

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is made by and between American National Insurance Company, on the one hand, and Betty T. Yee, in her official capacity as Controller of the State of California, and the Office of the State Controller, on the other hand, is a binding contract between the parties, and fully and finally settles the controversies presently existing between and among them, according to the terms of this Agreement.

American National Insurance Company (“American National”) and its beneficiaries, owners, partners, agents, brokers, attorneys, directors, shareholders, employees, divisions, groups, servants, representatives, dependents, heirs, executors, administrators, successors, and assigns are collectively referred to as “American National.”

Betty T. Yee, in her official capacity as Controller of the State of California, and the Office of the State Controller and their employees, successors, predecessors, partners, agents, brokers, attorneys, directors, divisions, affiliates, groups, servants, representatives is collectively referred to as “the State Controller’s Office” or “SCO”).

American National and the SCO are sometimes collectively referred to as “Parties.”

RECITALS

WHEREAS, beginning in August 2012, the SCO (with John Chiang as the Controller), instituted an unclaimed property audit through Unclaimed Property Clearing House (“UPCH”) of, among other things, American National and various of its subsidiaries’ potential unclaimed property holdings related to the companies’ life insurance policies, and annuity contracts (“UPCH Audit”);

WHEREAS, in or about January 2013, American National and its subsidiaries provided UPCH with the information it requested related to the companies’ life insurance policies and annuity contracts, but withheld information related to active policies that were premium paying, on non-forfeiture status, or fully paid up (the “In-Force Policies”). American National stated that its belief was that those policies would not lead to any reportable unclaimed property and were therefore outside the scope of the SCO’s UPCH audit;

WHEREAS, the SCO disagreed with American National’s position regarding the In-Force Policies and on or about May 7, 2013, filed a Verified Complaint for Injunctive Relief to Prohibit Continued Violation of California’s Unclaimed Property Law against American National and DOES 1 through 25, in the Superior Court of the State of California for the County of Sacramento, Case No. 34-2013-00144517, alleging that by refusing to provide information regarding the In-Force Policies, American National was violating the California Unclaimed Property Law (Cal. Code Civ. Proc. §1500, et seq.) (“UPL”) and seeking injunctive relief prohibiting American National from violating the UPL and requiring American National to permit examination of the In-Force Policies (“Lawsuit”);

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WHEREAS, on or about June 27, 2013, the SCO filed a Motion for Preliminary Injunction asking the Court to require American National to produce its In-Force Policies for examination and audit.

WHEREAS, on or about July 26, 2013, American National answered the Lawsuit, responded to the SCO's Motion for Preliminary Injunction, and filed a separate Cross-Complaint for Declaratory Relief seeking the declarations that (Cause of Action 1) the SCO is not entitled to obtain American National's in-force policies under the UPL, (Cause of Action 2) the SCO is not authorized to require American National to use the Social Security Death Master File ("DMF") or similar databases to search for deceased policyholders/annuitants/account holders, (Cause of Action 3) the SCO is not authorized to challenge and change American National's records and contracts through use of the DMF and the SCO's interpretation of the UPL violates the Contracts Clauses of the United States Constitution and the California Constitution, and (Cause of Action 4) the SCO may not use an insured's/annuitant's date of death as the dormancy period trigger under the UPL ("Cross-Complaint");

WHEREAS, on September 19, 2013, the Court granted the SCO's Motion for Preliminary Injunction, which was timely appealed by American National, and on March 24, 2015, the Court of Appeals for the State of California, Third Appellate District, reversed the preliminary injunction and remanded the case for further proceedings.

WHEREAS, on September 19, 2013, the Court sustained the SCO's demurrer as to American National's second, third, and fourth causes of action, finding that those causes of action were not ripe for judicial review because the issues in the SCO's Lawsuit are limited to (1) "whether the Controller has submitted sufficient evidence to demonstrate 'reason to believe' [American National] 'is a holder who has failed to report property that should have been reported' under California Code of Civil Procedure §1571(a) and (2) whether the Controller's requests for records are relevant to the unclaimed property audit." ("Lawsuit Issues");

WHEREAS, after the Court's ruling on the SCO's demurrer, the only cause of action pending in American National's Cross-Complaint for Declaratory Relief against the California Controller is Cause of Action 1 seeking a declaration that the SCO is not entitled to obtain American National's California In-Force policies under the UPL ("Surviving Cross-Complaint");

WHEREAS, the Parties agree that the only issue remaining in the Lawsuit is whether the SCO is entitled to inspect American National's California In-Force Policies that were not previously provided to UPCH as part of the above-mentioned audit;

WHEREAS, the Parties would like to resolve the Lawsuit and the Surviving Cross-Complaint without further proceedings and to resolve any and all of the claims between the

Parties related to or arising out of the facts, incidents, transactions, omissions or occurrences giving rise to the remaining issues in the Lawsuit and/or the Surviving Cross-Complaint.

