for Southern Security Life Insurance Company to maintain its status as an admitted insurer in good standing in the state of Florida. On December 28, 2005, the Florida Office of Insurance Regulation approved the request by Security National Life Insurance Company and Southern Security Life Insurance Company for the dividend payment.

Sale or Merger Involving Southern Security Life Insurance Company

The Company expects that Southern Security Life Insurance Company will either be sold to an unrelated business entity or merged with Security National Life Insurance Company during fiscal 2006. On December 12, 2005, a plan of liquidation was approved by the Company's Board of Directors in anticipation of such sale or merger. The Company expects the sale or merger to be completed prior to December 31, 2006.

ITEM 9.01. Financial Statements and Exhibits

(c) Exhibits

- 10.1 Reinsurance Agreement between Security National Life Insurance Company and Southern Security Life Insurance Company.
- 10.2 Trust Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company and Zions First National Bank.

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 10, 2006

By: /s/ Scott M. Quist

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Scott M. Quist  
President and Chief Operating Officer

REINSURANCE AGREEMENT

Between

SOUTHERN SECURITY LIFE INSURANCE COMPANY

of Lake Mary, Florida

and

SECURITY NATIONAL LIFE INSURANCE COMPANY

of Salt Lake City, Utah

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SCHEDULES

- A. POLICIES AND RISKS REINSURED
- B. REINSURANCE PREMIUMS
- C. COMMISSION AND EXPENSE ALLOWANCE
- D. MONTHLY REPORT OF ACTIVITY AND SETTLEMENTS

EXHIBITS

- 1. TRUST AGREEMENT

## REINSURANCE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into, effective this 31st day of December, 2005, by and between SOUTHERN SECURITY LIFE INSURANCE COMPANY, a Florida domiciled insurance company (hereinafter referred to as the "Company") and SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled insurance company (hereinafter referred to as the "Reinsurer").

The Company and the Reinsurer mutually agree to reinsure on the terms and conditions stated herein. This Agreement is an indemnity reinsurance agreement solely between the Company and the Reinsurer and performance of the obligations of each party under this Agreement shall be rendered solely to the other party. In addition, this Agreement supersedes and replaces those certain Reinsurance Agreements previously entered into between the Company and Reinsurer on October 1, 2003 and October 1, 2004.

### ARTICLE I

#### GENERAL PROVISIONS

1. Contracts and Risks Reinsured. The Reinsurer agrees to indemnify and the Company agrees to transfer risk to the Reinsurer, according to the terms and conditions hereof, the risks described in Schedule A hereto, which are in force on the effective date (the "Effective Date") of this Agreement; subject, however, to the same rights, offsets, counterclaims, crossclaims and defenses as are available to the Company. No such offsets, counterclaims, crossclaims or defenses are waived but the same are expressly preserved, and Reinsurer is and shall be fully subrogated thereto, either in its own name or in the name of the Company, and whether the name be now known to exist or may hereafter be discovered.

2. Coverages and Exclusions. Only risks under the life insurance policies referred to in Schedule A, are reinsured under this Agreement.

3. Plan of Reinsurance. This indemnity reinsurance shall be on the coinsurance plan. The Company and the Reinsurer shall establish, maintain, and place all assets held in relation to the reserves in trust in accordance with the terms of a certain Trust Agreement, a copy of which is attached hereto as Exhibit 1 and by this reference is made a part hereof. The assets are to be accounted for using statutory accounting principles of the state of domicile of the Reinsurer. On the Effective Date of this Agreement, the assets transferred to the Reinsurer shall be equal to the amount of reserves transferred thereunto.

4. Reserves. The expression net reserves, prior to the application of this treaty, whenever used, shall mean the statutory reserves, net of existing reinsurance ceded under all treaties in effect excluding this treaty, which would have been reported by the Company on its NAIC Convention Blank as of December 31, 2005, with respect to the policies reinsured hereunder, if this treaty were not in effect.

The expression net due and deferred premiums, prior to the application of this treaty, shall mean the due and deferred premiums, net of existing reinsurance ceded under all treaties in effect excluding this treaty, which would have been held by the Company on its NAIC Convention Blank as of December 31, 2005, with respect to the policies reinsured hereunder, if this treaty were not in effect.

The expression net policy loans, prior to the application of this treaty, shall mean the policy loans, net of existing reinsurance ceded under all treaties in effect excluding this treaty, which would have been reported by the Company on its NAIC Convention Blank as of December 31, 2005, with respect to the policies reinsured hereunder, if this treaty were not in effect.

The expression advance premiums, prior to the application of this treaty, shall mean the advance premiums, net of existing reinsurance ceded under all treaties in effect excluding this treaty, which would have been reported by the Company on its NAIC Convention Blank as of December 31, 2005, with respect to the policies reinsured hereunder, if this treaty were not in effect.

5. Commission and Expense Allowance. There is to be a commission and expense allowance equal to actual premium taxes paid, actual sales commission paid and other administrative expenses, in accordance with Schedule C.

6. Extracontractual Damages. In no event shall the Reinsurer indemnify nor be liable for any extracontractual damages or liability of any kind whatsoever resulting from, but not limited to, the Company's negligent, reckless or intentional wrongs, fraud, oppression, bad faith or strict liability. The

Reinsurer shall indemnify the Company for any extracontractual damages or liability of any kind whatsoever resulting from but not limited to, the Reinsurer's or its agents' neglect, reckless or intentional wrong, fraud, oppression, bad faith or strict liability. The following liabilities are examples of liabilities that would be considered extracontractual: compensatory damages, damages for emotional distress, and punitive or exemplary damages.

7. Contract Administration. The Reinsurer shall administer the contracts reinsured hereunder and shall perform all accounting, collection and all other administrative functions at the expense of the Reinsurer. The Company shall make the use of its name available in such administration and shall otherwise make available all records and other material needed in such administration.

8. Inspection. At any reasonable time, the Reinsurer may inspect, during normal business hours, at the principal office of the Company, the papers and any and all other books or documents of the Company relating to reinsurance under this Agreement. At any reasonable time, the Company may inspect, during normal business hours, at the principal office of the Reinsurer, the papers and any and all other books or documents of the Reinsurer relating to reinsurance under this Agreement. Neither the Company nor the Reinsurer will use any information obtained through any inspection pursuant to this section for purposes not relating to reinsurance under this Agreement.

