

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

WAKE COUNTY

SUPERIOR COURT DIVISION

19 CV 008664

FILED

MIKE CAUSEY,  
COMMISSIONER OF INSURANCE  
OF NORTH CAROLINA,

2019 AUG 16 P 12:10

WAKE CO., C.S.C.

Petitioner,

BY 

REHABILITATOR'S  
QUARTERLY REPORT

v.

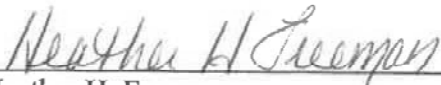
SOUTHLAND NATIONAL INSURANCE )  
CORPORATION, SOUTHLAND NATIONAL )  
REINSURANCE CORPORATION, BANKERS )  
LIFE INSURANCE COMPANY, COLORADO )  
BANKERS LIFE INSURANCE COMPNAY )  
North Carolina Domiciled Insurance Companies, )

Respondents.

NOW COMES the Commissioner of Insurance of State of North Carolina, in his capacity as Court appointed Rehabilitator of Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company (Rehabilitator), and hereby makes this report pursuant to North Carolina General Statute § 58-30-80(b) and the Order of this Court dated June 27, 2019, which requires the Rehabilitator, until further order of this Court, to make a quarterly report to the Court including a statement of receipts and disbursements to date and a statement of financial position (balance sheet). Attached hereto and incorporated herein by reference as Exhibits A - D, are the quarterly reports of activity of the Rehabilitator as of June 30, 2019, and a balance sheet, summary of operations and statement of cash flow and schedule of affiliated investments as of June 30, 2019, of Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company, as prepared by the Special Deputy Rehabilitator on behalf of the Rehabilitator.

This the 16 day of August, 2019.

JOSH STEIN  
ATTORNEY GENERAL  
Attorney for Petitioner,

  
Heather H. Freeman

Assistant Attorney General  
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**CERTIFICATE OF SERVICE**

I, the undersigned attorney, do certify that a copy of the foregoing pleading or paper was served as follows:

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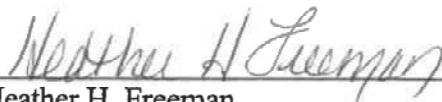
in the following manner:

(xx) by United States mail, first class postage prepaid, as provided by Rule 5(b) of the North Carolina Rules of Civil Procedure, or

( ) by facsimile transmission to the facsimile number set out above, as provided by Rule 5 of the North Carolina Rules of Civil Procedure.

This the 16 day of August, 2019.

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ATTORNEY GENERAL  
Attorney for Petitioner,

  
\_\_\_\_\_  
Heather H. Freeman  
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**SOUTHLAND NATIONAL INSURANCE CORPORATION**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF JUNE 30, 2019,**  
**A BALANCE SHEET**  
**AS OF JUNE 30, 2019**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH JUNE 30, 2019**  
**AND**  
**A SCHEDULE OF AFFILIATED INVESTMENTS**  
**AS OF JUNE 30, 2019**

## INTRODUCTION

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### BACKGROUND

Southland National Insurance Corporation (hereinafter, “the Company”) was originally formed in 1950 as an Alabama mutual aid association under the name of Southland National Insurance Company. In January 1969, the Company was incorporated in Alabama under the name Southland National Insurance Company. In 1988, the Company adopted its current name Southland National Insurance Corporation. In December 2015, the Company redomesticated to North Carolina. On June 27, 2019, the Wake County Superior Court (hereinafter, the “Court”) issued an Order of Rehabilitation (hereinafter, “Order”) against the Company and appointed the Commissioner of Insurance for the State of North Carolina as Rehabilitator (hereinafter, the “Rehabilitator”). On June 27, 2019, the Court also entered an Order Granting Motion for Moratorium on Policy Surrenders and Other Relief (hereinafter “Moratorium”).

The Company is part of a group of insurance companies known as Global Bankers Insurance Group (hereinafter, “GBIG”). GBIG is part of a larger group of companies known as Eli Global. Eli Global is owned by Greg Lindberg.

### PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of affiliated investments as of June 30, 2019, and a summary of operations and statement of cash flow through June 30, 2019.

### LIMITATIONS

This report is based only on the knowledge that the Rehabilitator and his staff have gained from the work performed since the issuance of the Order. Facts may exist that the Rehabilitator is unaware of that may have a material effect on the information provided in this report. The Rehabilitator will update the information in future quarterly reports as additional facts are discovered.

### SUMMARY

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#### COMPANY PROPERTY

- In accordance with the Order, the Rehabilitator has taken possession of all known assets and property of the Company.
- The Rehabilitator is currently evaluating the Company’s in-force business and reinsurance programs in furtherance of determining the feasibility of a successful rehabilitation.

### INVESTMENT PORTFOLIO

The goal of the Rehabilitator is to reduce the amount of affiliated investments and to increase long-term liquidity. The non-affiliated investments are invested in publicly traded securities. The Rehabilitator is working with the management team of the Eli Global non-insurance operating companies on a plan to repay the affiliated investments.

- The Company has approximately 61% of its assets invested in affiliated investments as of June 30, 2019.
- As of June 30, 2019, there were no affiliated investments that were in default.

### EXPENSE REDUCTIONS

- The Rehabilitator is evaluating the Company's contracts to identify those that are essential for ongoing operations. As part of this effort, the Rehabilitator is also attempting to negotiate more favorable terms of essential contracts.

### LITIGATION

To the Rehabilitator's knowledge, at the time of the Order, the Company is a party to the following lawsuits:

***Ehmann, Schiffli and Throneberg v. Medflow, Inc., Medflow Holdings, LLC, Southland National Insurance Corporation, et al.; Case No. 15 CVS 3098, Superior Court of North Carolina, Mecklenburg County***

The case was filed on February 8, 2019, alleging misrepresentation, fraudulent suppression, breach of fiduciary duty, negligence, negligent hiring/training/supervision, and conspiracy regarding sale of life insurance policies.

Mediation in April 2019 was unsuccessful, the parties are awaiting a reschedule of trial. Southland National Insurance Corporation is not a part of the trial to be rescheduled. Only if Plaintiffs prevail at this trial will the Company be subject to subsequent trial and potential liability.

***Claritte Lumar nee Smith and the Succession of Byron Smith v. Lafourche Life Insurance Company and Southland National Insurance Corporation; Case No. C-73440, 40<sup>th</sup> Judicial District Court, Parish of St. John the Baptist, State of Louisiana***

The case was filed on May 8, 2019, which appealed a denied accidental death claim and petitioned for payment of insurance proceeds.

A response was filed in early June 2019.

### OTHER MATTERS

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- In accordance with the Moratorium Order, the Rehabilitator has adopted and implemented a policy to provide substitute benefits in lieu of the contractual obligations of the Company

for annuity benefits and cash withdrawals for policyholders who petition for payment under claims of legitimate hardship. As of June 30, 2019, no hardship cases had been received.

**CONTINUATION OF BUSINESS**

- The Company has ceased writing all new business as of the date of the Order and is only renewing business that it is obligated to renew. A final decision as to the course of action to take with the Company has not yet been determined.

**INTRODUCTION TO SOUTHLAND NATIONAL INSURANCE CORPORATION  
FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019**

Introduction and Basis of Presentation: The Company is a North Carolina domiciled life, accident and health insurance company that was placed in rehabilitation by the Wake County Superior Court on June 27, 2019. The Company is under the control of the Commissioner of Insurance of the State of North Carolina, in his capacity as Court appointed Rehabilitator. It is the Rehabilitator's responsibility to take possession of the assets of the Company and to administer them under the general supervision of the Court.

The accompanying unaudited financial statements were prepared by the Company's staff for the period of April 1, 2019, to June 26, 2019, and subsequent to the Order under the direct supervision of the Rehabilitator's staff, as of June 30, 2019. The financial statements have been prepared in accordance with Statutory Accounting Principles promulgated by the National Association of Insurance Commissioners.



STATEMENT AS OF JUNE 30, 2019 OF THE Southland National Insurance Corporation

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	209,242,642		209,242,642	256,201,649
2. Stocks:				
2.1 Preferred stocks	43,804,066		43,804,066	32,310,000
2.2 Common stocks	5,946	271	5,675	4,990
3. Mortgage loans on real estate:				
3.1 First liens	2,033,853		2,033,853	2,380,170
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ _____ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ _____ encumbrances)			0	0
4.3 Properties held for sale (less \$ _____ encumbrances)	170,930		170,930	376,913
5. Cash (\$ _____33,542,719 ), cash equivalents (\$ _____28,808,552 ) and short-term investments (\$ _____0 )	62,351,271		62,351,271	37,252,738
6. Contract loans (including \$ _____ premium notes)	603,817		603,817	364,213
7. Derivatives	0		0	0
8. Other invested assets	9,000,000		9,000,000	9,000,000
9. Receivables for securities	46,109		46,109	5,690,080
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	327,258,634	271	327,258,363	343,580,752
13. Title plants less \$ _____ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	2,944,491		2,944,491	3,170,301
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	280,578		280,578	80,815
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ _____ earned but unbilled premiums)	572,477		572,477	610,244
15.3 Accrued retrospective premiums (\$ _____) and contracts subject to redetermination (\$ _____)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,431,070		2,431,070	3,037,144
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	938,649		938,649	961,232
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	880,325		880,325	1,547,515
18.2 Net deferred tax asset	5,262,408	3,960,408	1,302,000	872,246
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$ _____)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	116,839		116,839	250
24. Health care (\$ _____) and other amounts receivable	9,663		9,663	550
25. Aggregate write-ins for other-than-invested assets	4,417	0	4,417	146,131
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	340,699,551	3,960,679	336,738,872	354,007,180
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	340,699,551	3,960,679	336,738,872	354,007,180
<b>DETAILS OF WRITE-INS</b>				
1101.	0		0	
1102.			0	
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Ceded Insurance Premium-Asset			0	0
2502. Prepaid Expense Deposit & Returned Checks			0	0
2503. Miscellaneous Receivable	4,417		4,417	83,013
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	63,118
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,417	0	4,417	146,131