AGREEMENT

1. Production of Records. For California In-Force Policies not previously produced to UPCH in response to the UPCH Audit, American National agrees to produce to UPCH a complete data download of information electronically available to American National, for the fields identified on Exhibit A, of the California In-Force Policy information that was requested but withheld from UPCH during the UPCH Audit ("Data Download"). The California In-Force Policies include all life insurance policies and annuities issued in California, or for which American National has the primary insured(s)/annuitant(s) listed with a California residence, that are in-force, or have been in-force, at any time, between January 1, 1992 through December 31, 2012.

2. Dismissal of Lawsuit and Surviving Cross-Complaint. Within twenty days (20) after UPCH receives the Data Download, the SCO and American National will jointly file a Request for Dismissal with Prejudice of the Complaint and Surviving Cross-Complaint, in the form attached as Exhibit B, and each side will bear their own fees and costs for the litigation.

3. Covenant Not to Sue. The Parties covenant and agree not to, in any manner whatsoever, sue or bring any action, lawsuit, proceeding, or cause of action (whether by way of direct action, counterclaim cross-claim, or interpleader) against the other Party in any court, tribunal, or administrative or other forum regarding the issue of whether or not the SCO is entitled to inspect American National's California In-Force Policies that were not previously provided to UPCH during the UPCH Audit. For the avoidance of doubt, the prior sentence is intended by the Parties to be limited to an unclaimed property audit instituted by the SCO for a period ending on or before December 31, 2012.

4. Confidentiality. The SCO will maintain the confidentiality of all non-public information voluntarily disclosed in connection with this settlement and the UPCH Audit (collectively, "Confidential Materials") and further agrees to maintain the confidentiality of the terms and existence of this Agreement for the period running from the Effective Date of this Agreement through one hundred twenty (120) days following the date upon which the parties jointly file the Request for Dismissal with Prejudice of the Complaint and Surviving Cross-Complaint identified in paragraph 2 (the "Confidentiality Period"). The SCO may, as required by law, including, but not limited to the UPL or by a court order, disclose information received in connection with the UPCH Audit for the sole purpose of uniting owners with their own unclaimed property.

If any person (including any government employee who is not an employee of the SCO) should request to inspect or copy any or all of the Confidential Materials or this Agreement, the SCO agrees that to the extent permissible under the law, that such request shall be denied. The SCO further agrees to provide American National, through the undersigned: (i) prompt notification of such request; (ii) a copy of all written materials pertaining to such request (including, but not

limited to, the request itself and any State determination with respect to any such request); and (iii) advanced notice of at least five (5) days of any intended release of the Confidential Materials so that the Company, if it deems it necessary or appropriate, may pursue any remedies available. The SCO agrees that absent a legal obligation or requirement to do so, it will not make this Agreement publicly available, including but not limited to posting it on the SCO's website. The SCO further agrees that it will not issue any press release disclosing the terms or existence of the Agreement during the Confidentiality Period. During the Confidentiality Period, the SCO may respond to any media inquiries received concerning the status of the litigation only with the comment, "The litigation has been mutually resolved and the matter dismissed," and will not indicate, intimate, or allege that (1) the SCO prevailed in the Lawsuit or Cross-Complaint; (2) the SCO forced American National to produce documents or information as a result of the Lawsuit; or (3) American National acted improperly or violated the UPL by withholding documents or information that were the subject of the Lawsuit.

