

Petition Exhibit B

Disclosure Statement In Support Of Plan Of Rehabilitation For Columbian Mutual Life Insurance Company

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF BROOME

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In the Matter of the Rehabilitation of, :
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COLUMBIAN MUTUAL LIFE :
INSURANCE COMPANY. :
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INDEX NO. EFCA2024001871

**DISCLOSURE STATEMENT IN
SUPPORT OF PLAN OF
REHABILITATION
FOR COLUMBIAN MUTUAL
LIFE INSURANCE COMPANY**

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ARTICLE I.

INTRODUCTION¹

On August 13, 2024, the Superintendent of Financial Services of the State of New York and her successors in office (“**Superintendent**”) was appointed rehabilitator (“**Rehabilitator**”) of Columbian Mutual Life Insurance Company (“**CML**”) by the Supreme Court of the State of New York (“**Court**”) in CML’s above-captioned rehabilitation proceeding (“**Rehabilitation Proceeding**”). On December 12, 2025, the Rehabilitator filed the *Plan of Rehabilitation for Columbian Mutual Life Insurance Company* (as may be amended from time to time, the “**Plan**”) (which is attached as **Exhibit A** to the Petition to Approve Rehabilitation Plan for CML) and this disclosure statement in support of the Plan (the “**Disclosure Statement**”).

This Disclosure Statement (i) provides information on CML and the events leading to the Rehabilitation Proceeding to Policyholders, creditors and other stakeholders, (ii) describes the key terms of the Plan, including the proposed Transactions, (iii) identifies material risk factors associated with the Plan, and (iv) discusses how the Plan is expected to provide greater benefits for Policyholders and other creditors compared to placing CML into liquidation or pursuing other alternatives.

CML was placed into rehabilitation by order of the Supreme Court, Broome County, dated August 13, 2024. CML’s indirect subsidiary, Columbian Life Insurance Company (“**CLIC**”), was placed into rehabilitation by the Circuit Court of Cook County, Illinois, by order dated July 29, 2024 (the “**CLIC Rehabilitation Proceeding**”).

In the years leading up to the rehabilitation, CML had experienced financial distress and had attempted unsuccessfully to recapitalize the company through a sale transaction. Since the commencement of the Rehabilitation Proceeding, the Rehabilitator has worked with key stakeholders to stabilize CML’s operations and develop the Plan that, if approved and consummated, would result in CML’s exit from the Rehabilitation Proceeding as a reorganized and capitalized insurance company.

The purpose of the Plan is to remove the causes and conditions that made the rehabilitation of CML necessary. This will be accomplished by a series of Transactions between CML and JAB Insurance US Holdings, Inc. (the “**Purchaser**”), pursuant to a transaction agreement (“**Transaction Agreement**”) (annexed as **Exhibit 2** to the Plan). If approved by the Court and regulators, the Transactions will result in the Purchaser acquiring a one hundred percent ownership interest in CML in exchange for making a Contribution of not less than \$100 million to be allocated between CML and CLIC, in return for the issuance of CML’s new capital stock to the Purchaser. The Contribution will increase the surplus and financial strength of both companies.

The Plan ***will not*** alter insurance benefits under the Policyholders’ policies, such as premium terms, coverage and claims. In addition, the Plan will not impair the rights of creditors,

¹ All capitalized terms are defined in the Glossary of Definitions in Article IX, below. Certain definitions are also included in the body of this Disclosure Statement for the reader’s convenience.

vendors, and other contractual counterparties. All such claims will be processed and/or paid in the ordinary course of CML’s business.

CML is a mutual insurance company and, prior to the Rehabilitation Proceeding, Policyholders had certain ownership rights that are collectively referred to here as Equity Interests, including, among other things, voting on CML’s board of directors and receiving potential dividends as determined by CML’s board of directors. The Plan provides that, as part of the Transactions, CML will be converted to a stock life insurance company, and Policyholders’ Equity Interests will be discharged and extinguished. The Equity Interests do not have any value given CML’s impaired financial condition, its inability to make dividend payments, and the fact that if the Plan is not approved, CML would most likely convert to a liquidation proceeding in which Equity Interests would receive no distribution.

The Plan will become effective on the Effective Date if certain conditions precedent are satisfied. These include, without limitation, entry of the Plan Approval Order by the Court that approves the Plan. The Transactions contemplated by the Plan are also subject to approval by the court supervising the Illinois Rehabilitation Proceeding and regulatory approvals of the New York State Department of Financial Services (“NYSDFS”) and the Illinois Department of Insurance (“DOI”).

Upon the Closing of the Transactions, CML will emerge from this Rehabilitation Proceeding as a solvent insurance company with improved capital levels under new ownership and governance. The Plan will permit the uninterrupted payment of Policyholder benefits and the preservation of a portion of CML’s workforce in the Triple Cities, New York area. For these reasons, the Rehabilitator submits that the Plan is in the best interests of the Policyholders, creditors and CML’s other stakeholders.

ARTICLE II.

QUESTIONS AND ANSWERS ABOUT THE PLAN AND THE TRANSACTIONS

Q. What is rehabilitation under Article 74 of the Insurance Law?

A. Rehabilitation under Article 74 of the Insurance Law is a judicial proceeding in which the Rehabilitator takes possession and control of an insurance company’s property and business and continues its operations under the supervision of the Court. The goal of the proceeding is to remove the causes and conditions that led to the rehabilitation so that the insurer may return to the market as a financially healthy insurer.

Q. What is the Purpose of this Disclosure Statement?

A. The Rehabilitator is seeking Court approval of the Plan that will convert CML from a mutual insurer to a stock life insurer, recapitalize CML under new ownership, and result in the termination of the Rehabilitation Proceeding. The Rehabilitator prepared this Disclosure Statement to assist the Court, Policyholders and other stakeholders in their understanding of the material terms of the Plan. The Court’s approval of the Plan does not require any voting; however, you may have the right to file a written objection to the Plan

pursuant to the terms and conditions set forth in the Plan's scheduling order ("**Scheduling Order**").

Q. Why does the Rehabilitator believe the Plan is in the best interests of Policyholders and other stakeholders?

A. The Plan accomplishes the goals of the Rehabilitation Proceeding by removing the causes and conditions of the financial impairment that caused CML to enter rehabilitation, as set forth in the points below.

- The Plan provides for a Contribution of at least \$100 million (and up to \$125 million) into CML and CLIC and the Purchaser's commitment to maintaining the companies' Surplus going forward, which will stabilize the companies' financial condition. The Rehabilitator evaluated multiple possibilities to sell the companies and restore financial health and determined that the Transactions represented the best option.
- The Purchaser and its Affiliates bring substantial operational, investment, and strategic expertise that will create new business opportunities for CML.
- The Plan will not reduce insurance benefits or otherwise impact the insurance terms of the Policyholders' Policies, such as premiums, coverage and claims.
- The Plan will not impair the claims of creditors, vendors, and other contractual counterparties, and all such Claims will be processed and paid in the ordinary course.
- The Plan will help ensure the continuity of the businesses of CML, CLIC and all other subsidiaries, and maintain a presence in the Triple Cities, New York area.
- If the Plan is not approved, the most likely outcome would be to convert the Rehabilitation Proceeding to a liquidation, in which case CML would cease operating and most Policyholder claims would be transferred to state guaranty associations and paid up to applicable statutory limits.

Q. Who is the proposed Purchaser?

A. The Purchaser is JAB Insurance US Holdings, Inc., an Affiliate of JAB Holding Company ("**JAB**"), a privately held global investment firm with more than \$70 billion in assets across public and private consumer and insurance businesses. This includes material investments of permanent capital in the insurance sector. On February 5, 2025, JAB announced the acquisition of Prosperity Life Group, which is comprised of Prosperity Life Group Insurance Companies and Prosperity Asset Management ("**Prosperity**"). Prosperity has over \$25 billion of assets and will represent a key part of JAB's strategy to build a global life insurance platform at scale financed with permanent capital.

Q. Why are Policyholder Equity Interests being extinguished?

A. CML, as a mutual insurance company, is currently owned by its Policyholders. The Policyholders' ownership interests in CML are defined in the Plan as Equity Interests and

include the right to receive dividends and other distributions as determined by CML's board of directors. Equity Interests also include the right to participate in a distribution of assets of CML if CML were to enter liquidation and there were sufficient assets to first pay all claims in higher priority classes in full. Lastly, Equity Interests entitle Policyholders to vote on matters submitted to Policyholders, such as the election of directors.

The Plan would convert CML to a stock life insurer and authorize the issuance of new capital stock to the Purchaser in exchange for the Contribution. Thus, as of the Closing and on the Effective Date, CML will operate as a stock life insurance company and all prior Equity Interests held by Policyholders will be discharged and extinguished without any distribution in exchange therefor. The Rehabilitator submits that the Equity Interests are without any value due to CML's financial condition. CML has not declared a dividend since 2020. In 2021-2024, CML's board of directors determined that its financial condition did not permit it to declare additional dividends. In 2025, the Rehabilitator decided against making a dividend based on CML's impaired financial status, continued challenges in investment performance and sustained adverse mortality. Looking forward, the Rehabilitator will not declare a dividend for 2026, and there is no realistic prospect of the Policyholders receiving a dividend in the foreseeable future.