STATEMENT AS OF JUNE 30, 2019 OF THE Southland National Insurance Corporation

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ _____ less \$ _____ included in Line 6.3 (including \$ _____ Modco Reserve)	182,335,478	184,078,945
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve)	90,478	87,280
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve)		0
4. Contract claims:		
4.1 Life	1,098,730	1,227,266
4.2 Accident and health	880,722	573,103
5. Policyholders' dividends/refunds to members \$ _____ and coupons \$ _____ due and unpaid		0
6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year—estimated amounts:		
6.1 Policyholders' dividends and refunds to members apportioned for payment (including \$ _____ Modco)	92,349	92,349
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ _____ Modco)		0
6.3 Coupons and similar benefits (including \$ _____ Modco)		0
7. Amount provisionally held for deferred dividend policies not included in Line 6		0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ _____ discount; including \$ _____ accident and health premiums	354,261	289,742
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		0
9.2 Provision for experience rating refunds, including the liability of \$ _____ accident and health experience rating refunds of which \$ _____ is for medical loss ratio rebate per the Public Health Service Act		0
9.3 Other amounts payable on reinsurance, including \$ _____, 2,206,281 assumed and \$ _____ ceded	2,206,281	4,050,433
9.4 Interest Maintenance Reserve	123,914	3,307,086
10. Commissions to agents due or accrued-life and annuity contracts \$ _____ accident and health \$ _____ and deposit-type contract funds \$ _____	1,041	0
11. Commissions and expense allowances payable on reinsurance assumed	364,933	428,933
12. General expenses due or accrued	60,657	59,613
13. Transfers to Separate Accounts due or accrued (net) (including \$ _____ accrued for expense allowances recognized in reserves, net of reinsured allowances)		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes		0
15.1 Current federal and foreign income taxes, including \$ _____ on realized capital gains (losses)		0
15.2 Net deferred tax liability		0
16. Unearned investment income	3,841	3,841
17. Amounts withheld or retained by reporting entity as agent or trustee	14,675	7,374
18. Amounts held for agents' account, including \$ _____ agents' credit balances		0
19. Remittances and items not allocated	166,511	364,589
20. Net adjustment in assets and liabilities due to foreign exchange rates		0
21. Liability for benefits for employees and agents if not included above		0
22. Borrowed money \$ _____ and interest thereon \$ _____		0
23. Dividends to stockholders declared and unpaid		0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	2,591,490	2,057,080
24.02 Reinsurance in unauthorized and certified (\$ _____) companies	504,611	749,264
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers	128,845,137	133,007,438
24.04 Payable to parent, subsidiaries and affiliates	24,675	1,345,457
24.05 Drafts outstanding		0
24.06 Liability for amounts held under uninsured plans		0
24.07 Funds held under coinsurance		0
24.08 Derivatives	0	0
24.09 Payable for securities	96,093	0
24.10 Payable for securities lending		0
24.11 Capital notes \$ _____ and interest thereon \$ _____		0
25. Aggregate write-ins for liabilities	368,543	365,686
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	320,233,420	332,103,479
27. From Separate Accounts statement		0
28. Total liabilities (Lines 26 and 27)	320,233,420	332,103,479
29. Common capital stock	1,502,718	1,502,718
30. Preferred capital stock		0
31. Aggregate write-ins for other than special surplus funds	5,626,702	5,379,354
32. Surplus notes		0
33. Gross paid in and contributed surplus	65,283,086	65,283,086
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(55,907,054)	(47,075,257)
36. Less treasury stock, at cost:		
36.1 _____ shares common (value included in Line 29 \$ _____)		3,188,200
36.2 _____ shares preferred (value included in Line 30 \$ _____)		0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ _____ in Separate Accounts Statement)	15,002,734	20,400,983
38. Totals of Lines 29, 30 and 37	16,505,462	21,903,701
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	336,736,154	354,007,180
DETAILS OF WRITE-INS		
2501. Deferred Compensation Liability	368,543	355,371
2502. Miscellaneous liabilities		10,215
2503. _____		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	368,543	365,586
3101. Deferred Reinsurance Gain	5,626,702	5,379,354
3102. _____		0
3103. _____		0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)	5,626,702	5,379,354
3401. Common Stock Retired		0
3402. _____		0
3403. _____		0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0

## SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	8,991,756	(40,255,449)	(36,050,690)
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	7,951,100	9,116,634	15,337,803
4. Amortization of Interest Maintenance Reserve (IMR)	270,902	364,804	728,807
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	2,160,400	3,479,549	7,321,170
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	4,849	2,314	18,074
9. Totals (Lines 1 to 8.3)	19,379,007	(27,292,148)	(12,644,836)
10. Death benefits	8,842,314	8,900,938	14,999,472
11. Matured endowments (excluding guaranteed annual pure endowments)			
12. Annuity benefits	2,004,899	2,665,005	4,715,768
13. Disability benefits and benefits under accident and health contracts	2,852,131	870,719	2,252,911
14. Coupons, guaranteed annual pure endowments and similar benefits	675	55	(98)
15. Surrender benefits and withdrawals for life contracts	441,523	438,723	914,532
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds		(16,287)	
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	(1,740,271)	(50,135,114)	(46,743,601)
20. Totals (Lines 10 to 19)	10,401,271	(37,275,960)	(23,861,016)
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	4,855	336,732	585,061
22. Commissions and expense allowances on reinsurance assumed	2,216,342	1,122,322	3,438,475
23. General insurance expenses and fraternal expenses	7,667,418	5,013,113	9,842,842
24. Insurance taxes, licenses and fees, excluding federal income taxes	318,771	181,298	661,385
25. Increase in loading on deferred and uncollected premiums	(37,118)	(52,026)	(125,809)
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	3,115,213	4,066,641	8,110,864
28. Totals (Lines 20 to 27)	23,686,752	(28,607,681)	(1,248,197)
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(4,307,745)	(684,287)	(11,396,639)
30. Dividends to policyholders and refunds to members	46,193	49,325	78,511
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(4,353,938)	(733,591)	(11,475,150)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		(374,307)	(1,543,694)
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(4,353,938)	(359,285)	(9,931,456)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ _____ (excluding taxes of \$ _____ 503,247 transferred to the IMR)	12,959	(90,659)	(450,210)
35. Net income (Line 33 plus Line 34)	(4,340,979)	(449,954)	(10,381,666)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	21,903,701	33,801,006	33,801,008
37. Net income (Line 35)	(4,340,979)	(449,954)	(10,381,666)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ _____	(9,706)	(37,782)	(101,221)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	(340,058)	1,630,703	3,182,529
41. Change in nonadmitted assets	(685,197)	(1,473,918)	(2,571,814)
42. Change in liability for reinsurance in unauthorized and certified companies	244,751		(749,353)
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(534,409)	177,024	846,324
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus	247,349	(899,885)	(1,922,096)
54. Net change in capital and surplus (Lines 37 through 53)	(5,398,249)	(1,053,793)	(11,897,307)
55. Capital and surplus as of statement date (Lines 36 + 54)	16,505,452	32,747,213	21,903,701
<b>DETAILS OF WRITE-INS</b>			
08.301. Other Income	4,849	2,314	18,074
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	4,849	2,314	18,074
2701. Investment Credits to Reinsurers	3,108,871	4,066,641	8,110,864
2702.	8,342		
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	3,115,213	4,066,641	8,110,864
5301. Initial Ceding Commission STD RE Less Amortization - SNRC/SNG/STD RE			(1,922,096)
5302. Adj to Surplus-Reinsurance Assumed-North Carolina Mutual Life Inc Company	247,349	(899,885)	
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	247,349	(899,885)	(1,922,096)

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	8,953,980	4,549,736	(32,306,497)
2. Net investment income	7,963,732	13,233,237	17,836,506
3. Miscellaneous income	2,165,249	2,325	7,339,244
4. Total (Lines 1 to 3)	19,082,961	17,785,298	(7,130,747)
5. Benefit and loss related payments	13,199,535	12,511,187	(20,330,994)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	13,384,614	7,883,350	22,753,895
8. Dividends paid to policyholders	46,193	49,325	94,810
9. Federal and foreign income taxes paid (recovered) net of \$ _____ tax on capital gains (losses)	0	0	3,821
10. Total (Lines 5 through 9)	26,630,342	20,443,862	2,521,332
11. Net cash from operations (Line 4 minus Line 10)	(7,547,381)	(2,658,564)	(9,652,079)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	92,899,980	127,248,420	209,182,302
12.2 Stocks	132,606	0	0
12.3 Mortgage loans	346,319	150,508	882,789
12.4 Real estate	218,979	699,000	699,000
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1)	0	(12,075)
12.7 Miscellaneous proceeds	5,740,064	713,878	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	99,337,947	128,811,896	210,752,026
13. Cost of investments acquired (long-term only):			
13.1 Bonds	49,424,604	133,101,106	229,388,032
13.2 Stocks	11,626,672	0	0
13.3 Mortgage loans	0	0	29,014
13.4 Real estate	0	0	2,006
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	12,993	(6,579,606)	1,144,002
13.7 Total investments acquired (Lines 13.1 to 13.6)	61,064,269	126,521,500	230,563,053
14. Net increase (or decrease) in contract loans and premium notes	239,604	(391,057)	(434,234)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	38,034,075	2,681,483	(19,376,793)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	(16,299)	0
16.6 Other cash provided (applied)	(5,388,160)	(754,317)	(1,149,463)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(5,388,160)	(738,018)	(1,149,463)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 16 and 17)	25,098,534	(715,099)	(30,178,335)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	37,252,738	67,431,072	67,431,073
19.2 End of period (Line 18 plus Line 19.1)	62,351,271	66,715,973	37,252,738