9. Condition. The reinsurance hereunder is subject to the same limitations and conditions as the contracts written by the Company that are reinsured hereunder, except as otherwise provided in this Agreement.

10. Misunderstandings and Oversights. If any failure to pay amounts due or to perform any other act required by this Agreement is unintentional and caused by misunderstanding and oversight, the Company and the Reinsurer will adjust the situation to what it would have been had the misunderstanding or oversight not occurred.

11. Age Adjustment. If the Company's liability under any of the contracts reinsured under this Agreement is changed because of a misstatement of age, the Reinsurer will share in the change proportionately to the amount reinsured hereunder, and the Company and the Reinsurer will make any and all proportional adjustments thereunto.

12. Restatements. If a contract reinsured hereunder that was reduced, terminated, or lapsed, and is subsequently reinstated, the reinsurance for such contract under this Agreement will be reinstated automatically to the amount that would be in force if the contract had not been reduced, terminated, or lapsed. The Company will pay to the Reinsurer the Reinsurer's proportionate share of all amounts collected from, or charged to, the insured.

13. Amendments. This Agreement shall be amended only by written agreement of the parties.

14. Policies, Contracts. The words policy or policies, and contract or contracts as used herein shall have the same meaning. The Company hereby warrants and represents that the contracts reinsured hereunder comply with all applicable laws and regulations, including federal income tax regulations, and have so complied since the date of issuance.

15. Policyholder Information. The Company shall not sell, distribute or in any way use the policyholder information on contracts reinsured hereunder without the prior approval of the Reinsurer.

16. Assumption Reinsurance. It is contemplated that the Company will be sold to a third party or merged into the Reinsurer by December 31, 2006. Upon such event, or by mutual agreement of the Company and Reinsurer, this Agreement may be converted to an Assumption Reinsurance Agreement pending approval of the Florida Office of Insurance Regulation, on the day prior to the change in control or agreement.

17. Reinsurance With Other Companies. Existing reinsurance with other insurance companies on the policies specified in Schedule A shall be retained by the Company, except as agreed upon in writing by Reinsurer and Company. Any amounts paid to other reinsurance companies shall be fully reimbursed by the Reinsurer. Any amounts received by the Company from other insurance companies will be paid to the Reinsurer.

## ARTICLE II

### DURATION OF RISK

1. Duration. Except as otherwise provided herein, this Agreement shall be unlimited in duration and the Company and the Reinsurer shall have no right to terminate it.

2. Reinsurer's Liability. The liability of the Reinsurer with respect to any contract reinsured hereunder will begin simultaneously with that of the Company, but not prior to the Effective Date of this Agreement. The Reinsurer's liability with respect to any contract reinsured hereunder will terminate with that of the Company on the date the Company's liability on such contract is terminated.

3. Recapture. Contracts reinsured under this Agreement are not eligible for recapture.

4. Contract Changes. The Company will not make any contract changes in any policies reinsured hereunder except as required by law or as mutually agreed to by the Company and the Reinsurer.

### ARTICLE III

#### PREMIUM AND CONSIDERATIONS

1. Net Reserves. On the Effective Date of this Agreement, the Company agrees to pay the Reinsurer as a reserve transfer an amount equal to the adjusted net reserves, on the Effective Date of this Agreement with respect to the liabilities reinsured as of such date and described in Schedule A less the ceding allowance. Adjusted net reserves are calculated as net reserves, prior to the application of this treaty, minus net due and deferred premiums, prior to the application of this treaty, minus policy loans, prior to the application of this treaty, plus advance premiums, prior to the application of this treaty.

2. Ceding Allowance. On the Effective Date of this Agreement, the Reinsurer agrees to pay the Company a ceding allowance equal to Ten Dollars (\$10.00) in cash by certified funds or wire transfer and other good and valuable consideration.

3. Reinsurance Premiums. The Company agrees to pay the Reinsurer reinsurance premiums in accordance with Schedule B. For each contract, the amount of reinsurance premium will be the amount which corresponds to the portion of the contract reinsured. The Company makes representations and warrants that it will make all reasonable efforts to keep the reinsured business in force.

### ARTICLE IV

#### BENEFIT PAYMENTS

1. Notice. The Reinsurer will notify the Company promptly after receipt of any information as to a claim on a policy to the extent reinsured hereunder. The reinsurance claim form and any copies of notifications, claim papers and proofs will be furnished to the Company as soon as possible.

2. Liability and Payment. The Company will accept the decision of the Reinsurer on payment of a claim or surrender on a policy reinsured hereunder. The Reinsurer agrees to utilize to the extent possible the claims practices of the Company. The Reinsurer will pay its proportionate share of such claim based upon the form of claim settlement determined. In no instance shall anyone other than the Company or the Reinsurer have any rights under this Agreement, and the Company shall be and remain solely liable to any insured, policyowner, or beneficiary under any policy reinsured hereunder, unless said liability is caused by the actions of the Reinsurer, and in that instance, Reinsurer will be liable and defend any litigation at its own cost.

3. Contract Claims. The Company will not contest, compromise or litigate a claim involving a policy reinsured hereunder without the prior approval of the Reinsurer. The Reinsurer will pay to the Company any litigation and investigative expenses incurred on contested claims. Any expenses will be paid on a monthly basis as described in Article V.

### ARTICLE V

#### ACCOUNTING AND SETTLEMENT

1. Agreement Accounting Period. This Agreement shall be on a monthly accounting period for all accounting settlements.

2. Monthly Accounting Reports. Accounting reports shall be submitted to the Reinsurer by the Company and by the Reinsurer to the Company, not later than 15 business days after the end of each calendar month. Such reports shall include information on the amount of reinsurance premiums, policy loans and policy loan interest, the commission and expense allowance, claims, and reserves on the contract reinsured for the preceding calendar month.