Q. As a Policyholder in a mutual insurance company, why am I not entitled to vote on the Plan?

A. CML is in a Rehabilitation Proceeding that is governed by Article 74 of the Insurance Law. Article 74 vests all authority to approve rehabilitation plans in the Court. Certain creditors may be able to submit objections to the Court, but Article 74 does not contemplate voting by any creditor class.

Q. What alternatives to the Plan did the Rehabilitator consider?

A. Prior to the proposed Plan, the Rehabilitator and her advisors considered other potential restructuring options, including a solvent runoff or a liquidation of CML.

Based on a financial analysis performed during the Rehabilitation Proceeding, the Rehabilitator concluded there were insufficient assets to conduct a runoff of CML's liabilities.

The Rehabilitator considered converting the proceeding to a liquidation, but concluded it would not be in the best interests of Policyholders. In a liquidation, the liquidator would trigger guaranty association coverage that would provide a minimum level of benefits to Policyholders, but would not fully cover all Policyholders. In addition, the liquidation of CML would likely impair its ability to meet financial obligations to its subsidiary, CLIC. This risk stems from intercompany arrangements between CML and CLIC that would either be delayed or perhaps not performed if CML were in liquidation.

Following extensive review of such alternatives and intensive arm's length negotiations and discussions, the Rehabilitator determined that the proposed Contribution from the Purchaser is the best option to restore CML's financial health and protect Policyholder benefits for Policyholders as well as CLIC's policyholders.

Q. What happens if the Plan is not approved, or if the Effective Date does not occur?

A. If the Plan is not approved, then the Transactions contemplated by the Plan will not occur, and CML will not receive the Contribution. However, the Rehabilitation Proceeding would continue to permit the Rehabilitator to assess next steps. As noted above, conversion of CML to a liquidation is the most likely outcome, but the Rehabilitator would explore whether there are any other parties interested in investing in CML or whether a runoff scenario could be implemented.

Q. What is the timetable for approval and implementation of the Plan?

A. As discussed below, the Scheduling Order sets forth the timetable for the Court to consider and approve the Plan, including the date on which the Court will hold a hearing. If the Court approves the Plan, then implementation of the Plan would be completed at the Effective Date, as set forth in the Plan.

Q. If I have additional questions, whom do I ask?

A. The relevant papers related to the Plan and the approval process are posted on the website <https://www.proxydocs.com/ColumbianMutualLife>. That website provides a telephone number that you may call if you have any additional questions.

ARTICLE III.

PLAN SCHEDULING ORDER / PLAN OBJECTION DEADLINE

The Rehabilitator has filed the Plan, and the Court has approved and entered the Scheduling Order establishing deadlines and procedures for filing updates to the Plan, objections to the Plan, replies to such objections, and the hearing date for the Court to consider approval of the Plan.

Under the Scheduling Order, any objection to the approval of the Plan must (i) be in writing; (ii) set forth the name of the objector and the nature of any Claims or Equity Interests asserted by such objector; and (iii) state with particularity the legal and factual basis for the objection.

The Rehabilitator will provide notice of the filing of the Plan, this Disclosure Statement, the Scheduling Order, the Rehabilitator's petition for the Court to approve the Plan and the means for obtaining more detailed information regarding the Rehabilitation Proceeding, including copies of relevant documents, by (i) posting the Scheduling Order, the Plan, this Disclosure Statement, the form of Plan Approval Order, and all other supporting papers on the Legal and Estate Notices page of the NYLB's website (www.NYLB.org), (ii) mailing notice of the hearing to approve the Plan to all known Policyholders, which notice will refer them to the website <https://www.proxydocs.com/ColumbianMutualLife>, where the Scheduling Order, the Plan, this Disclosure Statement, the form of Plan Approval Order, and all other supporting papers will be posted, and (iii) publishing notice of the hearing to approve the Plan in USA Today once a week for two consecutive weeks.

ARTICLE IV.

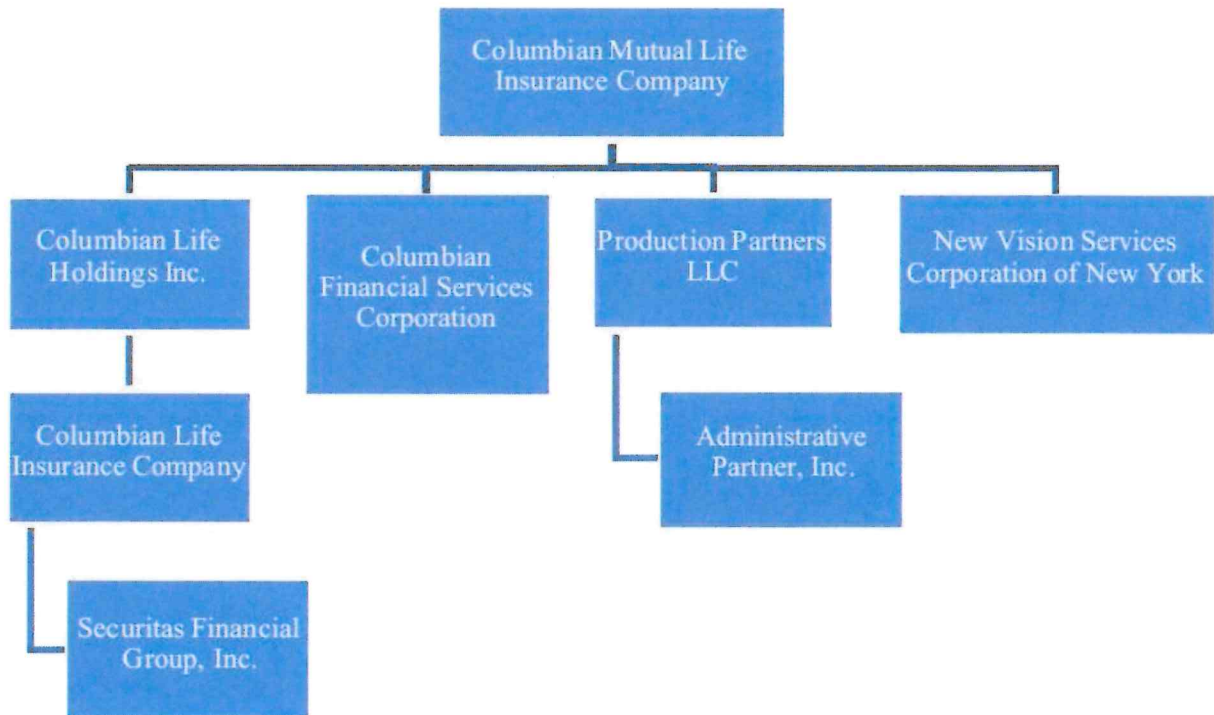
BACKGROUND

4.01 CML Corporate History

CML was incorporated as a charitable and benevolent association in New York on November 1, 1882, under the name American Protective Association. It commenced business on February 1, 1883. In 1907, the company changed its name to Columbian Protective Association and moved its principal office to Binghamton, New York. At the same time, CML began operating as a cooperative life and accident and health insurance company.

On March 11, 1952, CML converted to a mutual life insurance company and adopted its current name. Between 1996 and 2011, six life insurance companies merged with CML: Golden Eagle Mutual Life Insurance Corporation, Columbian Family Life Insurance Company, Philanthropic Mutual Life Insurance Company, Farmers and Traders Life Insurance Company, Mutual of Detroit Life Insurance Company, and Unity Mutual Life Insurance Company.

CML owns Columbian Life Holdings, Inc., which in turn wholly owns CLIC, an Illinois domiciled life insurer. CLIC owns Securitas Financial Group, Inc., a company domiciled in Delaware. CML and its Subsidiaries and Affiliates refer to themselves collectively as the Columbian Financial Group. The organizational structure of CML and its Affiliates is depicted in the following chart:



CML's primary business has been life insurance with low face values. As of December 31, 2023, CML was licensed to carry out the business of insurance in all 50 states, the District of Columbia and other jurisdictions. However, a number of these licenses have since been suspended or revoked.

As of today, CML has approximately 300,000 insurance Policies In Force held by approximately 200,000 Policyholders.

4.02 Events Leading to the Rehabilitation Proceeding

Prior to the Rehabilitation Proceeding, CML experienced several years of financial distress. Beginning in 2020, CML hired Keefe, Bruyette & Woods, Inc. ("**KBW**"), an investment banking firm to market the company for a transaction that would result in a significant infusion of capital and restore the company to financial health. That process ultimately led to a proposed transaction with Constellation Insurance Holdings, Inc. ("**Constellation**"), pursuant to which CML would seek to demutualize and be acquired by Constellation in exchange for a capital contribution (the "**Constellation Transaction**"). In the spring of 2024, Constellation withdrew from the Constellation Transaction. Later that year on August 13, 2024, CML was placed into rehabilitation. Material key events during this period included the following.

