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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Conditional Approval #223**  
**December 1996**

November 25, 1996

Mr. Charles Ostrowski  
United Insurance Companies, Inc.  
1100 W. Delaware Street  
Sioux Falls, South Dakota 57104

Re: Application by United Insurance Companies, Inc. ("UICI") to charter a national CEBA credit card bank with the title United Credit National Bank, Sioux Falls, South Dakota  
Application Control Number: 96-MW-01-0011

Dear Mr. Ostrowski:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national CEBA credit card bank with the title, "United Credit National Bank" ("Bank"). On November 25, 1996, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

We have based our decision to grant preliminary conditional approval on the information provided in your application, other correspondence between the applicant and the OCC, and other information available to the OCC.

We also made our decision to grant preliminary approval with the understanding that the proposed national bank will be FDIC insured and the expectation that the proposed bank will apply for membership in the Federal Reserve System.

The operating plan will provide the context for the supervisory review at the pre-opening examination. Major deviations from the plan or changes in the composition of the board of directors, ownership, or chief executive officer that the OCC has not approved may result in withdrawal of preliminary conditional approval.

This approval is subject to the following conditions:

1. Before opening, the bank will develop an internal audit plan to monitor American Fair Credit Association ("AFCA"). At a minimum, the plan should include an annual audit of

AFCA's marketing of the Bank's credit card to ensure marketing representatives are making accurate representations and disclosures.

AFCA membership fees should be disclosed in compliance with 12 C.F.R. 226.6 Truth in Lending - Initial Disclosure Statement. 12 C.F.R. 226.6 was revised effective April 1, 1996 to clarify that membership fees such as the AFCA membership fee should be disclosed as an "other charge."

2. Any services performed by affiliates for the Bank and payments to said affiliates by the Bank must be rendered pursuant to contracts which comply with federal law and regulation and reflect safe and sound practices. Fees for services should be substantially the same or at least as favorable to the bank as the fees the Bank would pay an independent third party for the same services. Before opening, the Bank will submit for OCC review all contracts and pricing agreements with its affiliates, including those with Specialized Card Services, Inc., American Fair Credit Association, Inc., and United Membership Marketing Group, LLC.
3. Before opening, the bank will develop a contingency funding plan and submit it to the OCC for review.
4. The Bank must obtain the prior approval of the Federal Deposit Insurance Corporation (FDIC) to become an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).
5. The Bank will maintain status as an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).
6. At the earliest practicable time, the Bank will provide notice to the OCC of any action initiated or taken by the FDIC that is directed toward termination of the Bank's status as an insured depository institution.
7. In the event the FDIC initiates or takes any action to terminate the Bank's status as an "insured depository institution," the Bank must request and obtain the prior approval of the OCC before continuing operation as a non-FDIC insured national bank. In determining whether to approve the continued operation by the Bank as an uninsured national bank, the OCC may impose additional conditions upon the Bank. Such conditions shall be regarded as "conditions imposed in writing by the agency in connection with the granting of any application or other request by the depository institution" within the meaning of 12 U.S.C. §1818(b)(1).

It is to be expressly understood that the OCC's authority to impose conditions under No. 7 above, is in addition to, and not in substitution of, any other authority the OCC presently possesses--or may come to possess--for uninsured national banks.

8. The limitations of the Bank's activities must be enumerated fully in its Articles of Association. Specifically, the articles must state:
- The business of the association will be limited to that of a national credit card bank.
  - The Bank must obtain the prior written approval of the OCC before amending its Articles of Association to expand the scope of its activities and services.
9. The Bank must maintain on file on its premises current financial information on UICI, i.e., audited annual financial reports, quarterly financial statements, 10-K and 10-Q reports, 8-K reports as appropriate, and any other publicly available financial data required to be prepared by the company to keep investors apprised of their financial condition. The financial information must be provided to the Bank's supervisory office once it becomes available.

Please be advised that the above conditions, four through nine, shall be deemed to be conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. §1818.

The Bank may offer credit life, health, and accident insurance in accordance with 12 C.F.R. 2.

You may now establish the corporate existence of the Bank and forward the Articles of Association and Organization Certificate to the Midwestern District Office. As a legal entity, you may begin to take those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and final approval is granted (See Corporate Booklet).

Enclosed are procedural requirements that must be met before the Bank will be allowed to commence business. Please note that some of the requirements referenced in the enclosed package may not be applicable since the Bank's activities will be limited to those of a national CEBA credit card bank. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the Bank commences business.

We require that, prior to opening, the Bank engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the Bank. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the Bank opens. We expect that such audits will be performed on an annual basis for at least five years following commencement of operations. Engagement of an auditor will be verified during the pre-opening examination.

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The OCC has no objection to the following persons serving as executive officers as proposed in the application: Charles Ostrowski, as Chief Executive Officer; Jeremy Kuiper, as Cashier. Additional executive officers are subject to the OCC's prior review and clearance. Please note that the OCC requires that you obtain prior approval of additions or changes in executive officers and directors for two years after the Bank opens for business.

Your check for \$3,100 payable to the Comptroller of the Currency, along with the Articles of Association and Organization Certificate, should be forwarded to the OCC within thirty days.

The OCC will send to you under a separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

You should direct any questions concerning this preliminary conditional approval to Ellen Shepherd, Licensing Manager in the Midwestern District Office, at (816) 556-1816.

Sincerely,

/s/

Nancy Cody  
NBE/Senior Bank Structure Analyst  
Bank Organization and Structure

Enclosures:      Corporate Booklet  
                      Minimum Policies and Procedures  
                      Procedural Requirements