3. Monthly Accounting Period. The monthly accounting shall be on a

calendar-month basis, except that the initial monthly accounting period shall run from the Effective Date of this Agreement, after the initial accounting has occurred, through the last day of the calendar month in which the Effective Date of this Agreement falls. The final monthly accounting period shall run from the end of the preceding calendar month until the termination of this Agreement, but prior to actual termination of this Agreement.

4. Monthly Settlements. Within 15 business days after the end of each calendar month, the Company will pay the Reinsurer the sum of: (i) the reinsurance premiums for the preceding month, determined in accordance with Article III, plus (ii) the policy loan repayments and policy loan interest paid in the preceding month, plus (iii) any amounts received from other reinsurance companies. The Monthly Settlement Report is attached as Schedule D.

5. Amounts Due Monthly. Except as otherwise specifically provided in this Agreement, all amounts due to be paid to either the Company or the Reinsurer under this Agreement on a monthly basis shall be determined on a net basis as of the last day of each calendar month and shall be due and payable as of such date.

6. Estimations. If the amounts, as defined in Paragraph 4 above, cannot be determined at such dates as defined in Paragraph 5 above, on an exact basis, such payments will be paid in accordance with a mutually agreeable formula which will approximate the actual payments.

7. Delayed Payments. For purposes of Paragraph 5 above, if there is a delayed settlement of a payment due, there will be an interest penalty at an interest rate equal to one-half of one percent (.5%) per month, for the period that the amount is overdue. For purposes of this paragraph, a payment shall be considered delayed 30 days after the date such payment is due.

8. Offset of Payments. All monies due to either the Company or the Reinsurer under this Agreement may be offset against each other, dollar for dollar, regardless of any insolvency of either party.

9. Accounting Reports. Annual reports shall be submitted to the Company by the Reinsurer not later than 20 business days after the end of each calendar year. Such reports shall include information for the analysis of increase in reserves and the exhibit of life insurance of the NAIC Convention Blank based on the contracts reinsured hereunder, as well as all other information required by the Florida Office of Insurance Regulation. Quarterly accounting reports shall be submitted to the Reinsurer by the Company not later than 20 business days after the end of each calendar quarter and shall include information for pages 2, 3, 4, and 5 of the NAIC Quarterly Blank.

## ARTICLE VI

### ARBITRATION

1. General. All disputes and differences between the Company and the Reinsurer on which an agreement cannot be reached will be decided by arbitration. The arbitrators will regard this Agreement from the standpoint of practical business and equitable principles rather than that of strict law.

2. Method. Three arbitrators will decide any differences. They must be officers of life insurance companies other than the two parties to this Agreement or any Company owned by, or affiliated with, either party. One of the arbitrators is to be appointed by the Reinsurer, another by the Company, and they shall select a third before arbitration begins. Should one of the two parties decline to appoint an arbitrator or should the two arbitrators not be able to agree upon the choice of a third arbitrator, the appointment(s) shall be left to the President of the American Council of Life Insurance or its successors. The arbitrators are not bound by any rules of evidence. They shall decide by a majority of votes and their decision will be final and binding. The cost of arbitration, including the fees of the arbitrators, shall be shared equally by the parties unless the arbitrators decide otherwise.

## ARTICLE VII

### INSOLVENCY

1. General. In the event of the Company's insolvency, liquidation, entry into rehabilitation, bankruptcy, or other significant adverse financial event, this Agreement will be deemed to convert, pending approval by the Florida Office of Insurance Regulation but without any action on the part of any party, to an Assumption Reinsurance Agreement as of the day prior to such insolvency, change of control, or other adverse event. Following such conversion, the Reinsurer is hereby empowered without any need of action on the part of the Company, to take all other steps necessary for such conversion including the issuance of assumption certificates. Notwithstanding the forgoing, the Reinsurer may elect not to have such automatic conversion occur. In the event the Reinsurer elects



not to have such automatic conversion to assumption reinsurance, then the Reinsurer's contractual liability on contracts reinsured hereunder shall continue to be determined by all the terms, conditions and limitations under this Agreement, but the Reinsurer will make settlement (i) directly to the Company's liquidator, receiver or statutory successor, and (ii) without increase or diminution because of the Company's insolvency. The liquidator, receiver or statutory successor of the Company shall give the Reinsurer written notice of the pendency of a claim against the Company on any contract reinsured within reasonable time after such claim is filed in the insolvency proceeding. During the pendency of any such claim, the Reinsurer shall investigate such claim and interpose in the Company's name (or in the name of the Company's liquidator, receiver or statutory successor) in the proceeding where such claim is to be adjudicated, any defense or defenses that the Reinsurer may deem available to the Company or its liquidator, receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Company as a part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

ARTICLE VIII

DAC TAX PROVISION

1. The Company and Reinsurer hereby agree to abide by Section 1.848-2(g)(8) of the Income Tax Regulations under Section 848 of the Internal Revenue Code of 1986, as amended. The terms used in this Article are defined by reference to Regulation 1.848-2. The term "net consideration" will refer to either net consideration as defined in Regulation Section 1.848-2(f) or gross amount of premium and other considerations as defined in Regulation Section 1.848-3(b), as appropriate.

2. Each party shall attach a schedule to its federal income tax return that identifies the relevant reinsurance agreements for which the joint election under the Regulation has been made.

3. The party with net positive consideration, as defined in the Regulation promulgated under Code Section 848, for such Agreement for each taxable year, shall capitalize specified policy acquisition expenses with respect to such Agreement without regard to the general deductions limitation of Section 848 (c)(1).

4. Each party agrees to exchange information pertaining to the amount of net consideration under such Agreement each year to ensure consistency.

5. This election shall be effective for the year that the Agreement was entered into and for all subsequent years that such Agreement remains in effect.

6. The Reinsurer will submit to the Company by May 1 of each year its calculation of the net consideration for the preceding calendar year. This schedule of calculations will be accompanied by a statement signed by an officer of the Reinsurer stating that the Reinsurer will report such net consideration in its tax return for the preceding calendar year.

7. The Company may contest such calculation by providing an alternative calculation to the Reinsurer in writing within 30 days of the Company's receipt of the Reinsurer's calculation. If the Company does not so notify the Reinsurer, the Reinsurer will report the net consideration as determined by the Reinsurer in the Reinsurer's tax return for the previous calendar year.