On January 10, 2022, the NYSDFS and CML entered into a consent order ("**Consent Order**") under which CML paid a \$3 million civil fine for violations of the Insurance Law relating to unclaimed life insurance benefits. CML also agreed to implement a remediation plan to address these compliance issues. In April 2024, CML reported to NYSDFS a liability for unclaimed life insurance policy benefits in the amount of \$16.5 million.²

In addition, the NYSDFS conducted a financial examination of CML and issued a report on June 6, 2022 ("**Examination Report**"), relating to the financial condition of the company as of December 31, 2020, including a review of CML's reserving practices. The Examination Report raised concerns relating to CML's asset adequacy analysis regarding "the potential lack of conservatism in both the Company's methodology and assumptions used." The NYSDFS also questioned CML's "treatment of non-recurring and acquisition expenses," "the development of experience assumptions," and "allocation of expenses between affiliated companies."

CML's finances continued to decline following the Examination Report. CML's Annual Financial Statement for the year ended December 31, 2023 (the "**2023 Financial Statement**") indicated net cash from operations declined from \$21.5 million in 2019 to negative \$8.3 million in 2023. Reported Surplus declined from \$87.1 million in 2019 to \$29.2 million in 2023. However, as noted below, the reported Surplus for 2023 did not take into account a report issued by an actuarial consultant retained by NYSDFS that stated that CML's Policy Reserves were inadequate and that the additional reserves needed to satisfy NYSDFS reserving requirements would eliminate any Surplus.

Specifically, in connection with the anticipated Constellation Transaction, NYSDFS engaged Matczak Consulting LLC ("**Matczak**") to conduct a review of CML's Policy Reserves

² CML has since remediated its unclaimed property procedures and recently submitted a payment of approximately \$12.1 million to the State of New York for unclaimed property relating to the Consent Order.

and other actuarial analysis. Matczak issued a report dated May 28, 2024, in which, among other things, it reviewed CML’s year-end 2023 Cash Flow Testing (“CFT”) models, assumptions and projections under multiple scenarios, and concluded that using the worst-case adjusted CFT result as required by New York regulations would result in an asset adequacy reserve adjustment of an additional \$104 million in reserves for 2023. CML’s statutory Surplus as of December 3, 2023, was \$29.2 million, so if this \$104 million reserve adjustment had been adopted for the 2023 Annual Financial Statement, it would have rendered the Company insolvent by approximately \$75 million.

On May 31, 2024, following Constellation’s withdrawal from the Constellation Transaction and the findings documented in the Matczak report, CML’s board of directors voted unanimously to consent to either rehabilitation or liquidation under Article 74 of the Insurance Law.

Also on May 31, 2024, the NYSDFS directed CML to cease writing new business. On June 7, 2024, AM Best downgraded the financial strength ratings of both CML and CLIC from C+ (marginal) to C (weak), and their long-term issuer credit ratings from B- (marginal) to CCC (weak). That same day, CML announced a workforce reduction, laying off approximately 70 employees, or 25% of its staff.

CLIC was placed into rehabilitation by the Circuit Court of Cook County, Illinois by order dated July 29, 2024, and since then CLIC has been operated in rehabilitation by the Illinois Office of the Special Deputy Receiver. The CML Rehabilitation Order was entered on August 13, 2024.

ARTICLE V.

MATERIAL EVENTS IN THE REHABILITATION PROCEEDING

5.01 General Events

On July 10, 2024, the Superintendent filed a petition in the Court seeking to place CML into rehabilitation pursuant to Article 74 of the Insurance Law and appointing the Superintendent as Rehabilitator. The petition was based on two grounds: (i) the unanimous consent of CML’s board of directors, and (ii) the Superintendent’s determination, following examination, that continued operation of CML’s insurance business without Court supervision posed a risk to Policyholders, creditors, or the public. The Rehabilitation Order was entered by the Court on August 13, 2024.

On October 3, 2024, attorneys with the New York Liquidation Bureau, which serves as staff to the Superintendent in her capacity as Rehabilitator, requested Court approval for the Rehabilitator to sell certain of CML’s real property in Broome County, New York to The People of the State of New York, acting through the Trustees of the State University of New York (“SUNY Binghamton”), for a purchase price of \$5.5 million. The Court approved the transaction on December 13, 2024, authorizing the Rehabilitator to execute the necessary closing documents and take all steps required to complete the sale to SUNY Binghamton. The transaction closed on November 24, 2025.

In addition, the Rehabilitator worked with CML’s employees to make substantial progress towards resolution of CML’s unclaimed property liability. Starting with unclaimed benefits subject to New York Law (based on the last known address of the related policies), CML was recently accepted into a program with the New York Comptroller’s Office of Unclaimed Funds (“OUF”) to pay unclaimed benefits in exchange for a waiver of interest and penalties otherwise due and owing, and an indemnity for future claims against CML related to such unclaimed benefits. On or about October 29, 2025, CML made payment of \$12.1 to the OUF to resolve certain unclaimed property obligations.

As to Delaware unclaimed benefits, CML has submitted a proposal to Delaware’s regulator for the voluntary payment of unclaimed amounts. CML is expecting that resolution with the Delaware regulator will be obtained in the next 60 days. Finally, outside of New York and Delaware, CML is subject to a multi-state unclaimed property audit with 35 participating states represented by Kroll Government Services (“Kroll”). CML, based on productive discussions with Kroll, expects to reach an agreement on amounts and process of payment of unclaimed benefits in the next 60-90 days. Accordingly, the Rehabilitator expects a resolution of its unclaimed property liabilities that will not have a material adverse effect on CML’s financial condition.

5.02 Marketing and Sale Process

As part of the rehabilitation process, the Rehabilitator re-engaged KBW, which had served as the investment banker in CML’s efforts to engage in a strategic transaction that had begun in 2020. After multiple years of marketing CML to potential partners and the failure of the Constellation Transaction, it was well known to potential strategic and capital partners that CML was seeking to enter into a strategic transaction.

With this background, the Rehabilitator and her advisors rapidly focused on three potential acquirers, two of which had emerged just prior to the Rehabilitation Proceeding. The first was a group led by a global private investment firm, which had submitted a letter of intent to CML in June 2024 on a potential recapitalization transaction. The firm had been involved in the earlier process conducted by CML in the 2020-2021 timeframe that resulted in the Constellation Transaction. The second group was comprised of JAB in conjunction with Agam Capital Management (“Agam”). Agam consults with insurance companies to provide financial advisory services, including due diligence, capital and risk analyses, modeling, and actuarial and pricing services. JAB expressed interest in a potential acquisition of CML, in part through Agam’s prior knowledge of, and contacts with, CML. Finally, after the Rehabilitation Proceeding commenced, a third group led by a specialized alternative asset manager submitted a letter of intent in September 2024 seeking to enter into discussions with CML and commence due diligence regarding a potential transaction but with no proposal as to the terms of a potential transaction.

In the months that followed, the Rehabilitator and her advisors conducted intensive arm’s length negotiations and discussions with the three potential acquirers to assess, among other things, due diligence inquiries and scope, financial capacity, transaction details, and transaction experience. KBW also facilitated inquiries by the potential acquirors with CML. By December 2024, the field had narrowed to two remaining potential acquirors, the private investment firm and JAB. Both parties submitted final bids in December 2024.

In January 2025, the Rehabilitator entered into an exclusivity agreement with JAB whereby JAB would complete its due diligence process and the parties would negotiate and finalize a transaction agreement for the acquisition of CML. The JAB bid was selected as the best option for CML and its Policyholders based on the strength of its proposal. As reflected in the Transaction Agreement, JAB has agreed to make a Contribution of not less than \$100 million, and to maintain CML and CLIC at ongoing minimum capitalization levels that will maintain their financial health. JAB has a substantial presence in the insurance industry and has recently acquired Prosperity, a major writer of annuities.

CML did not receive any superior bids to the JAB proposal for the recapitalization of CML. The Rehabilitator hired a financial advisor; solicited, received and reviewed multiple proposals; and ultimately negotiated with JAB to arrive at the Transaction Agreement. Among other considerations, the JAB proposal and Transaction Agreement provide for a higher capital contribution than the other proposals. The Transaction Agreement also provides for a higher capital contribution than the Constellation Transaction, which in final form proposed a maximum capital contribution of \$100 million as opposed to the current transaction, which requires a minimum contribution of at least \$100 million. And as with the proposed Transactions under the Plan, the Constellation Transaction did not provide for payment on account of Equity Interests, nor did any of the other proposals.

ARTICLE VI.

OTHER KEY ASPECTS OF THE PLAN AND THE TRANSACTIONS

6.01 Overview of the Plan Transactions and Contribution

The Plan seeks to implement a series of Transactions as set forth in the Transaction Agreement. If the Plan is approved by the Court and becomes effective, the Purchaser will make a Contribution of not less than \$100 million (and up to \$125 million). Of the Contribution amount, approximately ninety percent (90%) is anticipated to be allocated to CML, and ten percent (10%) to CLIC. The Contribution and the Transactions also establish a day-one capital commitment to maintain capital levels equal to at least 8% of reserves. Accordingly, the Contribution is intended to cure CML's insolvency, recapitalize and support CML's and CLIC's Surplus and statutory reserves, and bring each company into compliance with applicable regulatory capital requirements.