**SOUTHLAND NATIONAL INSURANCE CORPORATION**  
**SCHEDULE OF AFFILIATED INVESTMENTS**  
**JUNE 30, 2019**

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value
000000000	NIH Capital, LLC	\$ 1,898,083	\$ 1,898,083
000000000	Academy Financial Assets, LLC	4,026,081	4,026,081
000000000	HPCSP Investments, LLC	1,168,035	1,168,035
000000000	HPCSP INVESTMENTS	1,084,395	1,084,395
04686@AA9	Augusta Asset Management, LLC	5,125,769	5,125,769
05777@AA6	Baldwin Asset Management, LLC	8,656,221	8,656,221
06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	10,000,000	10,000,000
06739FJM4	BARCLAYS BANK PLC	10,000,000	10,000,000
13973@AA2	CAPITAL ASSETS FUND I LLC	6,375,572	6,375,572
23570*AA0	Damascus Asset Management, LLC	6,903,500	6,903,500
29412#AA5	Ephesus Asset Management, LLC	9,491,432	9,491,432
34610#AA5	Forest Park Asset Management, LLC	7,904,627	7,904,627
40905#AA6	Hampton Asset Management, LLC	7,113,909	7,113,909
46275@AA7	Iron City Asset Management, LLC	3,423,272	3,423,272
46563@AA8	ITECH FUNDING LLC	7,468,288	7,468,288
46662#AA6	Jackson Asset Management, LLC	3,048,617	3,048,617
63873DAA1	NATIXIS SA	3,402,477	3,429,100
78013GSS5	ROYAL BK CDA	5,425,000	5,425,000
84447*AA3	GBIG Holdings, Inc.	6,100,274	6,043,704
86576#AA7	Summerville Asset Management, LLC	7,963,789	7,963,789
87339#AA3	TAC INVESTMENTS LLC	3,233,263	3,233,263
9941317U8	CAPITAL ASSETS FUND V, LLC	6,436,517	6,436,517
9941317V6	CAPITAL ASSETS FUND IV, LLC	6,436,517	6,436,517
G6846#AA2	PBX Bermuda Holdings, LTD.	200,203	200,308
35472MAA4	FRANKLIN STR 2018-1 LLC	9,997,989	9,997,989
65532NAA7	NOM GB 2018 I LLC	9,472,165	9,467,807
72083RAA7	PIERRE MENDES LLC	9,000,000	9,000,000
000000000	CV Investments, LLC	2,055,028	2,055,028
000000000	Gilford Asset Management, LLC	294,695	294,695
000000000	Capital Assets Management II, LLC	3,551,875	3,551,875
06625@126	BANKERS LIFE INSURANCE COMPANY	8,310,000	8,310,000
19633@129	COLORADO BANKERS LIFE INSURANCE COMPANY, INC.	24,000,000	24,000,000
9941317T1	CAPITAL ASSETS FUND II, LLC	5,592,468	5,592,468
Total Affiliated Investments		<u>\$ 205,160,061</u>	<u>\$ 205,125,861</u>

**SOUTHLAND NATIONAL REINSURANCE CORPORATION**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF JUNE 30, 2019,**  
**A BALANCE SHEET**  
**AS OF JUNE 30, 2019**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH JUNE 30, 2019**

## INTRODUCTION

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### BACKGROUND

Southland National Reinsurance Corporation (hereinafter, “the Company”) was created as a pure captive insurance company on December 3, 2014, in North Carolina under the Captive Insurance Act of 2013, as amended. On June 27, 2019, the Wake County Superior Court (hereinafter, the “Court”) issued an Order of Rehabilitation (hereinafter, “Order”) against the Company and appointed the Commissioner of Insurance for the State of North Carolina as Rehabilitator (hereinafter, the “Rehabilitator”). On June 27, 2019, the Court also entered an Order Granting Motion for Moratorium on Policy Surrenders and Other Relief (hereinafter “Moratorium”).

The Company is part of a group of insurance companies known as Global Bankers Insurance Group (hereinafter, “GBIG”). GBIG is part of a larger group of companies known as Eli Global. Eli Global is owned by Greg Lindberg.

The Company has no active business and only reinsures business from other GBIG insurance companies.

### PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of affiliated investments as of June 30, 2019, and a summary of operations and statement of cash flow through June 30, 2019.

### LIMITATIONS

This report is based only on the knowledge that the Rehabilitator and his staff have gained from the work performed since the issuance of the Order. Facts may exist that the Rehabilitator is unaware of that may have a material effect on the information provided in this report. The Rehabilitator will update the information in future quarterly reports as additional facts are discovered.

## SUMMARY

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### COMPANY PROPERTY

- In accordance with the Order, the Rehabilitator has taken possession of all known assets and property of the Company.

### LITIGATION

To the Rehabilitator’s knowledge, at the time of the Order, the Company is not a party to any lawsuits.

**OTHER MATTERS**

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- The Rehabilitator is reviewing the reinsurance agreements with its affiliates to determine the best course of action.

**CONTINUATION OF BUSINESS**

A final decision as to the course of action to take with the Company has not yet been determined.



**INTRODUCTION TO SOUTHLAND NATIONAL REINSURANCE CORPORATION  
FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019**

Introduction and Basis of Presentation: The Company is a North Carolina domiciled pure captive insurance company that was placed in rehabilitation by the Wake County Superior Court on June 27, 2019. The Company is under the control of the Commissioner of Insurance of the State of North Carolina in his capacity as Court appointed Rehabilitator. It is the Rehabilitator's responsibility to take possession of the assets of the Company and to administer them under the general supervision of the Court.

The accompanying unaudited financial statements were prepared by the Company's staff for the period of April 1, 2019, to June 26, 2019, and subsequent to the Order under the direct supervision of the Rehabilitator's staff, as of June 30, 2019. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

Southland National Reinsurance Corporation  
Balance Sheet  
6/30/2019

	Dec 31, 18	Jun 30, 19
<b>ASSETS</b>		
Current Assets		
Checking/Savings		
Regions- Trust- 3191	6,318	6,381
Regions- Trust- 3208	187	189
Regions Bank- Custodial Account	252,314	1,105
Fifth Third Bank - 5666	-	1,135,392
Wells Fargo	602,394	-
<b>Total Checking/Savings</b>	<b>861,213</b>	<b>1,143,066</b>
Other Current Assets		
Due & Deferred Premium- NCM	48,581	42,480
Due and Deferred Premium- SNIC	114	285
Policy Loans- NCM	5,076,599	4,949,162
Settlement Receivable- CBL	(3,401,360)	(694,636)
Settlement Receivable- NCM	467,997	937,783
Settlement Receivable-SNIC	(63,426)	(286,515)
<b>Total Other Current Assets</b>	<b>2,128,505</b>	<b>5,048,559</b>
<b>Total Current Assets</b>	<b>2,989,718</b>	<b>6,191,626</b>
Other Assets		
Deferred Acquisition Cost- NCM	4,684,074	4,476,424
Deferred Tax Asset	1,311,479	775,522
Funds Withheld- CBL		
Unrealized Gain/(Loss)	(872,300)	(872,300)
Funds Withheld- CBL - Other	197,314,374	201,632,462
<b>Total Funds Withheld- CBL</b>	<b>196,442,074</b>	<b>200,860,161</b>
Funds Withheld- NCM		
Unrealized Gain/(Loss)	(3,759,019)	(3,759,019)
Funds Withheld- NCM - Other	97,064,323	97,064,323
<b>Total Funds Withheld- NCM</b>	<b>93,305,304</b>	<b>93,305,304</b>
Funds Withheld- SNIC		
Unrealized Gain/(Loss)	(56,300)	(56,300)
Funds Withheld- SNIC - Other	32,156,266	31,035,815
<b>Total Funds Withheld- SNIC</b>	<b>32,156,266</b>	<b>30,980,515</b>
<b>Total Other Assets</b>	<b>327,899,197</b>	<b>330,197,926</b>
<b>TOTAL ASSETS</b>	<b>330,888,915</b>	<b>336,389,551</b>
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Due to Affiliates		
Due to ELI Research LLC	7,005	7,005
Due to GBIG	2,726,064	6,414,454
Due to Eli Global	-	-
<b>Total Due to Affiliates</b>	<b>2,733,069</b>	<b>6,421,459</b>
Accrued Expenses	80,000	121,200
Advance Premium- NCM	170,395	160,054
Advance Premium- SNIC	21,774	11,236
Federal Income Taxes Payable	(7,404,022)	(6,249,701)
Premium Taxes Payable	5,000	5,000
Reserve for Life Policies- CBL	195,774,138	199,055,543
Reserve for Life Policies- NCM	90,585,065	90,066,287
Reserve for Life Policies- SNIC	30,311,445	29,204,567
<b>Total Other Current Liabilities</b>	<b>312,276,864</b>	<b>316,795,645</b>
<b>Total Current Liabilities</b>	<b>312,276,864</b>	<b>316,795,645</b>
Long Term Liabilities		
Deferred Reinsurance Gain	5,750,555	5,671,138
<b>Total Long Term Liabilities</b>	<b>5,750,555</b>	<b>5,671,138</b>
<b>Total Liabilities</b>	<b>318,027,418</b>	<b>324,466,784</b>
Equity		
Capital Stock	100	100
Additional Paid In Capital	18,851,565	18,851,565
Retained Earnings	15,858,918	(5,990,168)
Net Income	(22,849,086)	(938,729)
<b>Total Equity</b>	<b>12,861,497</b>	<b>11,822,768</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>330,888,915</b>	<b>336,389,551</b>