8. If the Company contests the Reinsurer's calculation of the net consideration, the parties will act in good faith to reach an agreement as to the correct amount within 30 days of the date the Company submits its alternative calculation. If the Reinsurer and the Company reach agreement on the net amount of consideration, each party shall report such amount in their respective tax returns for the previous calendar year.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

1. All Schedules referred to in this Agreement are attached hereto and incorporated herein by reference.

2. Neither this Agreement nor any reinsurance under this Agreement shall be sold, assigned or transferred by the Company without prior written consent of the Reinsurer. Such approval shall not unreasonably be withheld. The provisions of this section are not intended to preclude the Reinsurer from retroceding the reinsurance on an indemnity basis.

3. This Agreement, including any of the schedules and amendments, constitutes the entire agreement between the parties with respect to the business being reinsured hereunder, and there are no understandings between the parties other than as expressed in this Agreement. Any changes in this Agreement shall be null and void unless such changes are made by written amendment to this Agreement, signed by both parties.

4. Any notice or notification required under this Agreement requires written notice or notification mailed or delivered to the Company at its home office in Lake Mary, Florida, or to the Reinsurer at its administrative office in Salt Lake City, Utah.

5. If any provision of this Agreement is determined to be invalid or unenforceable, such determination will not impair or affect the validity or the enforceability of the remaining provisions of the Agreement.

## ARTICLE X

### EXECUTION AND EFFECTIVE DATE

This Agreement shall be effective on and after December 31, 2005. In the event of a death or other occurrence giving rise to a claim under one of the policies, which death or occurrence occurred prior to the Effective Date, regardless of whether the death claim or occurrence is reported prior to or subsequent to the Effective Date, the Company shall be solely liable for the payment of any claim made on account of any such death or occurrence and Reinsurer shall pay to the Company the amount of the reserve of the policy with respect to which the claim is paid, to the extent that such reserve is reduced as a result of such payment.

IN WITNESS of the above, this Agreement is executed effective as of this the 31st day of December, 2005.

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist  
Title: President and Chief Operating Officer  
Date: December 31, 2005

Attest: /s/ R. Matthew Patch  
Title: Legal Counsel  
Date: December 31, 2005

SOUTHERN SECURITY LIFE INSURANCE COMPANY

By: /s/ Stephen M. Sill  
Title: Vice President, Treasurer & Chief Financial Officer  
Date: December 31, 2005

Attest: /s/ R. Matthew Patch  
Title: Legal Counsel  
Date: December 31, 2005

SCHEDULE A

POLICIES AND RISKS REINSURED

Under this Agreement, the Reinsurer reinsures that following quota share of the risks on the blocks of insurance policies issued or assumed by the Company and described below.

100% quota share of all policies in force as of the Effective Date, less amounts previously ceded and new business written after the Effective Date. All policies reflected in certain Reinsurance Agreements previously entered into between the Company and Reinsurer on October 1, 2003 and October 1, 2004 are substituted and replaced hereunder.

SCHEDULE B

REINSURANCE PREMIUMS

1. Reinsurance Premiums. The Company shall pay the Reinsurer a reinsurance premium on all policies in effect from time to time under this Agreement in an amount equal to the gross premium charged by the Company corresponding to the amount and policies reinsured hereunder.

2. Mode of Payment. The Premium paid to the Reinsurer by the Company will be paid as collected by the Company.

SCHEDULE C

COMMISSIONS AND EXPENSE ALLOWANCE

1. Ceding Commission Fee on Individual Life Insurance as a Percentage of Collected Premiums

Plan Description Ceding Commission Fee

Calculation of Ceding Commission Fee

	Premium	Reserve Amount
Total Collected Premium	\$ _____	\$ _____
Percentage Reinsured	\$ <u>100%</u>	\$ <u>100%</u>
Reinsured Collected Premiums	\$ _____	\$ _____
Ceding Commission Fee Percentage	\$ <u>0%</u>	\$ <u>0%</u>
Ceding Commission Fee	\$ _____	\$ _____

2. Monthly Commission and Expense Allowance.

A commission and expense allowance for any period the Company performs contract administration functions in an amount to be mutually agreed upon by the parties.

3. Premium Taxes, including all other Licenses and Fees based on Premium.

A commission and expense allowance of 3.5 percent of collected premiums will be paid in addition to all other allowances. An allowance of the amount actually paid as sales commissions shall also be paid.

SCHEDULE D

MONTHLY SETTLEMENT

FROM  
SOUTHERN SECURITY LIFE INSURANCE COMPANY  
TO SECURITY NATIONAL LIFE INSURANCE COMPANY  
AND FROM  
SECURITY NATIONAL LIFE INSURANCE COMPANY  
TO  
SOUTHERN SECURITY LIFE INSURANCE COMPANY

Reporting Month: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date Report Completed: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

1)	Direct Premiums	_____
	Less Reinsurance Premiums Paid	_____
	Net Premiums	_____
2)	Policy Loans	_____
	Policy Loans Repaid	_____
	Policy Loan Interest Paid in Cash	_____
	Total	_____
3)	Benefits	
	Surrenders	_____
	Deaths	_____
	Other	_____
	Less Reinsurance Recoveries	_____
	Total	_____
4)	Commissions and Expense Allowance (Schedule C)	_____
	Less Allowances on Reinsured Ceded	_____
	Net Commission and Expense Allowance	_____
5)	New Policy Loans Paid Out in Cash	_____
	Net due Equals (1) + (2) - (3) - (4) - (5) =	_____



SCHEDULE D CONTINUED

Supplemental Information

Direct - - - - -	# of Policies	Policy Reserves	Face Amount
Beg. of Period	_____	_____	_____
+Additions	_____	_____	_____
- -Terminations	_____	_____	_____
End of Period	_____	_____	_____

	Reinsurance Ceded # of Policies	Ceded Policy Reserves	Face Amount
Beg. of Period	_____	_____	_____
+Additions	_____	_____	_____
- -Terminations	_____	_____	_____
End of Period	_____	_____	_____

