

In Rehabilitation

March 3, 2004

Dear Western United Policyholder:

I am writing to update you on the latest action taken to protect you as a policyholder of Western United.

The state Office of the Insurance Commissioner (OIC) yesterday filed an uncontested petition for receivership of Western United Life Assurance Company to assist the company in dealing with financial problems that stem from Metropolitan Mortgage, the parent holding company.

This action was taken after Western United learned it would likely be responsible for an \$18 million tax liability incurred by Metropolitan. Metropolitan filed for Chapter 11 bankruptcy reorganization on Feb. 4, 2004. Western United policyholders are not associated with the bankruptcy filing.

There is nothing to indicate that Western United faces insolvency at this time. The state insurance regulator is simply helping the company navigate the troubled waters resulting from the parent holding company's financial difficulties.

By seeking a court-ordered receivership, the OIC will be in the best position to see that Western United meets its responsibilities under state law and fulfills its obligations to policyholders. The Insurance Commissioner appointed a "special receiver", an objective, independent authority who will ensure that the policyholders are afforded the full protection of state law.

I appreciate that recent headlines and news stories about parent company Metropolitan Mortgage's struggles can be unsettling. I want to assure you that Western United is being operated on a regular, business-as-usual basis by the OIC. Having clients maintain their deposits with the company will be a major factor to the continued success of Western United. The interests of everyone connected to the company will be served best if the company is permitted to continue its operation unaffected and unimpaired by Metropolitan's fate.

For more information, please visit the Office of the Insurance Commissioner's Web site at www.insurance.wa.gov. You also may contact OIC staff at Western United in Spokane at 1-800-818-2849.

Sincerely,



Wayne C. Metcalf III
Chief Deputy Receiver of Western United
For Purposes of Rehabilitation