Southland National Reinsurance Corporation  
Income Statement  
Six months ended June 30, 2019

	<u>Jan - Dec 18</u>	<u>Jan - Jun 19</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Change In Due & Deferred- NCM	(149,045)	4,239
Change in Due & Deferred- SNIC	103,916	10,709
Change in Policy Loans- NCM	371,267	181,343
Gain on Reinsurance	156,361	79,416
Premium- CBL	25,428,910	11,952,172
Premium- NCM		
Premium- NCM - Other	6,038,355	2,881,775
<b>Total Premium- NCM</b>	<u>6,038,355</u>	<u>2,881,775</u>
Premium- SNIC	166,039	54,653
<b>Total Income</b>	<u>32,115,804</u>	<u>15,164,308</u>
<b>Expense</b>		
Bank Service Charges	482	225
Benefit Payments- CBL	24,091,576	12,523,179
Benefit Payments- NCM	7,449,815	3,075,855
Benefit Payments- SNIC	3,734,223	1,816,801
Change In Agg Reserves- CBL	8,882,064	3,281,405
Change in Agg Reserves- NCM	(993,642)	(518,778)
Change in Agg. Reserves- SNIC	(2,205,420)	(1,106,878)
Change in DAC- NCM	415,301	207,651
Expense Allowance- CBL	4,753,588	1,739,562
Expense Allowance- SNIC	4,270,267	2,416,671
Premium Tax Expense	5,000	-
Admin Fee- GBIG	4,793,450	3,177,485
<b>Professional Fees</b>		
Accounting	80,000	41,200
Professional Fees - Other	-	64,382
<b>Total Professional Fees</b>	<u>80,000</u>	<u>105,583</u>
<b>Total Expense</b>	<u>55,276,704</u>	<u>26,718,560</u>
<b>Net Ordinary Income</b>	<u>(23,160,900)</u>	<u>(11,554,252)</u>
<b>Other Income/Expense</b>		
<b>Other Income</b>		
<b>Investment Income</b>		
Unrealized Gain on Funds Held	(18,832,064)	-
Income- Funds Withheld- CBL	7,779,984	6,914,620
Income- Funds Withheld- NCM	7,594,657	3,088,922
Income-Funds Withheld-SNIC	724,171	848,313
Interest Income	3,873	469
Management Fees- GBIG	(3,032,614)	(446,522)
<b>Total Investment Income</b>	<u>(5,761,993)</u>	<u>10,405,801</u>
<b>Total Other Income</b>	<u>(5,761,993)</u>	<u>10,405,801</u>
<b>Other Expense</b>		
Federal Income Taxes- Current	(2,230,281)	(745,679)
Federal Income Taxes- Deferred	(3,843,526)	535,957
<b>Total Other Expense</b>	<u>(6,073,807)</u>	<u>(209,722)</u>
<b>Net Other Income</b>	<u>311,814</u>	<u>10,615,523</u>
<b>Net Income</b>	<u><u>(22,849,086)</u></u>	<u><u>(938,729)</u></u>

**Southland National Reinsurance Corporation**  
**Statement of Cash Flows**  
**Six months ended June 30, 2019**

	<u>Six Months Ended</u> <u>June 30, 2019</u>
Cash flows from operating activities:	
Net income	(938,729)
Adjustments to reconcile net income to net cash	
Deferred tax	535,957
Deferred gain on reinsurance	(79,416)
Cash flows from changes in:	
Receivables from affiliates	634,958
Deferred acquisition costs	207,651
Future policy benefits	1,655,749
Unearned premium	(14,948)
Accrued expenses	41,200
Federal income tax receivable	<u>1,154,321</u>
Net cash provided by operating expenses	<u>3,196,743</u>
Cash flows from investing activities:	
Funds held by affiliates	(3,042,337)
Policy loans	<u>127,447</u>
Net cash used in investing activities	<u>(2,914,890)</u>
Net decrease in cash	281,853
Cash beginning of year	<u>861,213</u>
Cash end of period	<u><u>1,143,066</u></u>

**BANKERS LIFE INSURANCE COMPANY**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF JUNE 30, 2019,**  
**A BALANCE SHEET**  
**AS OF JUNE 30, 2019**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH JUNE 30, 2019**  
**AND**  
**A SCHEDULE OF AFFILIATED INVESTMENTS**  
**AS OF JUNE 30, 2019**

## INTRODUCTION

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### BACKGROUND

Bankers Life Insurance Company (hereinafter, “the Company”) was originally incorporated under the laws of the State of Florida as a stock life insurance company on May 9, 1973. On December 15, 2016, the Company redomesticated to North Carolina. On June 27, 2019, the Wake County Superior Court (hereinafter, the “Court”) issued an Order of Rehabilitation (hereinafter, “Order”) against the Company and appointed the Commissioner of Insurance for the State of North Carolina as Rehabilitator (hereinafter, the “Rehabilitator”). On June 27, 2019, the Court also entered an Order Granting Motion for Moratorium on Policy Surrenders and Other Relief (hereinafter “Moratorium”).

The Company is part of a group of insurance companies known as Global Bankers Insurance Group (hereinafter, “GBIG”). GBIG is part of a larger group of companies known as Eli Global. Eli Global is owned by Greg Lindberg.

### PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of affiliated investments as of June 30, 2019, and a summary of operations and statement of cash flow through June 30, 2019.

### LIMITATIONS

This report is based only on the knowledge that the Rehabilitator and his staff have gained from the work performed since the issuance of the Order. Facts may exist that the Rehabilitator is unaware of that may have a material effect on the information provided in this report. The Rehabilitator will update the information in future quarterly reports as additional facts are discovered.

### SUMMARY

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#### COMPANY PROPERTY

- In accordance with the Order, the Rehabilitator has taken possession of all known assets and property of the Company.
- The Rehabilitator is currently evaluating the Company’s in-force business and reinsurance programs in furtherance of determining the feasibility of a successful rehabilitation.

#### INVESTMENT PORTFOLIO

The goal of the Rehabilitator is to reduce the amount of affiliated investments and to increase long-term liquidity. The non-affiliated investments are invested in publicly traded securities. The Rehabilitator is working with the management team of the Eli Global non-insurance operating companies on a plan to repay the affiliated investments.

- The Company has approximately 18% of its assets invested in affiliated investments as of June 30, 2019.

- As of June 30, 2019, there were no affiliated investments that were in default.

**EXPENSE REDUCTIONS**

- The Rehabilitator is evaluating the Company's contracts to identify those that are essential for ongoing operations. As part of this effort, the Rehabilitator is also attempting to negotiate more favorable terms of essential contracts.

**LITIGATION**

To the Rehabilitator's knowledge, at the time of the Order, the Company is not a party to any lawsuits.

**OTHER MATTERS**

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- In accordance with the Moratorium Order, the Rehabilitator has adopted and implemented a policy to provide substitute benefits in lieu of the contractual obligations of the Company for annuity benefits and cash withdrawals for policyholders who petition for payment under claims of legitimate hardship. As of June 30, 2019, no hardship cases had been received.

**CONTINUATION OF BUSINESS**

The Company reduced writing the majority of new business in October 2018 and ceased all new business as of the date of the Order. A final decision as to the course of action to take with the Company has not yet been determined.

**INTRODUCTION TO BANKERS LIFE INSURANCE COMPANY  
FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019**

Introduction and Basis of Presentation: The Company is a North Carolina domiciled life, accident and health insurance company that was placed in rehabilitation by the Wake County Superior Court on June 27, 2019. The Company is under the control of the Commissioner of Insurance of the State of North Carolina, in his capacity as Court appointed Rehabilitator. It is the Rehabilitator's responsibility to take possession of the assets of the Company and to administer them under the general supervision of the Court.

The accompanying unaudited financial statements were prepared by the Company's staff for the period of April 1, 2019 to June 26, 2019, and subsequent to the Order under the direct supervision of the Rehabilitator's staff, as of June 30, 2019. The financial statements have been prepared in accordance with Statutory Accounting Principles promulgated by the National Association of Insurance Commissioners.



