

ACHIEVING COST SAVINGS THROUGH TARGETED NOTICE AND ACCESS

> CITIZENS, INC.

CASE STUDY

Citizens, Inc., is an insurance holding company, and its wholly owned subsidiary, CICA Life Insurance Company of America (CICA LIFE), offers living-benefit, US-dollar life insurance policies in 35 countries around the globe. Approximately 86 percent of Citizens' shareholders live outside the US, and a large proportion of those holders live in developing countries, mostly in Central and South America.

"Although it was a leap of faith for us to adopt notice and access in 2008, Computershare worked closely with us every step of the way. Computershare found ways to adapt their materials to our unique needs and helped us manage the entire process, keeping us on track to meet our required deadlines. Most importantly, we saved a quarter of a million dollars in 2008 alone."

Josh Arnold, AVP, Investment Officer and Financial Analyst, Citizens, Inc.

CHALLENGE

For Citizens, mailing traditional hard-copy shareholder proxy communications to its non-US holders was costly and time-consuming – and still resulted in a low voting response from those holders.

The company was therefore looking for ways to add efficiency and reduce the costs associated with the annual meeting process, and turned to its transfer agent, Computershare, for help.

2008 HIGHLIGHTS

- > 60,266 foreign holders received notices rather than full sets of materials
- > Only 113 requested paper copies
- > Total 2008 savings for printing and postage: nearly \$250,000

SOLUTION

Computershare recommended to Citizens that it save printing and mailing costs by taking advantage of the SEC's new notice and access rules. The rules would have required Citizens to post its proxy materials to the Internet starting in January 2009. But the company could voluntarily take advantage of the rule in 2008, posting their proxy materials to the Internet and sending a one-page notice of availability of materials to holders in lieu of a full proxy package.

Integrated solution

The company agreed to use Computershare's notice and access solution for their 2008 proxy mailing, thanks to its potential to increase their bottom line. Computershare would also provide Internet hosting of materials without requiring Citizens to make substantial changes to their own website or internal processes.

Computershare offered Citizens a fully developed, integrated notice and access solution that included:

- > Hosting the company's online proxy materials, with links to Computershare's online voting website

CASE STUDY

- › Mailing one-page notice documents to all holders
- › Upon Citizen's request, sending complete proxy packages ten days after the notice mailing to the relatively few domestic holders who had voted in previous years and who had not yet cast their vote
- › Fulfilling shareholder requests for complete packages of materials

Shareholder communication

A key component of Citizens' success is its reputation for stability. Any change in communications had to maintain holders' trust and confidence in the company. Computershare provided notice documents for Citizens shareholders that included:

- › Language and document design that had been user-tested for clarity
- › Seamless incorporation of the Citizens logo and corporate identity
- › A flexible document architecture that allowed Citizens to incorporate messaging – in Spanish, Portuguese and Mandarin Chinese – on how to obtain assistance from Citizens in translating or understanding the document

RESULTS

Computershare successfully delivered all components of Citizens' notice and access solution – on time and within budget.

- › Notice documents were mailed to 73,664 holders; 13,398 domestic and 60,266 foreign.
- › Only 113 foreign holders and 82 domestic holders requested paper copies be mailed to them.
- › An additional 164 holders requested that full sets be emailed to them.

Citizens' total 2008 savings for printing and postage was nearly \$250,000.

As Citizens found, sending notice documents rather than full sets of proxy materials can be an effective cost-saving option for companies with a large number of registered holders who:

- › Have a history of not voting, even with full-set mailings
- › Are difficult and expensive to reach via regular mail

NOTICE AND ACCESS

The SEC's notice and access rules allow issuers to send a one-page notice to shareholders directing them to proxy materials posted online, rather than mailing heavy, expensively printed full sets of materials – while still giving shareholders the option of receiving proxy materials either electronically or in traditional hard-copy form.

Under the rule, starting July 1, 2007, issuers were allowed to voluntarily post materials to the Internet, with the option of sending one-page notices to holders. Starting January 1, 2009, the SEC's rules make Internet posting of proxy materials and notification of availability mandatory for all issuers and registered investment companies soliciting proxies.

ABOUT COMPUTERSHARE INVESTOR SERVICES

Computershare Investor Services provides comprehensive, best-in-class transfer agent services for more than 2,700 public corporations and closed-end funds in the US and their 17 million active shareholder accounts. Our innovative solutions drive efficiency and increase accuracy.

ABOUT COMPUTERSHARE

Computershare is a global market leader in transfer agency, employee equity plans, proxy solicitation, stakeholder communications, and other diversified financial and governance services. Many of the world's leading organizations use Computershare's services to help maximize the value of relationships with their investors, employees, creditors, members and customers.