5. UPCH Audit. Upon receipt of the Data Download, UPCH will complete the UPCH Audit as it normally would and the Parties will take the steps that would normally be taken with respect to an audit regarding the findings, preserving any and all rights to challenge the findings or results. Should UPCH discover what it believes to be matches between the DMF and American National's insured/annuitant information, the SCO agrees that it will provide, through UPCH, the following data to American National about each of those potential matches, to the extent such data is available to the SCO and/or UPCH, so that American National can respond to the potential matches: policy/account number, insured/annuitant's full name (first, middle, last); date of birth; issue date, termination date, social security number, the names (first, middle last) matched to the DMF, the social security number matched to the DMF, the date of death, reporting zip code, source of death report (e.g., DMF, California vital statistics). The SCO and UPCH agree to provide American National reasonable and sufficient time to investigate each of the potential matches identified by UPCH and the Parties agree to work together in good faith exchanging information reasonably necessary for American National's investigation.

6. No Admission of Liability. It is understood and agreed that this Agreement is a compromise and that the Agreement provisions are not an admission of liability by any Party and may not be so construed. The Parties expressly deny any liability. This Agreement is not intended to be nor shall it be construed as a theory of statutory interpretation, or as an admission by any Party of any liability, duties, rights, or obligations, if any, arising under, or related to, California's UPL or any other law, whether statutory or common law, related to insurance or unclaimed property. This Agreement represents a compromise and settlement among the Parties, and each specifically denies any wrongdoing to each other and shall not be used by any Party as evidence or to suggest that it prevailed in the Lawsuit or Cross-Complaint. The fact that American National produced documents or information pursuant to this Agreement shall not be admissible or used in any other proceeding, audit (including the UPCH Audit), review, or litigation against American National or against any other potential holder of unclaimed property for any purpose.

7. Representations and Warranties. The Parties warrant and represent, for themselves, that:

a. No Party is relying on any statement or representation of any other Party or any other Party's agents regarding the matters in dispute. Rather, the Parties are relying on their own judgment and they are each represented by counsel in this matter. Each Party's attorneys read and explained the contents of this Agreement and explained the legal consequences of this Agreement. Each Party understands the terms and provisions of this Agreement and each Party is relying upon the advice of its own independently chosen counsel in executing this Agreement.

b. Each Party has full authority from the appropriate individual, entity, group, governing body, agency, department, office, or governmental entity to enter into this Agreement, and all conditions precedent to the confirmation of this Agreement have been performed. Each person executing the Agreement on behalf of a Party is legally competent and fully authorized to enter into this Agreement on behalf of the Party.

c. Each Party is the legal owner of any and all claims raised in the Lawsuit, and the Surviving Cross-Complaint and neither Party has assigned, pledged, or otherwise transferred such claims to any other person or entity.

8. Entirety of Agreement. This Agreement reflects the entire agreement between the Parties related to the Lawsuit, Surviving Cross-Complaint and/or subject matter of this Agreement. There are no other agreements, either written or oral, and the execution of the Agreement supersedes all earlier representations, negotiations, or agreements about the Lawsuit or Surviving Cross-Complaint.

9. Governing Law. The Agreement will be governed and construed by the laws of the State of California. In the event a dispute arises over performance of this Agreement necessitating suit, exclusive jurisdiction and venue for such suit is Sacramento County, California.

10. Waiver and Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision. No delay or omission in exercising any right shall be a waiver of such right or any other right under this Agreement. This Agreement may be amended only by a written agreement executed by the parties in interest at the time of the modification.

11. Captions and Interpretation. Paragraph titles or captions contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or any provision. All of the provisions and terms of this Agreement (with the exceptions of headings), including the Recitals, are contractual. The Parties acknowledge that this Agreement was prepared by all Parties and no provision in this

Agreement is to be interpreted for or against any Party because the Party participated in drafting the language.

12. Severability. If any term, provision or condition contained in this Agreement shall, to any extent, be ruled invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement (or the application of such term, provision or condition to persons or circumstances other than those in respect of which it is invalid or unenforceable), shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be enforceable to the fullest extent permitted by law.

13. Counterparts. This Agreement may be signed in multiple counterparts. Any set of counterpart copies, collectively containing the signature and acknowledgment of all Parties, shall constitute an original. It is contemplated that the Parties may sign this Agreement in different States, Counties or U.S. Territories. Facsimile, Portable Document Format (PDF) or photocopied signatures of the Parties will have the same legal validity as original signatures. IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year noted below.

This Agreement is effective on the ____ day of _____, 2016 (the "Effective Date").

ON BEHALF OF THE SCO

ON BEHALF OF AMERICAN NATIONAL

Albert L. Angelo

Senior Vice President

_____, American National Insurance Company