**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	281,882,611		281,882,611	296,024,422
2. Stocks:				
2.1 Preferred stocks	5,411,660		5,411,660	0
2.2 Common stocks	402,700		402,700	402,700
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ _____ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ _____ encumbrances)			0	0
4.3 Properties held for sale (less \$ _____ encumbrances)			0	0
5. Cash (\$ _____,9,987,803 ), cash equivalents (\$ _____41,736,539 ) and short-term investments (\$ _____11,796,865 )	63,521,207		63,521,207	78,316,450
6. Contract loans (including \$ _____ premium notes)	82,452		82,452	41,759
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities	306,254		306,254	13
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	351,606,884	0	351,606,884	374,785,344
13. Title plants less \$ _____ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	3,162,966		3,162,966	3,515,345
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ _____ earned but unbilled premiums)	159		159	470
15.3 Accrued retrospective premiums (\$ _____) and contracts subject to redetermination (\$ _____)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	26,943,775		26,943,775	16,108,622
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	8,091,270	5,086,967	3,004,303	2,973,336
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$ _____)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	93		93	0
24. Health care (\$ _____) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	1,319,466	1,299,360	20,106	20,111
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	391,124,613	6,386,327	384,738,286	397,403,227
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	391,124,613	6,386,327	384,738,286	397,403,227
<b>DETAILS OF WRITE-INS</b>				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Miscellaneous Receivables	20,106		20,106	20,111
2502. Negative Interest Maintenance Reserve	1,299,360	1,299,360	0	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,319,466	1,299,360	20,106	20,111

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ _____ less \$ _____ included in Line 6.3 (including \$ _____ Modco Reserve)	346,563,677	356,702,874
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve)		0
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve)	5,736,708	4,730,744
4. Contract claims:		
4.1 Life _____	518,053	242,728
4.2 Accident and health _____		0
5. Policyholders' dividends/refunds to members \$ _____ and coupons \$ _____ due and unpaid		0
6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year—estimated amounts:		
6.1 Policyholders' dividends and refunds to members apportioned for payment (including \$ _____ Modco)		0
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ _____ Modco)		0
6.3 Coupons and similar benefits (including \$ _____ Modco)		0
7. Amount provisionally held for deferred dividend policies not included in Line 6		0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ _____ discount; including \$ _____ accident and health premiums		0
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts _____		0
9.2 Provision for experience rating refunds, including the liability of \$ _____ accident and health experience rating refunds of which \$ _____ is for medical loss ratio rebate per the Public Health Service Act _____		0
9.3 Other amounts payable on reinsurance, including \$ _____ assumed and \$ _____ 94,171 ceded _____	94,171	25,612
9.4 Interest Maintenance Reserve _____	0	144,227
10. Commissions to agents due or accrued-life and annuity contracts \$ _____ accident and health \$ _____ and deposit-type contract funds \$ _____		0
11. Commissions and expense allowances payable on reinsurance assumed _____		0
12. General expenses due or accrued _____	31,478	39,794
13. Transfers to Separate Accounts due or accrued (net) (including \$ _____ accrued for expense allowances recognized in reserves, net of reinsured allowances) _____		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes _____		0
15.1 Current federal and foreign income taxes, including \$ _____ on realized capital gains (losses) _____	440,289	437,662
15.2 Net deferred tax liability _____		0
16. Unearned investment income _____		304
17. Amounts withheld or retained by reporting entity as agent or trustee _____	274,862	292,714
18. Amounts held for agents' account, including \$ _____ agents' credit balances _____		0
19. Remittances and items not allocated _____	374,213	158,455
20. Net adjustment in assets and liabilities due to foreign exchange rates _____		0
21. Liability for benefits for employees and agents if not included above _____		0
22. Borrowed money \$ _____ and interest thereon \$ _____		0
23. Dividends to stockholders declared and unpaid _____		0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve _____	2,384,417	1,939,775
24.02 Reinsurance in unauthorized and certified (\$ _____) companies _____		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers _____		0
24.04 Payable to parent, subsidiaries and affiliates _____	206,419	109,015
24.05 Drafts outstanding _____		0
24.06 Liability for amounts held under uninsured plans _____		0
24.07 Funds held under coinsurance _____		0
24.08 Derivatives _____	0	0
24.09 Payable for securities _____		0
24.10 Payable for securities lending _____		0
24.11 Capital notes \$ _____ and interest thereon \$ _____		0
25. Aggregate write-ins for liabilities _____	120	120
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) _____	356,624,407	364,824,024
27. From Separate Accounts statement _____		0
28. Total liabilities (Lines 26 and 27) _____	356,624,407	364,824,024
29. Common capital stock _____	2,176,504	2,176,504
30. Preferred capital stock _____	823,496	823,496
31. Aggregate write-ins for other than special surplus funds _____	24,541	24,541
32. Surplus notes _____	3,000,000	3,000,000
33. Gross paid in and contributed surplus _____	41,623,795	41,623,795
34. Aggregate write-ins for special surplus funds _____	0	0
35. Unassigned funds (surplus) _____	(19,534,457)	(15,069,133)
36. Less treasury stock, at cost:		
36.1 _____ shares common (value included in Line 29 \$ _____)		0
36.2 _____ shares preferred (value included in Line 30 \$ _____)		0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ _____ in Separate Accounts Statement)	25,113,879	29,579,203
38. Totals of Lines 29, 30 and 37 _____	28,113,879	32,579,203
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) _____	384,738,286	397,403,227
DETAILS OF WRITE-INS		
2501. Unclaimed Property _____	120	120
2502. _____		
2503. _____		
2598. Summary of remaining write-ins for Line 25 from overflow page _____	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) _____	120	120
3101. Deferred Gain on Ceded Reinsurance _____	24,541	24,541
3102. _____		
3103. _____		
3198. Summary of remaining write-ins for Line 31 from overflow page _____	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) _____	24,541	24,541
3401. _____		
3402. _____		
3403. _____		
3498. Summary of remaining write-ins for Line 34 from overflow page _____	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) _____	0	0

## SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	241,769	104,445,152	267,922,351
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	9,288,597	4,618,614	13,036,213
4. Amortization of Interest Maintenance Reserve (IMR)	(16,246)	73,895	100,537
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	51,030	1,878,881	1,941,191
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts	42,334	44,626	123,336
8.3 Aggregate write-ins for miscellaneous income	6,006	14,538	28,639
9. Totals (Lines 1 to 8.3)	9,613,490	111,075,506	283,152,267
10. Death benefits	94,288	92,718	238,564
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	175,680	21,950	43,524
13. Disability benefits and benefits under accident and health contracts		0	0
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	16,760,424	5,356,904	20,573,619
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	101,088	155,432	249,571
18. Payments on supplementary contracts with life contingencies	22,058	176,050	294,349
19. Increase in aggregate reserves for life and accident and health contracts	(10,139,197)	101,372,777	257,762,188
20. Totals (Lines 10 to 19)	7,014,311	107,176,831	279,151,715
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	2,460	4,651,381	9,250,504
22. Commissions and expense allowances on reinsurance assumed		0	0
23. General insurance expenses and fraternal expenses	4,559,938	2,352,494	6,327,899
24. Insurance taxes, license and fees, excluding federal income taxes	427,549	473,790	691,412
25. Increase in loading on deferred and uncollected premiums	(422)	0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	(3,886)	1,014,095	1,140,270
28. Totals (Lines 20 to 27)	11,999,938	115,658,591	296,561,770
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(2,386,448)	(4,593,085)	(13,409,503)
30. Dividends to policyholders and refunds to members		0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(2,386,448)	(4,593,085)	(13,409,503)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		139,947	524,766
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(2,386,448)	(4,733,032)	(13,934,269)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR)			
less capital gains tax of \$ (381,650) (excluding taxes of \$ 388,056 transferred to the IMR)	19,583	(53,851)	34,202
35. Net income (Line 33 plus Line 34)	(2,366,865)	(4,786,883)	(13,900,067)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	32,579,203	35,728,324	35,728,324
37. Net income (Line 35)	(2,366,865)	(4,786,883)	(13,900,067)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	19,729	11,202	11,203
39. Change in net unrealized foreign exchange capital gain (loss)		0	(390,784)
40. Change in net deferred income tax	1,249,859	1,154,782	3,584,125
41. Change in nonadmitted assets	(2,908,037)	(75,435)	(1,628,482)
42. Change in liability for reinsurance in unauthorized and certified companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease		0	0
44. Change in asset valuation reserve	(444,642)	(432,593)	(675,031)
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		10,000,000	10,000,000
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	(15,368)	(189,495)	(250,085)
54. Net change in capital and surplus (Lines 37 through 53)	(4,485,324)	5,681,558	(3,149,121)
55. Capital and surplus as of statement date (Lines 36 + 54)	28,113,879	41,409,882	32,579,203
<b>DETAILS OF WRITE-INS</b>			
08.301. Administrative and Service Fee Income	6,006	14,538	28,639
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	6,006	14,538	28,639
2701. Reinsurance Funds Withheld Investment Income		1,014,095	1,140,270
2702. Miscellaneous Expenses	(5,140)		
2703. Fines & Penalties	1,242		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	(3,898)	1,014,095	1,140,270
5301. Deferred Gain on Ceded Reinsurance	(15,368)	(189,495)	(250,085)
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(15,368)	(189,495)	(250,085)