(a) CML Charter Amendment, Amended and Restated Certificate of Authority

Pursuant to Sections 1.02 and 2.01 of the Plan, the Rehabilitator will file a Charter Amendment to CML's charter with the New York Secretary of State on the Effective Date and an amended and restated certificate of authority of CML with the NYSDFS. Subject to approval by the Court and receipt of Form A Approvals from the NYSDFS and the IDOI, the filing of the Charter Amendment and the amended and restated certificate of authority will result in the following:

- the elimination of all charter provisions related to CML's status as a mutual insurance company, which will reflect that all Equity Interests in CML will have been discharged

and extinguished, and CML becoming a New York domiciled stock life insurance company;

- modification of CML’s name to remove the word “Mutual” and rename the company “Columbian Life Insurance Company of New York”; and
- authorization for CML to issue the CML Shares on the Effective Date to the Purchaser in exchange for the Purchaser’s Contribution.

(b) Extinguishment of Equity Interests

Pursuant to Sections 2.03(b) and (c) of the Plan, on the Effective Date, all Equity Interests held by Policyholders will be discharged and extinguished in full, including the elimination of all rights to receive dividends or distributions, voting rights, and liquidation preferences. Policyholders will not receive any monetary payment in connection with the discharge and extinguishment of these Equity Interests, consistent with Section 2.02 of the Transaction Agreement. Policy Certificates will be issued after the Effective Date to reflect the elimination of these rights and to reaffirm the continuing contractual benefits under each Policy.

6.02 Conditions to Closing

The consummation of the Transactions in the Transaction Agreement is subject to certain conditions identified in Article VI therein, each of which must be satisfied or waived (to the extent permitted by Law) by the applicable parties prior to the Effective Date.

(a) Mutual Closing Conditions

The obligation of both CML and the Purchaser to close are subject to the satisfaction or waiver of the following conditions as set forth in Section 6.01 of the Transaction Agreement:

- Court Approval Orders: This Court must enter a Final Order approving the Plan and the Illinois Court must enter a Final Order approving the petition for an order terminating the CLIC Rehabilitation Proceeding; and
- No Legal Prohibition: No Law or government order may be in effect that prohibits or enjoins the Transactions, and no legal action seeking to prevent the Transactions may be pending before a Governmental Authority.

(b) Additional Closing Conditions

Each of the Purchaser’s and CML’s obligation to complete the Transactions is subject to certain representations and warranties and certain other Closing conditions set forth in Sections 6.02 and 6.03 of the Transaction Agreement that are usual and customary in life insurance and annuity merger and acquisition transactions.

In addition to usual and customary closing conditions, the Purchaser’s obligation to Close pursuant to Section 6.02 of the Transaction Agreement is contingent upon receipt of the following (among others):

- Regulatory Approvals: All consents, approvals, authorizations, filings, and notices required under applicable Law and as set forth in Schedule III to the Transaction Agreement must have been obtained and be in full force and effect. This includes the Form A Approvals;
- Permitted Practices: The Purchaser must have received written approval (or disapproval) from both NYSDFS and the IDOI for certain Permitted Practices (among other things) sought in connection with the Rehabilitation Plan and Transactions;
- Investment Manager Determination: NYSDFS and the IDOI must each agree to the terms sought by the Purchaser concerning the specified investment manager; and
- Surplus Note Issuance: CML shall have caused CLIC to issue a surplus note to the Purchaser or an Affiliate of Purchaser in return for CLIC's share of the Contribution to be made prior to Closing.

6.03 Termination of the Transaction Agreement

Pursuant to Section 7.01 of the Transaction Agreement, the Transaction Agreement may be terminated at any time prior to the Effective Date on usual and customary grounds, and in certain other circumstances that include the following:

- by the Purchaser or CML, if the Court wholly or partially disapproves the Plan or the Transactions, or the Illinois Court wholly or partially disapproves the petition for an order terminating the CLIC Rehabilitation Proceeding or the Transactions;
- by the Purchaser or CML, if CML and CLIC are not discharged from the Rehabilitation Proceeding and the CLIC Rehabilitation Proceeding, respectively;
- by the Purchaser, if NYSDFS or IDOI fails to issue written approval or non-disapproval of the requested Permitted Practices or terms concerning the specified investment manager by the Outside Termination Date (as defined below) and other regulatory approvals related to the Transactions, as applicable, by the Outside Termination Date; and
- by the Purchaser or CML, if the Closing has not occurred by June 30, 2026 (the “**Outside Termination Date**”), unless the delay is caused by the terminating party’s own failure to perform; provided that if the only outstanding condition is the receipt of requisite regulatory approvals and government consents, the Outside Termination Date shall extend automatically one time to August 31, 2026.

6.04 Corporate Governance and Organizational Changes

On or after the Effective Date, CML will adopt new governance documents, including amended and restated articles of incorporation and bylaws. The Purchaser will also appoint a new board of directors and executive officers for CML. Following the Effective Date, CML will operate as a New York domiciled stock life insurance company under the ownership and control of the Purchaser and its designated management team.

ARTICLE VII.

OTHER KEY ASPECTS OF THE PLAN

7.01 Plan Treatment of Claims and Equity Interests

(a) Claims

Pursuant to Section 2.03(a) therein, the Plan does not alter or impair the Claims against CML held by CML’s creditors, vendors, or other parties (other than Policyholders as to Equity Interests). The Plan does not alter or impair the right to reinstate a Policy that could be reinstated, nor does the Plan alter or impair such Policyholder’s rights to Policyholder Benefit Claims under such Policies that are in effect as of the Effective Date. All Claims will be processed and paid in the ordinary course of CML’s business.

(b) CML Contracts

Pursuant to Section 2.03(a)(iii) of the Plan, except with respect to Policyholder Equity Interests, all CML Contracts in effect as of the Effective Date will remain in full force and effect, and any defaults under such Contracts will be deemed cured to the extent provided in the Plan. No event of default will arise under any CML Contract or other obligation solely as a result of the Plan, the Transactions, or the Rehabilitation Proceeding. Any such defaults will be deemed cured as of the Effective Date.

(c) Equity Interests

Pursuant to Sections 2.02 and 2.03(b)-(c) of the Plan, all Equity Interests will be discharged and extinguished in their entirety as of the Effective Date. No holder of Equity Interests will be entitled to receive any distributions, dividends, payments, or other consideration with respect to such Equity Interests under the Plan or otherwise.

7.02 Administrative Expense Fund

Pursuant to Section 1.03 of the Plan, on or before the Effective Date, CML will establish a reserve for the payment of all current and anticipated Administrative Expenses.

7.03 Means of Implementation

(a) Rehabilitator Action

Pursuant to Section 3.01(a) of the Plan, the Rehabilitator is authorized to take all actions necessary or appropriate to implement the Plan, including entering into and Closing on the Transaction Agreement, executing and filing the Charter Amendment, performing the Transactions and taking all other actions reasonably related thereto. Without limitation, upon entry of the Plan Approval Order, and subject to the occurrence of the Effective Date, the Rehabilitator is immediately authorized subject to the terms of the Plan (including Section 3.01(a) therein) to consummate the Transactions, which include taking the following actions: (i) filing the Charter Amendment with the New York Secretary of State and the amended and restated certificate of authority of CML with the NYSDFS, (ii) causing the issuance of the newly authorized CML Shares to the Purchaser in exchange for the Contribution, and (iii) entering into any agreement that the Rehabilitator believes in good faith is necessary or appropriate in order to effectuate the Plan and the Transactions.

Pursuant to the terms of the Plan, including Sections 3.01(b) and 4.02(d) therein, immediately upon Closing and on the Effective Date, CML will be released from Court supervision, subject to retained jurisdiction under the Plan.

(b) Governmental Action

Pursuant to Section 3.01(c) of the Plan, each federal, state, commonwealth, local, foreign, or other governmental or administrative agency including, without limitation, governmental departments, secretaries of state, federal, state, country, and local officials, and all other Persons who may be required by operation of Law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, is directed and authorized to accept for filing and/or recording any and all documents and instruments necessary or appropriate to effectuate, implement or consummate the Plan, the Transactions, the Transaction Agreement, whether or not specifically referred to in the Plan or any exhibit thereto or in the Plan Approval Order, without further order of the Court. The Plan Approval Order and the Form A Approvals together with the acceptance of the Charter Amendment by the New York Department of State and the amended and restated certificate of authority of CML by NYSDFS shall constitute all authority, approval, and consent required, if any, by the Laws, rules, and regulations of all states and any other Governmental Authority with respect to the implementation or consummation of the Plan, the Transactions, the Transaction Agreement, and any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts and transactions referred to in or contemplated by the Plan, the Transactions, and the Transaction Agreement.

(c) No Plan Vote

Pursuant to Section 3.02 of the Plan, no vote or other approval of Policyholders, creditors, or other parties is required for entry of the Plan Approval Order, implementation of the Plan, or Closing of the Transactions on the Effective Date.