Direct - - - - -	Gross -----	Net ---
Deferred Premiums:	_____	_____
Due Premiums:	_____	_____
Advance Premiums:	_____	_____

Reinsurance Ceded		
Deferred premiums:	_____	_____
Due Premiums:	_____	_____
Advance Premiums:	_____	_____

Coinsurance Allowances on Reinsurance Ceded

- - - - -		
Deferred Premium	_____	
Due Premium		_____
Advance Premium		_____
Policy Loan Interest Due:	_____	
Policy Loan Interest Accrued:	_____	
Policy Loan Interest Unearned:	_____	
Policy Loan Beginning of Period:	_____	
+ New Loans Paid in Cash:		_____
+ New Loans to Cover Interest:		_____
+ New Loans to Pay Premiums:		_____
- - Loans Paid Off:		_____
Policy Loans End of Period:		_____
Policy Loans Interest Paid in Cash:		_____
Policy Loans Interest Added to Loan:		_____
Total Policy Loan Interest:		_____

EXHIBIT 1  
TRUST AGREEMENT

TRUST AGREEMENT

effective as of December 31, 2005, among

SOUTHERN SECURITY LIFE INSURANCE COMPANY, as Grantor.

SECURITY NATIONAL LIFE INSURANCE COMPANY, as Beneficiary, and

ZIONS FIRST NATIONAL BANK, as Trustee

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## TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into, effective this 31st day of December, 2005 (the "Agreement"), by and among SOUTHERN SECURITY LIFE INSURANCE COMPANY, an Florida life insurance company, together with any successor thereof, including, without limitation, any liquidator, rehabilitator, receiver or conservator (the "Grantor"), SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah life insurance company (the "Beneficiary"), and ZIONS FIRST NATIONAL BANK, a banking corporation (the "Trustee") (Grantor, Beneficiary and Trustee are each hereinafter sometimes referred to, individually, as a "Party" and, collectively, as the "Parties").

### WITNESSETH:

WHEREAS, Grantor and Beneficiary have entered into a certain reinsurance agreement, effective as of December 31, 2005, a copy of which is attached hereto as Exhibit "A", and by this reference made a part hereof (the "Reinsurance Agreement") concerning certain insurance policies (the "Reinsured Policies");

WHEREAS, Grantor desires, pursuant to the Reinsurance Agreement, to transfer to Trustee for deposit into a trust account (the "Trust Account") assets equal in amount to the statutory reserves subject to the Reinsurance Agreement in order to secure payments to be made pursuant to the terms of the Reinsurance Agreement;

WHEREAS, Trustee has agreed to act as the trustee hereunder, and to hold such assets in trust in the Trust Account and the Income Account, as defined in Section 4 below, for the sole use and benefit of Beneficiary pursuant to the Reinsurance Agreement; and

NOW, THEREFORE, for and in consideration of the promises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

#### Section 1. Deposit of Assets to the Trust Account

(a) Grantor shall establish the Trust Account and Trustee shall administer the Trust Account in its name as the trustee for Beneficiary. The Trust Account shall be subject to withdrawal by Beneficiary as provided herein.

(b) Grantor shall transfer to Trustee, for deposit to the Trust Account, the assets listed in Exhibit B hereto, and may transfer to Trustee, for deposit to the Trust Account, such other assets as it may from time to time desire or as may be required pursuant to the terms of the Reinsurance Agreement (all such assets actually received in the Trust Account are herein referred to as the "Assets"). The Assets shall consist of cash and Eligible Securities (as hereinafter defined).

(c) The amounts deposited by Grantor in the Trust Account shall be in such amount that the aggregate market value of the Trust Account at the inception of this Trust equals or exceeds the statutory reserves on the reinsurance ceded under the Reinsurance Agreement as of the same date. For purposes of this section, aggregate market value shall be determined by Trustee, and the Assets that are in default according to their terms shall have a market value of \$0 (zero dollars). For purposes of this Agreement, statutory reserves, whenever used, shall mean the gross statutory reserves held by Grantor, or as should be held by Grantor, on its NAIC Convention Blank, with respect to the policies reinsured hereunder. Grantor certifies, to the best of its knowledge and belief to Beneficiary, the actuarial accuracy of the reserves based upon the appropriate mortality table, interest assumptions, and method of calculation relating to each of the policies reinsured hereunder, and the accuracy of the outstanding balances of the policy loans, dividend deposits and coupon deposits, if any, applicable to each of the policies reinsured hereunder; provided, however, that in the event of a breach of these certificates or the discovery by Grantor or Beneficiary of an error in calculation, any such breach or error may be cured by Grantor or Beneficiary making a cash payment to the other, as the case may be, of the amount of any such error in calculation or actuarial inaccuracy.

(d) Grantor hereby represents and warrants (i) that any Assets transferred by Grantor to Trustee for deposit into the Trust Account will be in such form that Beneficiary may, whenever necessary, and Trustee will, upon direction by Beneficiary, negotiate any such Assets without consent or signature from Grantor or any other person in accordance with the terms of this Agreement; and (ii) that all Assets transferred by Grantor to Trustee for deposit into the Trust Account will consist only of cash and Eligible Securities.

(e) Trustee shall have no responsibility to determine whether the Assets in the Trust Account are sufficient to secure Grantor's liabilities under the Reinsurance Agreement or whether such assets are equal to the Statutory Reserves.

(f) This Agreement is a security agreement under the Utah Uniform Commercial Code ("Utah UCC"), as enacted and in effect in the State of Utah, and creates a security interest in the Assets in favor of Trustee, for the benefit of Beneficiary. Upon Beneficiary's request, financing statements shall be executed by the necessary party or parties and filed by Trustee in the manner required by law to perfect such security interest. Compliance with Utah UCC requirements shall not alter any rights under this Agreement or under any other laws of the State of Utah, nor shall it relieve Trustee of any obligation. Compliance with the Utah UCC is solely to preserve the priority of Beneficiary's security interest in the Assets.