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	242,502	104,452,592	267,929,580
2. Net investment income	9,449,905	3,606,783	10,609,368
3. Miscellaneous income	99,370	1,938,045	2,093,166
4. Total (Lines 1 to 3)	9,791,778	109,997,420	280,632,113
5. Benefit and loss related payments	27,844,777	24,850,339	59,936,646
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	5,025,843	8,488,676	17,490,280
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	32,870,620	33,337,015	77,426,926
11. Net cash from operations (Line 4 minus Line 10)	(22,878,842)	76,660,405	203,205,187
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	64,735,204	53,638,430	148,809,301
12.2 Stocks	66,303	0	0
12.3 Mortgage loans	0	0	14,754,982
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	810	0	(18,164)
12.7 Miscellaneous proceeds	807,146	5,202,294	4,623,211
12.8 Total investment proceeds (Lines 12.1 to 12.7)	65,609,463	58,840,725	168,169,330
13. Cost of investments acquired (long-term only):			
13.1 Bonds	52,231,594	125,678,134	329,596,380
13.2 Stocks	5,477,963	0	0
13.3 Mortgage loans	0	0	14,754,982
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	1,092,907	453,496	262,611
13.7 Total investments acquired (Lines 13.1 to 13.6)	58,802,464	126,131,629	344,613,972
14. Net increase (or decrease) in contract loans and premium notes	40,893	(165)	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	6,766,306	(67,290,740)	(176,444,642)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	10,000,000	10,000,000
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	1,005,964	578,053	1,294,600
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	311,327	(16,661,729)	(58,224,204)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,317,292	(6,083,667)	(46,929,604)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(14,795,244)	3,286,998	(20,169,120)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	78,316,451	98,485,571	98,485,571
19.2 End of period (Line 18 plus Line 19.1)	63,521,206	101,771,569	78,316,451

**BANKERS LIFE INSURANCE COMPANY  
SCHEDULE OF AFFILIATED INVESTMENTS  
JUNE 30, 2019**

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value
9947669V1	NIH Capital, LLC	\$ 759,233	\$ 759,233
9941328T5	Academy Financial Assets, LLC	2,013,040	2,013,040
9941557U3	HPCSP Investments, LLC	584,018	584,018
04686@AA9	Augusta Asset Management, LLC	4,271,474	4,271,474
05777@AA6	Baldwin Asset Management, LLC	1,062,928	1,062,928
06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	5,000,000	5,000,000
06739FJM4	BARCLAYS BANK PLC	6,022,186	6,021,986
13973@AA2	CAPITAL ASSETS FUND I LLC	3,187,786	3,187,786
37562#AA6	Gilford Asset Management, LLC	4,495,895	4,495,895
37940*AA3	Academy Financial Assets, LLC	3,146,257	3,146,257
40905#AA6	Hampton Asset Management, LLC	871,091	871,091
46275@AA7	Iron City Asset Management, LLC	855,818	855,818
46563@AA8	ITECH FUNDING LLC	1,021,304	1,021,304
46662#AA6	Jackson Asset Management, LLC	762,154	762,154
78013GSS5	ROYAL BK CDA	2,170,000	2,170,000
86576#AA7	Summerville Asset Management, LLC	1,089,065	1,089,065
87339#AA3	TAC INVESTMENTS LLC	5,444,304	5,444,304
9941317U8	CAPITAL ASSETS FUND V, LLC	4,291,011	4,291,011
9941317V6	CAPITAL ASSETS FUND IV, LLC	4,291,011	4,291,011
35472MAA4	FRANKLIN STR 2018-I LLC	4,992,897	4,992,897
65532NAA7	NOM GB 2018 I LLC	1,819,285	1,818,469
72083RAA7	PIERRE MENDES LLC	6,000,000	6,000,000
9944639X1	CV Investments, LLC	1,102,461	1,102,461
9942228W1	Gilford Asset Management, LLC	147,347	147,347
9941318T3	Capital Assets Management II, LLC	1,365,633	1,365,633
9941317T1	CAPITAL ASSETS FUND II, LLC	2,796,219	2,796,219
<b>Total Affiliated Investments</b>		<b>\$ 69,562,417</b>	<b>\$ 69,561,402</b>

**COLORADO BANKERS LIFE INSURANCE COMPANY**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF JUNE 30, 2019,**  
**A BALANCE SHEET**  
**AS OF JUNE 30, 2019**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH JUNE 30, 2019**  
**AND**  
**A SCHEDULE OF AFFILIATED INVESTMENTS**  
**AS OF JUNE 30, 2019**

## **INTRODUCTION**

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### **BACKGROUND**

Colorado Bankers Life Insurance Company (hereinafter, “the Company”) was originally incorporated under the laws of the State of Colorado as a stock life insurance company on May 28, 1974. On December 14, 2015, the Company redomesticated to North Carolina. On June 27, 2019, the Wake County Superior Court (hereinafter, the “Court”) issued an Order of Rehabilitation (hereinafter, “Order”) against the Company and appointed the Commissioner of Insurance for the State of North Carolina as Rehabilitator (hereinafter, the “Rehabilitator”). On June 27, 2019, the Court also entered an Order Granting Motion for Moratorium on Policy Surrenders and Other Relief (hereinafter “Moratorium”).

The Company is part of a group of insurance companies known as Global Bankers Insurance Group (hereinafter, “GBIG”). GBIG is part of a larger group of companies known as Eli Global. Eli Global is owned by Greg Lindberg.

### **PURPOSE OF THIS REPORT**

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of affiliated investments as of June 30, 2019, and a summary of operations and statement of cash flow through June 30, 2019.

### **LIMITATIONS**

This report is based only on the knowledge that the Rehabilitator and his staff have gained from the work performed since the issuance of the Order. Facts may exist that the Rehabilitator is unaware of that may have a material effect on the information provided in this report. The Rehabilitator will update the information in future quarterly reports as additional facts are discovered.

## **SUMMARY**

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### **COMPANY PROPERTY**

- In accordance with the Order, the Rehabilitator has taken possession of all known assets and property of the Company.
- The Rehabilitator is currently evaluating the Company’s in-force business and reinsurance programs in furtherance of determining the feasibility of a successful rehabilitation.

### **INVESTMENT PORTFOLIO**

The goal of the Rehabilitator is to reduce the amount of affiliated investments and to increase long-term liquidity. The non-affiliated investments are invested in publicly traded securities. The Rehabilitator is working with the management team of the Eli Global non-insurance operating companies on a plan to repay the affiliated investments.

- The Company has approximately 43% of its assets invested in affiliated investments as of June 30, 2019. As of June 30, 2019, the Company recognized an Other Than Temporary

Impairment (“OTTI”) of \$35m for its affiliated investment in Agera Energy,LLC. The Company determined that the investment was permanently impaired.

- As of June 30, 2019, there were no affiliated investments that were in default.

#### **EXPENSE REDUCTIONS**

- The Rehabilitator is evaluating the Company’s contracts to identify those that are essential for ongoing operations. As part of this effort, the Rehabilitator is also attempting to negotiate more favorable terms of essential contracts.

#### **LITIGATION**

To the Rehabilitator’s knowledge, at the time of the Order, the Company is a party to the following lawsuits:

***Nathan Safford v. Colorado Bankers Life Insurance Company, Benefits for America, William Maxwell McMullen, et al., Case No. CV-17-900014, Circuit Court for Bullock County, State of Alabama***

The case was filed on February 7, 2019, alleging misrepresentation, fraudulent suppression, breach of fiduciary duty, negligence, negligent hiring/training/supervision, and conspiracy regarding sale of life insurance policies.

Plaintiff filed a second amended complaint on February 7, 2019, along with written discovery. The complaint joined new party defendants. Those new defendants were: Greg Lindberg; Southland National Holdings, Inc.; Global Bankers Insurance Group, LLC; SNA Capital, LLC; and Bankers Reinsurance Company Ltd. The newly-joined defendants, including Southland National Holdings, Inc., moved to dismiss the complaint on March 18. This motion remains pending. Further, the Court entered an order continuing the April 23, 2019 trial setting but has not provided a new trial date, nor has it entered a new scheduling order.

***Harry Smith v. Colorado Bankers Life Insurance Company, Benefits for America, William Maxwell McMullen, et al., Case No. CV-17-000485, Circuit Court for Montgomery County, State of Alabama***

The case was filed on February 8, 2019, alleging misrepresentation, fraudulent suppression, breach of fiduciary duty, negligence, negligent hiring/training/supervision, and conspiracy regarding sale of life insurance policies.

Discovery is ongoing, the trial date is set for December 9, 2019.

***Colorado Bankers Life Insurance Company v. Avalon by the Sea AC,LLC, et al., Case no. 18-SM-cv-00144, Superior Court of California, Los Angeles County***

The case was filed on October 17, 2018. The Company sued Avalon, alleging default on credit facility for rehab facilities in Southern California. Alpine Capital is the agent/servicer.

Appointed receiver is attempting to maximize value and ultimately sell assets of Avalon.



***In re Marriage of Alice C. Lager v. Howard E. Lager and Global Bankers Insurance Group (potential joinder of Colorado Bankers Life Insurance Company), Case No. 18WHFL00213, Superior Court of California, County of Los Angeles***

The case was filed on May 22, 2019. Divorce proceeding in which Petitioner alleges an interest in the Colorado Bankers Life Insurance Company's policies of Respondent.

Joinder was filed adding GBIG, LLC as defendant in divorce proceeding on May 22, 2019. Defendant/Husband is a policyholder of Colorado Bankers Life Insurance Company.

**OTHER MATTERS**

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- In accordance with the Moratorium Order, the Rehabilitator has adopted and implemented a policy to provide substitute benefits in lieu of the contractual obligations of the Company for annuity benefits and cash withdrawals for policyholders who petition for payment under claims of legitimate hardship. As of June 30, 2019, no hardship cases had been received.

**CONTINUATION OF BUSINESS**

The Company reduced writing the majority of new business in October 2018, and ceased all new business as of the date of the Order. A final decision as to the course of action to take with the Company has not yet been determined.