7.04 The Effective Date of the Plan

Pursuant to Section 4.01(a) of the Plan, and in addition to the conditions to Closing summarized in Section 6.02 of this Disclosure Statement, material conditions precedent to the occurrence of the Effective Date, unless waived in writing by the Rehabilitator with the written consent of the Purchaser, include the following:

- Plan Approval Order: The Plan Approval Order shall have been entered by the Court and become a Final Order;
- CLIC Rehabilitation Proceeding: The Illinois Court shall have entered an Order providing for either the dismissal of the CLIC Rehabilitation Proceeding or that CLIC shall be released from the CLIC Rehabilitation Proceeding subject to certain conditions having been satisfied (in each case, such Order shall be in the form and substance acceptable to the Rehabilitator and the Purchaser);
- Transactions and Requisite Approvals: The Article 74 Conversion including the discharge and extinguishment of Equity Interests (*i.e.*, the Transactions set forth in Sections 1.02 and 2.01 of the Plan, and summarized in Section 6.01(a)-(b) of this Disclosure Statement,) shall have occurred; and
- Administrative Expense Fund: A reserve shall have been established to pay all unpaid reasonable, documented and out-of-pocket fees and expenses incurred by the Rehabilitator and/or the Rehabilitator's professionals, that are actual and necessary costs and expenses, in connection with the administration of the Rehabilitation Proceeding incurred at any time through and including the dismissal of the Rehabilitation Proceeding.

7.05 Notice of Effective Date and Termination of Rehabilitation

Pursuant to Sections 3.01(b) and 4.02 of the Plan, on the Effective Date, the Rehabilitator will file with the Court a certificate confirming that the conditions precedent to the occurrence of the Effective Date have been satisfied or waived, CML has been released from the proceedings as of the Effective Date, and the Transactions have closed. Upon such filing:

- CML will be released and discharged from the Rehabilitation Proceeding and will resume possession of its property and the conduct of its business, subject to the terms and conditions of the Transaction Agreement and the Plan;
- The Plan Approval Order will supersede the Rehabilitation Order to the extent of any inconsistency;
- Corporate governance of CML will transfer to the board of directors appointed by the Purchaser in accordance with the Transaction Agreement and applicable Law; and

- The Rehabilitator, along with the Rehabilitator’s staff, employees, and agents, will be relieved of all further duties in connection with the Rehabilitation Proceeding, subject to any final reporting and other obligations set forth in the Plan.

7.06 Policy Certificates

Pursuant to Section 4.02(c) of the Plan, to reflect the extinguishment of all Equity Interests, the Purchaser will cause CML to issue the Policy Certificates confirming the extinguishment of those Equity Interests and affirming the continuing obligation of CML for Policyholder Benefit Claims, which is defined in the Plan as all Claims under or arising out of such Policy except for any Claim related to an Equity Interest applicable to such Policyholder.

Within 30 days after the Effective Date, CML will send each Policyholder (i) written notice of entry of the Plan Approval Order and (ii) a Policy Certificate applicable to that Policyholder’s In Force Policy.

The Policy Certificates will be issued solely to document the changes to Policyholder rights effected by the Plan and are not required to implement those changes. All other terms, rates, coverages, and claims under In Force Policies will remain in full force and effect and can be satisfied and discharged.

7.07 Post-Effective Date Closure of the Proceeding

Pursuant to Sections 4.02(e) and 4.05 of the Plan, following the release of CML from the Rehabilitation Proceeding and within sixty (60) days after the Effective Date, or such later date approved by the Court, the Rehabilitator shall file final accountings, reports, and any other pleadings necessary to obtain an order formally closing the Rehabilitation Proceeding and discharging the Rehabilitator from all remaining duties.

7.08 Regulatory Oversight

Pursuant to Section 5.01 of the Plan, on and after the Effective Date, CML will operate as a New York domiciled stock life insurance company subject to the supervision and regulation of the NYSDFS in accordance with applicable Law. Nothing in the Plan will be construed to limit or restrict the regulatory authority of NYSDFS over CML, except to the extent expressly inconsistent with the Plan or the Plan Approval Order.

7.09 Plan Releases, Exculpation, and Injunction

(a) Releases (Section 6.01 of the Plan)

Effective from and after the Effective Date, CML and its Subsidiaries, the Rehabilitator, the New York Liquidation Bureau and each of their former, current and future predecessors, successors, assigns, parents, shareholders, subsidiaries, affiliates and divisions and each of their respective current or former attorneys, agents, advisors, employees, officers, directors, shareholders, principals, members, managers, trustees, representatives, in each case, solely in their capacities as such, and any and all persons or entities acting by, through, under, or in concert with

or on behalf of them in such capacities, or any of them (“Representatives”), shall be and hereby are, irrevocably, unconditionally and completely forever released, acquitted and discharged from any and all past, present and future Actions of every kind, nature, description or character (including, for the avoidance of doubt, any Actions based on any successor, transferee, derivative or vicarious liability or any similar theory or applicable state or federal law or otherwise) that any Person has, owns or holds, or claims to have, own or hold, or may have, own or hold, from the beginning of time through the Effective Date, in each case, arising from, relating to or in connection with, in whole or in part, the Rehabilitation Proceeding, the Plan, the Transaction Agreement and the Transactions through and including the Effective Date, including for the avoidance of doubt, arising from, relating to or in connection with, in whole or in part, the Equity Interests (the “No-Recourse Causes of Action”); provided, however, the No-Recourse Causes of Actions shall not include (i) any Liability arising from, relating to or in connection with, in whole or in part, acts or omissions that are determined by a Final Order to constitute fraud, gross negligence or willful misconduct, (ii) any rights or obligations of CML or its Subsidiaries or Actions held by CML or its Subsidiaries arising under the Plan, the Transaction Agreement or the Transactions and (iii) Policyholder Benefit Claims.

Effective from and after the Effective Date, the Purchaser and any of their Affiliates (including after the Effective Date, CML and its Subsidiaries) and each of their respective Representatives, shall be, and hereby are, irrevocably, unconditionally and completely forever released, acquitted and discharged from any and all past, present and future Actions of every kind, nature, description or character (including, for the avoidance of doubt, any Actions based on any successor, transferee, derivative or vicarious liability or any similar theory or applicable state or federal law or otherwise) that any Person has, owns or holds, or claims to have, own or hold, or may have, own or hold, from the beginning of time through the Effective Date, in each case, arising from, relating to or in connection with, in whole or in part, the Rehabilitation Proceeding, the Plan, the Transaction Agreement and the Transactions through and including the Effective Date, including for the avoidance of doubt, arising from, relating to or in connection with, in whole or in part, the Equity Interests and Released Obligations (collectively, the “Purchaser No-Recourse Causes of Actions”); provided, however, the Purchaser No-Recourse Causes of Actions shall not include (i) any Liability arising from, relating to or in connection with, in whole or in part, acts or omissions that are determined by a Final Order to constitute fraud, gross negligence or willful misconduct, (ii) any rights or obligations of the Purchaser or its Subsidiaries or Actions held by the Purchaser or its Subsidiaries arising under the Plan, the Transaction Agreement or the Transactions and (iii), solely with respect to CML, any Policyholder Benefit Claims.

(b) Plan Exculpation (Section 6.02 of the Plan)

Effective as of the Effective Date, the Rehabilitator, CML and its Subsidiaries, the New York Liquidation Bureau, and the Purchaser and any of their Affiliates (including after the Effective Date, CML and its Subsidiaries) and each of their respective Representatives, shall be, and hereby are, exculpated from any and all past, present and future Actions arising from, relating to or in connection with, in whole or in part, any act, omission, transaction, event, or other occurrence related to or in connection with the Plan, including, without limitation, the formulation, negotiation, approval, or implementation of the Plan, the Plan Approval Order, the Transactions, the Charter Amendment and/or the Transaction Agreement, including for the avoidance of doubt, any and all Equity Interests or Released Obligations (collectively, the “Exculpated Causes of

Action"); provided, however, the Exculpated Causes of Action shall not include any (i) Liability arising from, relating to or in connection with acts or omissions that are determined by a Final Order to constitute fraud, gross negligence or willful misconduct, (ii) Claims against CML held by CML's creditors, vendors and other stakeholders of CML that exist immediately prior to the Article 74 Conversion Effective Time and (iii) Policyholder Benefit Claims.

(c) Injunction (Section 6.03 of the Plan)

Effective as of the Effective Date, all Persons are permanently enjoined and prohibited from commencing, continuing, advancing, or otherwise prosecuting any: (i) Exculpated Causes of Action; (ii) No-Recourse Causes of Action; or (iii) Purchaser No-Recourse Causes of Action against the Rehabilitator, CML, the New York Liquidation Bureau, the Purchaser or their respective Affiliates and/or Representatives.

7.10 Plan Feasibility

The Rehabilitator believes that the Plan is feasible and fair to all Policyholders and other stakeholders. As part of this assessment, the Rehabilitator has considered the current financial condition of CML and the expected impact of the Transactions contemplated by the Plan.

CML is financially impaired. This determination is supported by CML's 2024 and 2025 financial statements.

The Rehabilitator has also reviewed CML's projected financial condition assuming the occurrence of the Effective Date of the Plan and receipt of the Contribution from the Purchaser. Based on these projections, the Rehabilitator expects that, following the Transactions, CML will have sufficient general assets to meet its obligations in the ordinary course of business and will be able to comply with all applicable statutory reserve and risk-based capital requirements.

In light of these projections and the capital maintenance requirements included in the Transactions, the Rehabilitator has concluded that the Plan is feasible and fair to all Policyholders and other stakeholders.