(g) Grantor shall deliver the Assets listed in Exhibit B hereto to Trustee with appropriate assignments, bond powers, or powers of attorney that authorize Trustee to transfer the Assets to its name and hold them for the benefit of Beneficiary. In the event Assets are added to or are substituted for the Assets already in the fund, appropriate assignments, bond powers or powers of attorney authorizing Trustee to transfer the Assets to its name shall also be delivered to Trustee.

(h) Grantor warrants that it will not create any other security interest in or otherwise encumber the Assets. In the event that any lien or claim is made against any Assets which asserts an interest superior to that of Beneficiary, Grantor will promptly take steps satisfactory to Beneficiary to discharge the claim or lien or shall substitute other assets for those encumbered.

## Section 2. Withdrawal of Assets from the Trust Account

(a) Without notice to Grantor, but upon written notice to Trustee (the "Withdrawal Notice"), Beneficiary shall have the right, at any time and from time to time, to withdraw from the Trust Account, such Assets as are specified in such Withdrawal Notice to fulfill obligations of the parties under the Reinsurance Agreement and this Agreement, including the purposes set forth below. The Withdrawal Notice may designate a third party (the "Designee") to whom the Assets specified therein shall be delivered and may condition delivery of such Assets to such Designee upon receipt, and deposit to the Trust Account, of other Assets specified in such Withdrawal Notice. Beneficiary need present no statement or document other than a representation to be contained in the Withdrawal Notice that the Assets, using statutory accounting principles as required or allowed by the domiciliary state of Beneficiary, remaining in the Trust Account are at least equal to the Statutory Reserves as of the preceding quarterly statutory filing, nor is said right of withdrawal or any other provision of this Agreement subject to any conditions or qualifications not contained in this Agreement. At no time shall Beneficiary submit a withdrawal

notice to Trustee that would cause the Assets in this Trust to be less than the Statutory Reserves, using statutory accounting principles as required or allowed by the domiciliary state of Beneficiary, on the Reinsured Policies as of the preceding quarterly statutory filing.

(b) Beneficiary shall have the right to withdraw Assets from the Trust Account in accordance with this Section 2 for the following purposes: (i) to make payment of any obligation of Beneficiary under the Reinsurance Agreement; (ii) to fund Beneficiary's share of non-forfeiture benefits returned to the owners of policies reinsured under the Reinsurance Agreement on account of cancellations of such policies; (iii) to fund Beneficiary's share of surrenders and benefits or losses paid pursuant to the provisions of the policies reinsured under the Reinsurance Agreement; (iv) to the extent the Assets in the Trust Account, using statutory accounting principles as required or allowed by the domiciliary state of Beneficiary, exceed the statutory reserves for the policies covered by the Reinsurance Agreement, such excess amount of Assets may be withdrawn by Beneficiary in its sole discretion. Beneficiary shall have sole ownership of any increases in the amount of the Assets in the Trust Account, including, without limitation, any income derived from such Assets.

(c) Upon receipt of a Withdrawal Notice, Trustee shall immediately take any and all steps necessary to transfer the Assets specified in such Withdrawal Notice and shall deliver such Assets to or for the account of Beneficiary or such Designee as specified in such Withdrawal Notice.

(d) Subject to paragraph (a) of this Section 2 and to Section 4 of this Agreement, in the absence of a Withdrawal Notice, Trustee shall allow no substitution or withdrawal of any Asset from the Trust Account.

(e) Trustee shall have no responsibility whatsoever to determine the manner in which any assets withdrawn from the Trust Account pursuant to this Section 2 will be used and/or applied.

### Section 3. Redemption, Investment and Substitution of Assets

(a) Trustee shall surrender for payment all maturing Assets and all Assets called for redemption and deposit the principal amount of the proceeds of any such payment to the Trust Account.

(b) From time to time, at the written order and direction of Beneficiary, Trustee shall invest Assets in the Trust Account in Eligible Securities, as authorized by the insurance laws of Utah, or laws of other controlling insurance authorities. Trustee is specifically authorized to invest any cash balances in one or more money market vehicles utilized by Trustee for fiduciary accounts without receiving prior written direction or any further confirmation from Beneficiary. Trustee is further permitted to utilize any such fund invested in its own bank's deposits.

(c) From time to time, Beneficiary may direct Trustee in writing to substitute Eligible Securities for other Eligible Securities held in the Trust Account at such time. Trustee shall have no responsibility whatsoever to determine the value of such substituted securities or whether such substituted securities constitute Eligible Securities. On an annual basis, Beneficiary shall send a written statement to Trustee, certifying that all the securities in the Trust Account constitute Eligible Securities.

(d) Trustee shall have no responsibility whatsoever to determine that any Assets in the Trust Account are or continue to be Eligible Securities. Trustee shall execute instructions or orders concerning such investments or substitutions of securities (the "Investment Orders") and settle securities transactions by itself or by means of an agent or broker. Trustee shall not be responsible for any act or omission, or for the solvency, of any such agent or broker unless said act or omission is the result, in whole or in part, of Trustee's negligence, willful misconduct or lack of good faith.

(e) Any loss incurred from any investment pursuant to the terms of this Section 3 shall be borne exclusively by Beneficiary. Trustee shall not be liable for any loss due to changes in market rates or penalties for early redemption.

### Section 4. The Income Account

All payments of interest and dividends received from or relating to the Assets in the Trust Account shall be deposited by Trustee into a separate income account that shall be established by Grantor and administered by Trustee (the "Income Account") for the benefit of Beneficiary. Trustee's compensation and expenses shall be deducted from the Income Account, as provided in Section 7 of this Agreement.

### Section 5. Right to Vote Assets

Trustee shall forward all annual and interim stockholder reports and all

proxies and proxy materials relating to the Assets in the Trust Account to Beneficiary. Beneficiary shall have the full and unqualified right, where applicable, to vote any Assets in the Trust Account.

#### Section 6. Additional Rights and Duties of Trustee

(a) Trustee shall notify Grantor and Beneficiary in writing within ten days following each deposit to, or withdrawal from, the Trust Account.

(b) Before accepting any Asset for deposit to the Trust Account, Trustee shall determine that such Asset is in such form that Beneficiary whenever necessary may, or Trustee upon direction by Beneficiary will, negotiate such Asset without consent or signature from Grantor or any person or entity other than Trustee in accordance with the terms of this Agreement.