**INTRODUCTION TO COLORADO BANKERS LIFE INSURANCE COMPANY  
FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019**

Introduction and Basis of Presentation: The Company is a North Carolina domiciled life, accident and health insurance company that was placed in rehabilitation by the Wake County Superior Court on June 27, 2019. The Company is under the control of the Commissioner of Insurance of the State of North Carolina, in his capacity as Court appointed Rehabilitator. It is the Rehabilitator's responsibility to take possession of the assets of the Company and to administer them under the general supervision of the Court.

The accompanying unaudited financial statements were prepared by the Company's staff for the period of April 1, 2019, to June 26, 2019, and subsequent to the Order under the direct supervision of the Rehabilitator's staff, as of June 30, 2019. The financial statements have been prepared in accordance with Statutory Accounting Principles promulgated by the National Association of Insurance Commissioners.

## ASSETS

	Current Statement Date			4 December 31 Prior Year Not Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,040,103,247		2,040,103,247	2,206,581,762
2. Stocks:				
2.1 Preferred stocks	91,263,682		91,263,682	0
2.2 Common stocks	2,409,400		2,409,400	1,186,700
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ _____ encumbrances)	6,013,600		6,013,600	0
4.2 Properties held for the production of income (less \$ _____ encumbrances)			0	0
4.3 Properties held for sale (less \$ _____ encumbrances)			0	0
5. Cash (\$ _____47,607,919 ), cash equivalents (\$ _____316,016,619 ) and short-term investments (\$ _____79,422,881 )	443,047,429		443,047,429	403,894,420
6. Contract loans (including \$ _____ premium notes)	8,033,252		8,033,252	7,591,174
7. Derivatives	1,513,898		1,513,898	287,827
8. Other invested assets	0		0	0
9. Receivables for securities	3,160		3,160	6,100,000
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,592,387,668	0	2,592,387,668	2,625,641,863
13. Title plants less \$ _____ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	29,607,991		29,607,991	26,409,206
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,806,772	11,437	2,795,335	626,065
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ _____ earned but unbilled premiums)	9,373,710		9,373,710	9,653,509
15.3 Accrued retrospective premiums (\$ _____) and contracts subject to redetermination (\$ _____)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	280,323	37,239	243,084	56,989
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	233,277		233,277	2,345,475
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	3,392,607		3,392,607	905,067
18.2 Net deferred tax asset	35,762,112	24,681,257	11,080,855	11,168,457
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$ _____)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	84,514		84,514	312
24. Health care (\$ _____) and other amounts receivable	(143,524)		(143,524)	5,485
25. Aggregate write-ins for other-than-invested assets	15,397,600	14,897,600	500,000	290,988
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,689,183,050	39,627,533	2,649,555,517	2,677,105,437
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	2,689,183,050	39,627,533	2,649,555,517	2,677,105,437
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Miscellaneous Receivables	500,000		500,000	290,988
2502. Negative Interest Maintenance Reserve	14,897,600	14,897,600	0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	15,397,600	14,897,600	500,000	290,988

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ _____ less \$ _____ Included in Line 6.3 (including \$ _____ Modco Reserve)	2,114,354,124	2,112,238,757
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve)	444,222	1,034,240
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve)	12,297,786	13,910,151
4. Contract claims:		
4.1 Life	9,796,214	21,276,062
4.2 Accident and health	286,924	287,206
5. Policyholders' dividends/refunds to members \$ _____ and coupons \$ _____ due and unpaid		0
6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year—estimated amounts:		
6.1 Policyholders' dividends and refunds to members apportioned for payment (including \$ _____ Modco)		0
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ _____ Modco)		0
6.3 Coupons and similar benefits (including \$ _____ Modco)		0
7. Amount provisionally held for deferred dividend policies not included in Line 6		0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ _____ discount; including \$ _____ accident and health premiums	1,412,884	1,569,822
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		0
9.2 Provision for experience rating refunds, including the liability of \$ _____ accident and health experience rating refunds of which \$ _____ is for medical loss ratio rebate per the Public Health Service Act		0
9.3 Other amounts payable on reinsurance, including \$ _____ assumed and \$ _____ ceded	26,247,141	571,164
9.4 Interest Maintenance Reserve	0	3,161,888
10. Commissions to agents due or accrued-life and annuity contracts \$ _____ and deposit-type contract funds \$ _____	5,267	8,439
11. Commissions and expense allowances payable on reinsurance assumed		0
12. General expenses due or accrued	210,041	139,484
13. Transfers to Separate Accounts due or accrued (net) (including \$ _____ accrued for expense allowances recognized in reserves, net of reinsured allowances)		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	942,230	2,238,141
15.1 Current federal and foreign income taxes, including \$ _____ on realized capital gains (losses)		0
15.2 Net deferred tax liability		0
16. Unearned investment income		0
17. Amounts withheld or retained by reporting entity as agent or trustee	103,517	0
18. Amounts held for agents' account, including \$ _____ agents' credit balances		0
19. Remittances and items not allocated	1,183,317	1,179,638
20. Net adjustment in assets and liabilities due to foreign exchange rates		0
21. Liability for benefits for employees and agents if not included above		0
22. Borrowed money \$ _____ and interest thereon \$ _____		0
23. Dividends to stockholders declared and unpaid		0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	57,488	8,510,198
24.02 Reinsurance in unauthorized and certified (\$ _____) companies		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers	320,036,183	313,331,261
24.04 Payable to parent, subsidiaries and affiliates	1,539,149	2,604,674
24.05 Drafts outstanding		0
24.06 Liability for amounts held under uninsured plans		0
24.07 Funds held under coinsurance		0
24.08 Derivatives	0	0
24.09 Payable for securities	500,000	0
24.10 Payable for securities lending		0
24.11 Capital notes \$ _____ and interest thereon \$ _____		0
25. Aggregate write-ins for liabilities	307,340	360,084
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	2,489,703,817	2,482,521,209
27. From Separate Accounts statement		0
28. Total liabilities (Lines 26 and 27)	2,489,703,817	2,482,521,209
29. Common capital stock	1,500,000	1,500,000
30. Preferred capital stock	1,000,000	1,000,000
31. Aggregate write-ins for other than special surplus funds	8,753,845	9,417,399
32. Surplus notes	9,000,000	9,000,000
33. Gross paid in and contributed surplus	204,976,020	204,976,020
34. Aggregate write-ins for special surplus funds		0
35. Unassigned funds (surplus)	(65,378,165)	(31,309,191)
36. Less treasury stock, at cost:		
36.1 _____ shares common (value included in Line 29 \$ _____)		0
36.2 _____ shares preferred (value included in Line 30 \$ _____)		0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ _____ in Separate Accounts Statement)	157,351,700	192,084,228
38. Totals of Lines 29, 30 and 37	159,851,700	194,584,228
39. Totals of Lines 26 and 38 (Page 2, Line 28, Col. 3)	2,649,555,517	2,677,105,437
<b>DETAILS OF WRITE-INS</b>		
2501. Unclaimed Property	307,340	360,084
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page		0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	307,340	360,084
3101. Deferred Gain on Reinsurance	8,753,845	9,417,399
3102.		0
3103.		0
3198. Summary of remaining write-ins for Line 31 from overflow page		0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)	8,753,845	9,417,399
3401.		0
3402.		0
3403.		0
3498. Summary of remaining write-ins for Line 34 from overflow page		0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0

## SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	48,196,463	621,683,360	1,333,935,404
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	64,700,414	41,929,608	92,304,885
4. Amortization of Interest Maintenance Reserve (IMR)	55,288	823,877	1,608,632
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	2,009,197	2,698,653	5,426,617
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts		85,004	54,848
8.3 Aggregate write-ins for miscellaneous income	782,710	794,140	1,624,825
9. Totals (Lines 1 to 8.3)	115,744,072	668,014,642	1,434,955,192
10. Death benefits	7,257,946	5,557,818	13,168,739
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	1,599,135	1,668,568	6,681,952
13. Disability benefits and benefits under accident and health contracts	3,280,154	1,497,502	3,095,448
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	53,170,166	24,951,383	65,189,448
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	120,939	280,367	630,682
18. Payments on supplementary contracts with life contingencies	80,509	89,599	166,454
19. Increase in aggregate reserves for life and accident and health contracts	1,665,483	591,112,780	1,273,096,361
20. Totals (Lines 10 to 19)	67,054,332	625,168,017	1,382,029,062
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	8,171,397	28,470,807	61,867,833
22. Commissions and expense allowances on reinsurance assumed	300,370	1,769,750	(1,608,866)
23. General insurance expenses and fraternal expenses	20,305,167	10,862,467	25,655,066
24. Insurance taxes, licenses and fees, excluding federal income taxes	2,240,727	1,412,406	4,270,179
25. Increase in loading on deferred and uncollected premiums	(546,576)	(597,585)	1,165,395
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	7,605,894	6,215,811	9,982,340
28. Totals (Lines 20 to 27)	105,131,311	671,301,663	1,463,465,850
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	10,612,761	(3,287,021)	(28,510,658)
30. Dividends to policyholders and refunds to members		0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 28 minus Line 30)	10,612,761	(3,287,021)	(28,510,658)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		11,780,429	21,035,654
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	10,612,761	(16,067,451)	(49,546,312)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (12,077,922) (excluding taxes of \$ 4,705,926 transferred to the IMR)	(34,620,973)	(2,490,412)	(2,872,152)
35. Net income (Line 33 plus Line 34)	(24,008,212)	(17,557,863)	(52,418,464)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	194,584,228	121,737,730	121,737,730
37. Net income (Line 35)	(24,008,212)	(17,557,863)	(52,418,464)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	1,382,114	0	(385,542)
39. Change in net unrealized foreign exchange capital gain (loss)	50,242	(3,488,554)	(5,835,349)
40. Change in net deferred income tax	(4,211,191)	12,371,438	28,676,030
41. Change in nonadmitted assets	(15,834,638)	(7,120,554)	(19,174,192)
42. Change in liability for reinsurance in unauthorized and certified companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease		0	0
44. Change in asset valuation reserve	8,552,710	(2,619,268)	(6,531,125)
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		47,526,317	130,184,854
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	(663,553)	(834,858)	(1,669,714)
54. Net change in capital and surplus (Lines 37 through 53)	(34,732,628)	28,076,659	72,846,498
55. Capital and surplus as of statement date (Lines 36 + 54)	159,851,700	149,814,389	194,584,228
<b>DETAILS OF WRITE-INS</b>			
08.301. Commissions, Service & Issue Fees and Other	388,792	295,798	628,142
08.302. Amortization of Surplus due to IMR	393,918	488,342	996,664
08.303.		0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	782,710	794,140	1,624,825
2701. Modified Coinsurance Expense	(198,626)	(115,435)	(90,467)
2702. Reinsurance funds withheld investment income	7,786,118	6,331,246	10,072,169
2703. Fines and penalties	18,402	0	638
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	7,605,894	6,215,811	9,982,340
5301. Deferred Gain on Reinsurance	(663,553)	(834,858)	(1,669,714)
5302.		0	0
5303.		0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(663,553)	(834,858)	(1,669,714)