7.11 U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations related to the Plan and the Transactions to be implemented thereby that are relevant to Policyholders who are U.S. Policyholders. This summary is for general information only and does not address all possible income tax consequences that may apply to individual Policyholders based on their specific circumstances. Further, this summary does not address federal estate or other non-income, state, local, or any non-U.S. tax consequences of the Plan and the Transactions to be implemented thereby. This summary is not tax advice. Policyholders should consult a tax adviser to determine how the Plan and the Transactions to be implemented thereby will affect them in their particular circumstances, including how the application of federal estate and other non-income, state, local, and any non-U.S. tax consequences of the Transactions may affect them.

For purposes of this summary, a "U.S. Policyholder" means a Policyholder who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States; or
- a corporation (or other entity treated as a corporation for U.S. tax purposes) created or organized under the Laws of the United States or any of its political subdivisions.

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations, administrative rulings, and judicial decisions in effect as of the date hereof. Future legislative, regulatory, or judicial developments may affect the accuracy of this summary, possibly with retroactive effect.

Under the Plan, U.S. Policyholders’ Equity Interests in CML will be extinguished without the receipt of any consideration. In general, for U.S. federal income tax purposes, gain or loss from the disposition of property is measured by comparing the amount realized with the taxpayer’s adjusted tax basis in the property.

Because U.S. Policyholders will receive no consideration in connection with the extinguishment of their Equity Interests, they will not recognize gain. Under the longstanding position of the U.S. Internal Revenue Service (the “IRS”), the tax basis in equity interests in a mutual insurance company is generally considered to be zero, and under this interpretation, Policyholders would not recognize loss in connection with the extinguishment of their Equity Interests.

However, the legal basis for the IRS’s zero basis position has been subject to litigation. In 2008, the U.S. Court of Federal Claims rejected the IRS’s zero-basis position in favor of applying the “open transaction” doctrine, and the Federal Circuit affirmed that decision in an unpublished opinion. Subsequent court decisions, and the reasoning set forth therein, have been mixed. For example:

- The U.S. District Court for the Central District of California upheld the IRS’s zero-basis position in 2013, and the Ninth Circuit affirmed.
- The U.S. District Court for the District of Arizona ruled in favor of the taxpayer, rejecting the zero-basis position in 2013. However, that decision was reversed by the Ninth Circuit.
- The U.S. District Court for the District of Minnesota ruled in favor of the taxpayer in 2014, who had filed refund claims based on the holding in the Court of Federal Claims. The holding in the case was based on procedural grounds, although it favorably discussed the prior decisions that had rejected the IRS’s zero-basis position. The decision was reversed by the Eighth Circuit on procedural grounds.

Given the conflicting decisions and the disparate reasoning set forth therein, the Law remains unsettled. Policyholders are advised to consult with their own tax advisors if they wish to consider recognizing loss in connection with the extinguishment of their Equity Interests.

7.12 Risk Factors

(a) Generally

While the Rehabilitator believes that the Plan provides the most viable path for stabilizing CML and protecting Policyholder interests, several risks could affect the implementation or outcome of the Plan. These include:

- Regulatory Approvals May Not Be Granted: The Transactions contemplated by the Plan are subject to regulatory approvals. Although the parties are working collaboratively with the regulators, there is no assurance that these approvals will be granted or will be issued on terms acceptable to the parties.
- Court Approval Is Required: The Plan cannot become effective without the entry of the Plan Approval Order by this Court, and the Illinois Court must enter a separate order dismissing the CLIC Rehabilitation Proceeding or releasing CLIC from the CLIC Rehabilitation Proceeding, in each case substantially in the forms attached to the Transaction Agreement. Failure to obtain either order substantially in the forms attached to the Transaction Agreement will prevent the Plan from becoming effective.
- The Purchaser May Elect Not to Proceed: The Transaction Agreement does not include a break-up fee or termination penalty. The Purchaser may elect to terminate the Transaction Agreement subject to its terms and the Plan, as summarized in this Disclosure Statement. If terminated, there is no guarantee that an acceptable alternative acquirer will be identified in a reasonable amount of time.
- Plan Modification or Withdrawal: Although material modification of the Plan is not currently contemplated, the Rehabilitator may need to consider changes, which changes may be material, to the Plan and the Transactions therein (with the consent of the Purchaser where applicable) to achieve (i) Court approval and entry of the Plan Approval Order, (ii) regulatory approval of the Transactions, and (iii) entry of an order in the CLIC Rehabilitation Proceeding that either dismisses the CLIC Rehabilitation Proceeding or releases CLIC from the CLIC Rehabilitation Proceeding. Further, pursuant to Section 8.03 of the Plan, and summarized in Section 7.14 of this Disclosure Statement, the Rehabilitator reserves the right to revoke or withdraw the Plan at any time prior to the Effective Date in accordance with the terms set forth therein.
- If the Plan Does Not Become Effective, Liquidation Is a Likely Alternative: If the Plan is not approved or the Plan and the Transactions do not close, CML may be forced into liquidation. In that event, Policyholders may receive reduced or delayed payments, and guaranty association coverage may not fully protect all benefits.

(b) **Other Considerations**

- **No Duty to Update:** This Disclosure Statement does not reflect any events that may occur subsequent to the date hereof. Such events may have a material impact on the information contained in this Disclosure Statement regarding the Plan and the Transactions to be implemented by the Plan. As set forth above, the Rehabilitator does not currently intend to update any of the information contained in this document unless directed otherwise by the Court.
- **Unanticipated Developments:** Although potential changes in Law or regulation, regulatory action, unanticipated administrative developments or interpretation and other factors may be beyond the Rehabilitator's control, and although their impacts may not be ascertainable in advance, they could have a significant impact on the Plan and the Transactions to be implemented by the Plan.

7.13 Retention of Jurisdiction

Pursuant to Section 7.01 of the Plan, notwithstanding the occurrence of the Effective Date and the termination of the Rehabilitation Proceeding, the Court will retain exclusive jurisdiction over all matters arising from or relating to the Rehabilitation Proceeding, the Plan, or any Court order (including the Plan Approval Order), including authority to:

- (a) Take any action or issue any order necessary to implement, effectuate, execute, consummate, or maintain the integrity of the Plan, the Transaction Agreement, the Charter Amendment, the Plan Approval Order, or any related order of the Court;
- (b) Determine any dispute concerning whether any document, instrument, action, or failure to act is consistent with the Plan, the Transaction Agreement, the Charter Amendment, or the Plan Approval Order, including whether any conditions precedent to the Effective Date as stated in Section 4.01 of the Plan have been satisfied;
- (c) Correct any defect, cure any omission, or reconcile any inconsistency in the Plan, the Plan Approval Order or other Court orders, the Transaction Agreement, or the Charter Amendment;
- (d) Hear, interpret, adjudicate and decide, and enforce any controversy, dispute, or issue concerning the interpretation, implementation, or enforcement of the Plan, the Transaction Agreement, the Charter Amendment, the Plan Approval Order, the extinguishment of Equity Interests, or any related Court order;
- (e) Adjudicate any dispute related to the extinguishment of Policyholder Equity Interests (and any Claims arising from such extinguishment) or the issuance of CML Shares under the Plan, the Transaction Agreement, and the Charter Amendment;

- (f) Determine whether CML, the Rehabilitator, the Purchaser, and all other Persons have complied with their respective obligations under the Plan, the Transaction Agreement, the Charter Amendment, and related Court orders;
- (g) Consider any amendments or modifications to the Plan, the Transactions, the Transaction Agreement, the Charter Amendment, or any related exhibits or schedules;
- (h) Decide any motion, application, or contested matter pending on or after the Effective Date to the extent it relates to the Plan, the Plan Approval Order, or the Rehabilitation Proceeding; and
- (i) Retain jurisdiction over any other matter or proceeding provided under Article 74 of the Insurance Law, the Plan, or any Court order, including proceedings necessary to close or terminate the Rehabilitation Proceeding or consider post-Effective Date filings.

7.14 Plan Modification, Revocation or Withdrawal

Pursuant to Section 8.03 of the Plan, the Rehabilitator, with the consent of the Purchaser, may alter, amend, or modify the Plan at any time prior to entry of the Plan Approval Order. If such alterations, amendments or modifications are immaterial, the Rehabilitator shall not be obligated to provide additional notice to Policyholders or other parties. If the Rehabilitator is uncertain as to the materiality of such alternations, amendments or modifications, the Rehabilitator may seek an order from the Court determining what notice, if any, is required to be provided to Policyholders and other parties. After entry of the Plan Approval Order and prior to the Effective Date, the Rehabilitator may institute proceedings in the Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Plan Approval Order, and such matters as may be necessary to carry out the purposes and effects of the Plan.

The Rehabilitator, with the consent of the Purchaser, may revoke or withdraw the Plan at any time prior to the Effective Date upon filing a certification thereof with the Court. If the Rehabilitator revokes or withdraws the Plan, the Plan shall be null and void in all respects, and nothing contained in the Plan or the Disclosure Statement shall (i) prejudice in any manner the rights of the Rehabilitator, CML, the Purchaser, their Affiliates, the holder of any Claims or Equity Interests, or any other Person or (ii) constitute an admission, acknowledgment, offer, or undertaking by the Rehabilitator, CML or the Purchaser or their Affiliates.

ARTICLE VIII.

DISCLOSURE STATEMENT DISCLAIMER

This Disclosure Statement has been prepared by the Rehabilitator based on information available to the Rehabilitator, including information provided by the employees of CML. While the Rehabilitator believes the information contained herein is accurate to the best of her knowledge, neither the Rehabilitator nor CML makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Disclosure Statement.