(c) Trustee may deposit any Assets in the Trust Account in a book-entry account maintained at a federally chartered bank or in depositories such as the Depository Trust Company. Assets may be held in the name of a nominee maintained by Trustee or by any such depository.

(d) Trustee shall accept and open all mail directed to Grantor or Beneficiary in care of Trustee.

(e) Trustee shall furnish Grantor and Beneficiary with a written statement of all the Assets in the Trust Account upon the inception of the Trust Account and at the end of each calendar quarter thereafter.

(f) Upon the request of Grantor or Beneficiary, Trustee shall promptly permit the Grantor or Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, during Trustee's normal business hours, any books, documents, papers and records relating to the Trust Account or the Assets.

(g) Trustee is authorized to follow and rely upon instructions consistent with the provisions of this Agreement that may be given by officers named in incumbency certificates furnished to Trustee from time to time by Grantor and Beneficiary, respectively, and by attorneys-in-fact acting under written authority furnished to Trustee by Grantor or Beneficiary, including, without limitation, instructions given by letter, facsimile transmission, telegram, teletype, cablegram or electronic media, if Trustee believes such instructions to be genuine and to have been signed, sent or presented by the proper party or parties. Trustee shall not incur any liability to anyone resulting from actions taken by Trustee in reliance in good faith on such instructions. Trustee shall not incur any liability in executing instructions (i) from an attorney-in-fact prior to receipt by it of notice of the revocation of the written authority of the attorney-in-fact or (ii) from any officer of Grantor or Beneficiary named in an incumbency certificate delivered hereunder prior to receipt by it of a more current certificate.

(h) The duties and obligations of Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended, and no implied duties or obligations shall be read into this Agreement against Trustee. Trustee shall only be liable for its own negligence, willful misconduct or lack of good faith.

(i) No provision of this Agreement shall require Trustee to take any action which, in Trustee's reasonable judgment, would result in any violation of this Agreement or any provision of law.

(j) Trustee may confer with counsel of its own choice in relation to matters arising under this Agreement and shall have full and complete authorization from the other Parties hereunder for any action taken or suffered by it under this Agreement or under any transaction contemplated hereby in good faith and in accordance with the opinion of such counsel.

#### Section 7. Trustee's Compensation, Expenses and Indemnification

(a) Trustee shall be paid its compensation and expenses from the Income Account, as set forth in Paragraph 4, for its services as trustee under this Agreement, based upon a fee schedule that will be mutually agreed upon by Trustee and Beneficiary. Beneficiary shall have the right to review at any time the amount of compensation and expenses paid to Trustee for serving as a trustee hereunder and, if necessary, to dispute any such amounts that may be incorrectly or improperly determined. All of Trustee's expenses and disbursements in connection with its duties under this Agreement (including attorney's fees and expenses) will be paid from the Income Account, except any such expense or disbursement as may arise from Trustee's negligence, willful misconduct or lack of good faith. Trustee shall be entitled to deduct its compensation and expenses from payments of dividends, interest and other income in respect of the Assets held in the Trust Account prior to the deposit thereof to the Income Account as provided in Section 4 of this Agreement, upon written notification to

Beneficiary. Beneficiary and Grantor also hereby indemnify Trustee for, and hold it harmless against, any loss, liability, costs or expenses (including attorney's fees and expenses) incurred or made without negligence, willful misconduct or lack of good faith on the part of Trustee, arising out of or in connection with the performance of its obligations in accordance with the provisions of this Agreement, including any loss, liability, costs or expenses arising out of or in connection with the status of Trustee and its nominee as the holder of record of the Assets. Grantor hereby acknowledges that the foregoing indemnities shall survive the resignation of Trustee or the termination of this Agreement and hereby grants the Trustee a lien, right of set-off and security interest in the funds in the Income Account for the payment of any claim for compensation, reimbursement or indemnity hereunder.



(b) No Assets, other than as related to income, shall be withdrawn from the Trust Account or used in any manner for paying compensation to, or reimbursement or indemnification of, Trustee.

#### Section 8. Resignation of Trustee

(a) Trustee may resign at any time by giving not less than 90 days' written notice thereof to Beneficiary and to Grantor, such resignation to become effective on the acceptance of appointment by a successor trustee and the transfer to such successor trustee of all Assets in the Trust Account in accordance with paragraph (b) of this Section 8.

(b) Upon receipt of Trustee's notice of resignation, Grantor and Beneficiary shall appoint a successor trustee. Any successor trustee shall be a bank that is a member of Federal Reserve System or shall not be a Parent, a Subsidiary or an Affiliate of Grantor or Beneficiary. Upon the acceptance of the appointment as trustee hereunder by a successor trustee and the transfer to such successor trustee of all Assets in the Trust Account, the resignation of Trustee shall become effective. Thereupon, such successor trustee shall succeed to and become vested with all the rights, powers, privileges and duties of Trustee, and Trustee shall be discharged from any future duties and obligations under this Agreement, but Trustee shall continue after its resignation to be entitled to the benefits of the indemnities provided herein for Trustee.

#### Section 9. Termination of the Trust Account

(a) The Trust Account and this Agreement, except for the indemnities provided herein, may be terminated only after Beneficiary (or Grantor in the case of insolvency of Beneficiary) has given Trustee written notice of its intention to terminate the Trust Account in connection with the termination of the Reinsurance Agreement in accordance with the terms thereof. Insolvency of Beneficiary shall also be considered to cause the termination of this Trust Account. This Trust account can also be terminated upon the joint action of both Grantor and Beneficiary. Such notice shall specify the date (the "Termination Date") on which Beneficiary intends the Trust Account to terminate, which date shall be at least fifteen (15) days subsequent to the date that the termination notice is given.

(b) On the Termination Date, upon receipt of written approval of Beneficiary, Trustee shall transfer to Beneficiary all amounts remaining in the Trust Account. If the Reinsurance Agreement is terminated due to the insolvency of Beneficiary, then Trustee shall remit all monies due to the Beneficiary pursuant to unreimbursed payments made in accordance with the terms of the Reinsurance Agreement and thereafter transfer to Grantor any Assets remaining in the Trust Account, at which time the Trust Account shall terminate and all liability of Trustee with respect to such Assets shall cease.