Certain disclosures, assumptions, and projections contained herein may be based on events or information available as of the date of this Disclosure Statement. Events and developments subsequent to the date hereof may materially affect the information presented, and this Disclosure Statement does not reflect or account for such developments. The Rehabilitator will not update the information herein, including financial projections or other forward-looking statements, which may become outdated over time, unless instructed otherwise by the Court.

This Disclosure Statement is provided solely to furnish information concerning the Plan and the Rehabilitation Proceeding. It is not intended to provide, and should not be relied upon as, legal, business, financial, tax, or other advice. Readers are encouraged to consult with their own advisors regarding any legal, financial, business, or tax issues in connection with the Plan and the Transactions described therein and summarized in this Disclosure Statement.

The Plan and this Disclosure Statement are not required to be, and have not been, prepared in accordance with the requirements of federal or state securities laws, the Insurance Law (except to the extent required by Article 74), or any other regulatory body governing the offer or sale of securities. None of the United States Securities and Exchange Commission, any state securities commission, or any similar Governmental Authority has reviewed or approved this Disclosure Statement or the Plan. Furthermore, unless otherwise stated, none of the financial information presented (including any projections or summaries) was prepared in accordance with generally accepted accounting principles, statutory accounting principles, or the standards of the American Institute of Certified Public Accountants.

This Disclosure Statement may not be relied upon for any purpose other than to understand the terms and effects of the Plan and the Transactions to be implemented by the Plan. In particular, it may not be used or relied upon in connection with the purchase or sale of any claim, policy, or other interest related to CML or its Affiliates. Nothing contained in this Disclosure Statement constitutes an admission of any liability, fact, or legal position by CML, the Rehabilitator, the Purchaser, or any other party in any legal or administrative proceeding, including the Rehabilitation Proceeding. Statements concerning the rationale or justification for the treatment of Claims and Equity Interests under the Plan are not intended to waive, limit, or prejudice any rights or causes of action of CML or the Rehabilitator.

The Plan and this Disclosure Statement may contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, financial projections, assumptions about regulatory approvals, and anticipated effects of the transactions contemplated by the Plan. Such statements are subject to a variety of known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Rehabilitator and CML. Actual results may differ materially from those expressed or implied by these forward-looking statements. Accordingly, no assurance can be given that the expectations reflected in such statements will be achieved, and readers are cautioned not to place undue reliance on them.

All summaries or descriptions in this Disclosure Statement are qualified in their entirety by reference to the full text of the Plan and the exhibits annexed thereto. In the event of any inconsistency between the Disclosure Statement and the Plan, the terms of the Plan shall govern. Summaries of legal documents or agreements are not intended to be comprehensive and are qualified in their entirety by the actual text of the applicable documents.

ARTICLE IX.

GLOSSARY OF DEFINITIONS

Capitalized terms used in this Disclosure Statement are defined as follows:

(a) “**2023 Financial Statement**” means CML’s Annual Financial Statement for the year ended December 31, 2023, as discussed in Section 4.02 of the Disclosure Statement.

(b) “**Action**” means any action, Cause of Action, claim, counterclaim, cross-claim, controversy, dispute, demand, litigation, suit, investigation, review, grievance, citation, summons, subpoena, audit, hearing, originating application to a tribunal, arbitration or other similar proceeding of any nature, civil, criminal, regulatory, administrative or otherwise, whether in equity or at law, in contract, in tort or otherwise commenced, brought, conducted or heard by or before or otherwise involving a Governmental Authority.

(c) “**Administrative Expenses**” means all unpaid reasonable, documented and out of pocket fees and expenses incurred by the Rehabilitator and/or the Rehabilitator’s professionals, that are actual and necessary costs and expenses in connection with the administration of the Rehabilitation Proceeding incurred at any time through and including the dismissal of the Rehabilitation Proceeding.

(d) “**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. Notwithstanding the foregoing, Purchaser’s Affiliates shall not include any direct or indirect portfolio companies that are investments of Purchaser or any of its affiliate investment funds or vehicles (other than Purchaser or any Subsidiaries of Purchaser). For purposes of this Agreement, each of Prosperity Life Insurance Group, LLC and its Subsidiaries shall be deemed to be Affiliates of Purchaser. The term “**Affiliated**” shall have a correlative meaning.

(e) “**Agam**” means Agam Capital Management.

(f) “**Article 74 Conversion**” means a transaction pursuant to which CML will convert from a New York domiciled mutual life insurance company to a New York domiciled stock life insurance company under the Insurance Laws and the Plan comprising the following steps upon entry of the Plan Approval Order: (a) the filing by CML of the Charter Amendment with the New York State Department of State, and issuance of a certified copy of the Charter Amendment by the New York State Department of State and (b) the filing by CML of an amended and restated certificate of authority of CML with the NYSDFS and the issuance of a certified copy of the amended and restated certificate of authority of CML by the NYSDFS.

(g) “**Cause of Action**” means, without limitation, any and all Claims, interests, rights, causes of action, damages, Liabilities and obligations under contracts, common law, equitable principles, statutes, regulations, any other applicable Law or otherwise against or with respect to any Person or property, in each case, of any kind, character, or nature whatsoever, whether known or unknown, liquidated or unliquidated, vested or contingent, accrued or unaccrued, due or to become due, matured or unmatured, disputed or undisputed, secured or unsecured, joint or several, asserted or unasserted, express or implied, foreseen or unforeseen or direct or indirect.

(h) “**CFT**” means CML’s year-end 2023 Cash Flow Testing, as discussed in Section 4.02 of the Disclosure Statement.

(i) “**Charter Amendment**” means the amendment of CML’s charter, in the form annexed to the Plan as Exhibit C.

(j) “**Claim**” means any right to (a) payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, known, unknown, foreseen, unforeseen, asserted, accrued, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (b) an equitable remedy for breach of performance, whether or not such right to an equitable remedy is reduced to judgment, vested, contingent, known, unknown, foreseen, unforeseen, asserted, unasserted, accrued, unaccrued, due, to become due, matured, unmatured, disputed, undisputed, joint, several, express, implied, secured, or unsecured, including any of the foregoing that is asserted or assertable directly or derivatively.

(k) “**Closing**” means the consummation of the transactions contemplated by the Transaction Agreement, upon the terms and subject to the conditions set forth therein.

(l) “**CLIC**” means CML’s indirect subsidiary, Columbian Life Insurance Company, an Illinois domiciled life insurer.

(m) “**CLIC Rehabilitation Proceeding**” means the CLIC rehabilitation proceeding commenced by an order entered on July 29, 2024 in the Circuit Court of Cook County, Illinois (case number 2023 CH 09034) upon the petition filed by Ann Gillespie, Director of Insurance of the State of Illinois, pursuant to Article XIII of the Illinois Insurance Code.

(n) “**CML**” means Columbian Mutual Life Insurance Company, a New York domiciled mutual life insurance company.

(o) “**CML Contract**” means any Policy, reinsurance agreement or other agreement to which CML is a party or by which CML is legally bound.

(p) “**CML Shares**” has the meaning ascribed to such term in Section 1.02(a)(iv) of the Plan.

(q) “**Code**” means the Internal Revenue Code of 1986.

(r) “**Constellation**” means Constellation Insurance Holdings, Inc., as discussed in Section 4.02 of the Disclosure Statement.

(s) “**Constellation Transaction**” means the proposed transaction whereby Constellation would have acquired CML in exchange for a capital contribution but which failed to close upon Constellation’s withdrawal in the spring of 2024, as discussed in Section 4.02 of the Disclosure Statement.

(t) “**Consent Order**” means that certain consent order between the NYSDFS and CML entered into on January 10, 2022 as discussed in Section 4.02 of the Disclosure Statement.

(u) “**Contribution**” has the meaning ascribed to such term in Section 1.02(a)(iv) of the Plan.

(v) “**Court**” means the Supreme Court of the State of New York, Broome County, or any appellate court having jurisdiction over orders or judgments of the Supreme Court of the State of New York, Broome County.

(w) “**Disclosure Statement**” means this disclosure statement (including all exhibits and attachments thereto) provided to Policyholders in connection with the Plan, and as may be amended, modified, or supplemented from time to time, that describes, among other things, the Plan, the Transaction Agreement, and the Transactions.

(x) “**Effective Date**” means the date of the Closing under the Transaction Agreement.

(y) “**Equity Interests**” means, all of a Policyholder’s ownership rights, interests and entitlements in and to CML as existing under Insurance Laws (including Section 7312(a)(3) of the Insurance Laws), other Laws applicable to such ownership rights, interests and entitlements, or pursuant to CML’s corporate charter and any Action arising from such ownership rights, interests and entitlements (including a Policyholder’s Claim to or Cause of Action with respect to surplus or its right to receive any dividends or distributions from CML or its right to vote on any matters affecting CML, in each case, arising out of such ownership rights, interests and entitlements). The term “Equity Interests” includes any Cause of Action that a Policyholder has or could have solely as the result of the cancellation, release, discharge or extinguishment, or modification of the foregoing rights pursuant to the Plan, the Transaction Agreement, the Plan Approval Order, the Charter Amendment or otherwise.