(c) If the Reinsurance Agreement is converted to an Assumption Agreement as a result of Grantor's insolvency as set forth in Article VII of the Reinsurance Agreement, the Trust Account shall terminate and all Assets in the Trust Account shall be distributed to Beneficiary.

#### Section 10. Tax Returns

Beneficiary shall be responsible for causing to be prepared and filed in a timely fashion all tax returns, if any, of the Trust relating to the transactions contemplated by this Agreement or otherwise contemplated hereby, and it shall send a copy of each such tax return to Trustee and Beneficiary. Trustee, upon request, will furnish Grantor with all such information as it has in its possession and as may be reasonably required in connection with the preparation of such tax returns and shall, upon the request of Beneficiary, execute such returns if required to do so by the applicable taxing authority. Trustee shall not be liable for any tax due and payable in connection with this Trust Agreement except for any tax based on or measured by the net income of Trustee resulting from the amounts paid to Trustee as fees or compensation for acting as Trustee hereunder.

#### Section 11. Definitions

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both such forms of such term are used in this Agreement):

The term "Affiliate" with respect to any corporation shall mean a corporation which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such corporation. The term "control" (including the related terms "controlled by" and "under

common control with") shall mean the ownership, directly or indirectly of more than fifty percent (50%) of the voting stock of a corporation.

The term "Business Day" shall mean any day on which the offices of Trustee is open for business.

The term "Eligible Securities" shall mean and include certificates of deposit issued by a United States bank and payable in United States legal tender and obligations issued, assumed or guaranteed by the United States, any state, territory or possession thereof, or the District of Columbia or any money market vehicles utilized by Trustee for fiduciary accounts, to include those invested in its own bank's deposits, any other investment authorized under the relevant statutes and rules of Beneficiary's domiciliary state; provided, however, that no such securities shall have been issued by a Parent, a Subsidiary or an Affiliate of either Grantor or Beneficiary.

The term "obligations" shall mean, with respect to the Reinsurance Agreement, (a) losses, to include policyholder benefits, and allocated loss expenses paid or payable by Beneficiary, but not recovered from Grantor, (b) reserves for losses reported and outstanding, (c) reserves for losses incurred but not reported, (d) reserves for allocated loss expenses and (e) reserves for unearned premiums.

The term "person" shall mean and include an individual, a corporation, a partnership, an association, a trust, an unincorporated organization or a government or political subdivision thereof.

The term "Parent" shall mean an institution that, directly or indirectly, controls another institution.

The term "Subsidiary" shall mean an institution controlled, directly or indirectly, by another institution.

#### Section 12. Governing Law

This Agreement shall be subject to and governed by the laws of the state of Beneficiary's domicile. Venue and jurisdiction shall be in the State of Utah.

#### Section 13. Successors and Assigns

No Party may assign this Agreement or any of its rights or obligations hereunder, without the written consent of the other Parties, whether by merger, consolidation, sale of all or substantially all of its assets, liquidation, dissolution or otherwise, except as expressly permitted by Section 8 of this Agreement, except that Beneficiary may assign all of its rights and obligations hereunder to a Parent or Subsidiary.

#### Section 14. Severability

In the event that any provision of this Agreement shall be declared invalid or unenforceable by any regulatory body or court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

#### Section 15. Entire Agreement

This Agreement constitutes the entire agreement among the Parties, and there are no understandings or agreements, conditions or qualifications relative to this Agreement which are not fully expressed in this Agreement.

#### Section 16. Amendments

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by all of the Parties.

#### Section 17. Notices

Unless otherwise provided in this Agreement, all notices, directions, requests, demands, acknowledgments and other communications required or permitted to be given or made under the terms hereof shall be in writing and shall be deemed to have been duly given or made (a)(i) when delivered personally, (ii) when made or given by prepaid telex, telegraph or telecopier, or (iii) in the case of mail delivery, upon the expiration of three days after any such notice, direction, request, demand, acknowledgment or other communication shall have been deposited in the United States mail for transmission by first class mail, postage prepaid, or upon receipt thereof, whichever shall first occur and (b) when addressed as follows:

If to Grantor:

Southern Security Life Insurance Company  
5300 South 360 West, Suite 200  
Salt Lake City, Utah 84123  
Attn: Scott M. Quist, President

If to Beneficiary:

Security National Life Insurance Company  
5300 South 360 West, Suite 200  
Salt Lake City, Utah 84123  
Attn: Stephen Sill, Vice President

If to Trustee:

Zions First National Bank  
10 East South Temple, Suite 300  
Salt Lake City, Utah 84111  
Attn: \_\_\_\_\_

Each Party may from time to time designate a different address for notices, directions, requests, demands, acknowledgments and other communications by giving written notice of such change to the other Parties. All notices, directions, requests, demands, acknowledgments and other communications relating to Beneficiary's approval of Grantor's authorization to substitute Assets and to the termination of the Trust Account shall be in writing and may not be made or given by prepaid telex, telegraph or telecopier.

#### Section 18. Headings

The headings of the Sections and the Table of Contents have been inserted for convenience of reference only, and shall not be deemed to constitute a part of this Agreement.

#### Section 19. Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SOUTHERN SECURITY LIFE INSURANCE COMPANY,  
as Grantor

By: /s/ Stephen M. Sill  
Title: Vice President, Treasurer and  
Chief Financial Officer

SECURITY NATIONAL LIFE INSURANCE COMPANY,  
as Beneficiary

By: /s/ Scott M. Quist  
Title: President and Chief Operating Officer

ZIONS FIRST NATIONAL BANK, as Trustee

By: /s/ Brandon Elzinga  
Title: Trust Officer

EXHIBIT A

Reinsurance Agreement between SOUTHERN SECURITY LIFE INSURANCE COMPANY of Lake Mary, Florida and SECURITY NATIONAL LIFE INSURANCE COMPANY of Salt Lake City, Utah, effective as of December 31, 2005.

EXHIBIT B

Assets in Trust Account

EXHIBIT C

Information to be Provided to Reinsurer