(z) “**Examination Report**” means that certain financial examination report of CML by the NYSDFS, dated June 6, 2022, as discussed in Section 4.02 of the Disclosure Statement.

(aa) “**Exculpated Causes of Action**” has the meaning ascribed to such term in Section 6.02 of the Plan and restated in Section 7.09 of the Disclosure Statement.

(bb) “**Form A Approvals**” means, collectively, the (i) the NY Section 1506 Approval and (ii) the Form A Ill. Approval.

(cc) “**Form A Ill. Approval**” means the approval by the IDOI of Purchaser’s acquisition of control of CLIC pursuant to the Transaction Agreement and applicable Insurance Laws.

(dd) “**Final Order**” means an order or judgment of a court of competent jurisdiction entered on the docket maintained by the clerk of such court that has not been reversed, vacated, or stayed, and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for a new trial, reargument, or rehearing shall then be pending; or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing has been sought, (a) such order or judgment shall have been affirmed by the highest court to which such order was appealed, leave to appeal or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order or otherwise been dismissed with prejudice, and (b) the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 5015 of the New York Civil Practice Law and Rules, or any analogous rule, could be filed relating to such order shall not prevent such order from being a Final Order.

(ee) “**Governmental Authority**” means any federal, national, state, provincial or local, whether domestic or foreign, government, any department or agency thereof or any court of competent jurisdiction, administrative agency or commission or other governmental, regulatory or licensing authority, bureau, board, judicial or arbitral body, arbitrator, department, political subdivision, tribunal or instrumentality, whether domestic, foreign or supranational or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority or government sponsored enterprise.

(ff) “**IDOI**” means the Illinois Department of Insurance.

(gg) “**Illinois Court**” means the Circuit Court of Cook County, Illinois before which the CLIC Rehabilitation Proceeding is pending.

(hh) “**In Force**” means, with respect to a Policy, as of any date of determination, such Policy has been issued, and not canceled, expired or lapsed with all reinstatement periods having expired, as of such date of determination.

(ii) “**Insurance Law**” means Chapter 28 of the Consolidated Laws of the State of New York.

(jj) “**IRS**” means the U.S. Internal Revenue Service.

(kk) “**JAB**” means JAB Holding Company.

(ll) “**KBW**” means Keefe, Bruyette & Woods, Inc.

(mm) “**Kroll**” means Kroll Government Services.

(nn) “**Law**” means any federal, national, state, provincial or local, whether domestic or foreign, law, statute, constitution, principle of common law, ordinance, code, standard, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority or any Order.

(oo) “**Liability**” means any liability, debt, guarantee, expense, commitment, obligation, deficiency, interest, tax, penalty, fine, claim, right to payment, demand, judgment, Cause of Action or other loss (including loss of benefit or relief), cost or expense, of any kind or nature whatsoever, whether asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, and whether due or to become due and regardless of when asserted, including those arising under any Law, Action or contract.

(pp) “**Matczak**” means Matczak Consulting LLC.

(qq) “**No-Recourse Causes of Action**” has the meaning ascribed to such term in Section 6.01(a) of the Plan, and restated in Section 7.09 of the Disclosure Statement.

(rr) “**NYSDFS**” means the New York State Department of Financial Services.

(ss) “**NY Section 1506 Approval**” means the approval by the NYSDFS of Purchaser’s acquisition of control of CML pursuant to the Transaction Agreement and applicable Insurance Laws.

(tt) “**OUF**” means the New York Comptroller’s Office of Unclaimed Funds.

(uu) “**Order**” means an order, award, judgment, injunction, writ, decree, directive, stipulation, ruling, determination, decision or verdict, whether civil, criminal or administrative, in each case, that is entered, issued, made or rendered by or with any Governmental Authority.

(vv) “**Permitted Practices**” means certain accounting treatments and practices, subject to the approval of the NYSDFS and IDOI, as discussed in 6.01(c) of the Disclosure Statement.

(ww) “**Person**” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization of any kind or nature, including a government or political subdivision or an agency or instrumentality thereof, in each case, including any permitted successors or assigns of such person.

(xx) “**Plan**” means that certain *Plan of Rehabilitation for Columbian Mutual Life Insurance Company*, including all exhibits thereto, filed by the Rehabilitator in accordance with the Insurance Laws, in each case as the same may be revised, supplemented, or otherwise modified from time to time.

(yy) “**Plan Approval Order**” means an order to be entered by the Court approving the Plan and the Transactions contemplated thereby.

(zz) “**Policy**” means any life, annuity, accident or health insurance policy or other contract of insurance issued or assumed at any time by CML, but excluding reinsurance and retrocession agreements.

(aaa) “**Policy Certificate**” means a certificate, substantially in the form annexed to the Plan as Exhibit D, confirming the extinguishment of any Equity Interests applicable to such Policyholder and affirming the continuing obligation of CML of any Policyholder Benefit Claims applicable to such Policyholder.

(bbb) “**Policy Reserves**” means, as defined by the National Association of Insurance Commissioners, the amount of money allocated specifically for the fulfillment of policy obligations by a life insurance company; reserves are in place to safeguard that the company is able to pay all future claims.

(ccc) “**Policyholder**” means, for each Policy, the owner of such Policy as set forth on the books and records of CML.

(ddd) “**Policyholder Benefit Claims**” means, for each Policy, all Claims under or arising out of such Policy except for any Claim related to any Equity Interest.

(eee) “**Prosperity**” means Prosperity Life Group Insurance Companies and Prosperity Asset Management.

(fff) “**Purchaser**” means JAB Insurance US Holdings, Inc. a Delaware corporation, or, if applicable, its permitted successors and assigns.

(ggg) “**Purchaser No-Recourse Causes of Actions**” has the meaning ascribed to such term in Section 6.01(b) of the Plan and restated in Section 7.09 of the Disclosure Statement.

(hhh) “**Rehabilitation Order**” means the order of rehabilitation placing CML into the Rehabilitation Proceeding, signed by the Honorable Joseph McBride of the Court on August 13, 2024.

(iii) “**Rehabilitation Proceeding**” means the legal proceeding currently pending before the Court governing the rehabilitation of CML, styled as *In the Matter of the Rehabilitation of Columbian Mutual Life Insurance Company*, Index No. EFCA2024001871, together with any appeals thereto.

(jjj) “**Rehabilitator**” means the Superintendent as the Court-appointed rehabilitator of CML pursuant to the Rehabilitation Order.

(kkk) “**Released Obligations**” means any and all Claims, Liabilities, Actions and Causes of Action, whether known or unknown, arising from, relating to or in connection with, in whole or in part, any Equity Interests, or any other benefits or advantages that arise from or are related to a Policyholder’s Equity Interests. Notwithstanding the foregoing, “Released Obligations” shall not include, nor shall they be deemed to include, any Policyholder Benefit Claims and any Actions or Causes of Action arising from, relating to or in connection with, such Policyholder Benefit Claims.

(lll) “**Representatives**” has the meaning ascribed to such term in Section 6.01(a) of the Plan, and restated in Section 7.09 of the Disclosure Statement.

(mmm) “**Scheduling Order**” means that certain Court order establishing the form of notice of hearing to consider approval of the Plan, the manner of giving such notice, the procedure for objection to the approval of the Plan, the deadline for filing such objections, and setting a hearing date to consider approval of the Plan, as discussed in Article III of the Disclosure Statement.

(nnn) “**Share Issuance**” has the meaning ascribed to such term in Section 1.02(a)(iv) of the Plan.

(ooo) “**Subsidiary**” means, with respect to any Person, any Person that directly or indirectly, through one or more intermediaries is controlled by such first Person.

(ppp) “**SUNY Binghamton**” means the State University of New York located in Binghamton, NY, as discussed in Section 5.01 of the Disclosure Statement.

(qqq) “**Superintendent**” means the Superintendent of Financial Services of the State of New York and her successors in office.

(rrr) “**Surplus**” refers to Policyholder Surplus, which is defined by the National Association of Insurance Commissioners as assets in excess of the liabilities of the company.

(sss) “**Transaction Agreement**” means that certain Master Transaction Agreement dated November 17, 2025, by and between CML and Purchaser, and annexed to the Plan as Exhibit B (excluding all exhibits and schedules thereto).

(ttt) “**Transaction(s)**” means, collectively, the transactions contemplated by the Plan and the Transaction Agreement, including, without limitation: (i) the filing of the Charter Amendment; (ii) the discharge and extinguishment of all Equity Interests; (iii) the Article 74 Conversion; (iv) the creation of the CML Shares; (v) the Share Issuance in exchange for the Contribution; (vi) the modification of all Policies as provided in the Plan and reflected in the Policy Certificate; and (vii) any other related transactions or actions to be taken to implement the Transaction Agreement and the Plan in accordance with the Transaction Agreement and the Plan.

(uuu) “**U.S. Policyholder**” has the meaning set forth in Section 7.11 of the Disclosure Statement.

ARTICLE X.

CONCLUSION

As summarized in this Disclosure Statement, the Rehabilitator submits that the Plan is in the best interests of CML’s Policyholders and other claimants. Approval and implementation of the Transactions, as set forth in the Plan and the Transaction Agreement, are in the best interests of all Policyholders and other stakeholders.