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	48,804,588	656,930,645	1,373,434,134
2. Net investment income	61,002,962	32,958,478	78,645,994
3. Miscellaneous income	2,791,907	2,984,775	7,106,291
4. Total (Lines 1 to 3)	112,599,457	692,873,898	1,459,186,419
5. Benefit and loss related payments	51,475,236	32,278,181	72,716,369
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	39,852,091	46,403,677	98,260,815
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	2,800,000	7,620,706	10,000,000
10. Total (Lines 5 through 9)	94,127,327	86,302,564	180,977,204
11. Net cash from operations (Line 4 minus Line 10)	18,472,130	806,571,334	1,278,209,214
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	661,069,798	538,859,130	967,408,963
12.2 Stocks	795,637	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(178,842)	770,483	2,957,045
12.7 Miscellaneous proceeds	8,216,625	3,237,360	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	669,903,219	542,367,003	970,366,008
13. Cost of investments acquired (long-term only):			
13.1 Bonds	551,853,774	1,523,525,594	2,498,867,439
13.2 Stocks	93,282,020	868,000	868,000
13.3 Mortgage loans	0	0	0
13.4 Real estate	6,100,000	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	35,316,121	19,461,632
13.7 Total investments acquired (Lines 13.1 to 13.6)	651,235,794	1,559,709,715	2,519,197,071
14. Net increase (or decrease) in contract loans and premium notes	0	428,835	878,766
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	18,667,425	(1,017,771,548)	(1,549,709,829)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	47,526,317	90,800,000
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(1,612,365)	(780,955)	(1,859,799)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	3,625,819	7,936,467	5,013,603
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,013,454	54,701,828	93,953,804
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	39,153,009	(356,498,385)	(177,546,811)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	403,894,420	581,441,231	581,441,231
19.2 End of period (Line 18 plus Line 19.1)	443,047,429	224,942,846	403,894,420

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001. Settlement of PY FIT payable through surplus contribution	0	0	0
20.0002. Settlement of CY FIT payable through surplus contribution	0	0	12,526,317
20.0003. Capital Contribution in the form of bonds	0	0	26,858,537
20.0004.	0	12,526,317	0
20.0005.	0	0	0
20.0006.	0	0	0
20.0007.	0	0	0
20.0008.	0	0	0
20.0009.	0	0	0
20.0010.	0	0	0

**COLORADO BANKERS LIFE INSURANCE COMPANY**  
**SCHEDULE OF AFFILIATED INVESTMENTS**  
**JUNE 30, 2019**

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value
9947669V1	NIH CAPITAL, LLC	\$ 11,407,477	\$ 11,407,477
9941328T5	ACADEMY FINANCIAL ASSETS FKA AFI PROMISSORY NOTE	24,196,820	24,196,820
AFAREVOLVER	ACADEMY FINANCIAL ASSETS - REVOLVER	15,000,000	15,000,000
9941557U3	HPCSP INVESTMENTS PROMISORY NOTE	7,019,912	7,019,912
MEDPHYSTERM	MEDICAL PHYSICS - TERM LOAN	2,882,151	2,882,151
MEDPHYSREVOLVER	MEDICAL PHYSICS - LOC	900,000	900,000
HPCSP_SENIOR	HPCSP INVESTMENTS SENIOR NOTE	7,016,140	7,016,140
00224#AA4	AR PURCHASING SOLUTIONS 2, LLC	2,841,811	2,841,811
00405@AA7	ACADEMY FINANCIAL ASSETS	19,698,000	19,698,000
00856#AD3	AGERA ENERGY LLC	35,000,000	1
04686@AA9	AUGUSTA ASSET MANAGEMENT, INC	4,271,474	4,271,474
05777@AA6	BALDWIN ASSET MANAGEMENT, INC	25,817,756	25,817,756
06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	62,212,661	62,212,980
06739FJM4	BARCLAYS BANK PLC	76,399,342	76,395,730
13972#AA1	CAPITAL ASSET MANAGEMENT III, LLC	29,625,000	29,625,000
13973@AA2	CAPITAL ASSETS FUND I, LLC	60,007,146	60,007,542
16230#AA2	CHATWORTH ASSET MANAGEMENT, INC.	22,384,145	22,384,145
20465#AA0	COMPLYSMART, LLC	3,002,000	3,002,000
23570*AA0	DAMASCUS ASSET MANAGEMENT, INC.	18,791,160	18,791,160
29412#AA5	EPHESUS ASSET MANAGEMENT, INC.	25,185,032	25,185,032
34610#AA5	FOREST PARK ASSET MANAGEMENT, INC.	17,246,459	17,246,459
37940*AA3	ACADEMY FINANCIAL ASSETS	8,462,891	8,463,093
40905#AA6	HAMPTON ASSET MANAGEMENT, INC	22,097,474	22,097,630
46275@AA7	IRON CITY ASSET MANAGEMENT, INC.	25,275,943	25,276,098
46563@AA8	ITECH FUNDING LLC	19,281,368	19,281,368
46662#AA6	JACKSON ASSET MANAGEMENT, INC.	22,509,657	22,509,812
49803@AA2	KITE ASSET MANAGEMENT INC	34,622,923	34,624,066
51703#AA7	LADES, LLC	4,489,111	4,489,111
53250#AA0	LILY ASSET MANAGEMENT INC	33,084,925	33,084,925
57187#AA9	MARSHALLA ASSET MANAGEMENT, LLC	31,082,941	31,082,941
63873DAA1	NATIXIS SA	20,415,040	20,574,779
69322@AA2	PCF LLC	3,196,289	3,196,289
69902#AA8	PARADISE ASSET MANAGEMENT INC	39,700,000	39,700,000
77294@AA9	ROCKDALE ASSET MANAGEMENT INC	39,700,000	39,700,000
78013GSS5	ROYAL BK CDA	21,700,000	21,700,000
86576#AA7	SUMMERVILLE ASSET MANAGEMENT, INC.	23,752,824	23,752,824
89108#AA8	AR PURCHASING SOLUTIONS, LLC	2,140,418	2,179,478
90225@AA6	TYBEE ISLAND ASSET MANAGEMENT, INC.	28,743,436	28,735,045
9941317U8	CAPITAL ASSETS FUND V, LLC	42,910,111	42,910,111
9941317V6	CAPITAL ASSETS FUND IV, LLC	42,910,111	42,910,111
G4919@AA1	INTRALAN INVESTMENTS LIMITED	4,152,310	4,152,310
K0004@AA0	AT DENMARK INVESTMENTS	8,534,551	8,534,551
L0770#AA9	BEAUFORT HOLDINGS S.A.	6,009,693	5,918,358
X7552#AC1	STANDARD FINANCIAL LIMITED	3,819,822	3,819,822
09606#AA3	BLUE VIOLET LLC	15,605,469	16,056,762
35472MAA4	FRANKLIN STR 2018-1 LLC - ABS	47,990,349	47,990,349
65532NAA7	NOM GB 2018 I LLC - ABS	2,213,899	2,212,906
72083RAA7	PIERRE MENDES LLC - ABS	60,000,000	60,000,000
9941268Z6	ALPHARETTA - ABS	2,097,465	2,097,465
000000000	CV Investments, LLC	12,590,691	12,590,691
000000000	Gilford Asset Management, LLC	1,771,121	1,771,121
000000000	Capital Assets Management II, LLC	21,346,767	21,346,767
000000000	Finanzen Holding	22,000,000	22,000,000
9941317T1	CAPITAL ASSETS FUND II, LLC	33,555,104	33,555,104
Total Affiliated Investments		\$ 1,178,667,189	\$ 1,144,215,476

NORTH CAROLINA  
DURHAM COUNTY

VERIFICATION

MICHAEL DINIUS, being first duly sworn, deposes and says that he is appointed as Special Deputy Rehabilitator for Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company by the Commissioner of Insurance for the State of North Carolina, and in his capacity as Rehabilitator, that he has read the foregoing quarterly report of activity of the Rehabilitator as of June 30, 2019, and a balance sheet, summary of operations, statement of cash flow, and schedule of affiliated investments as of June 30, 2019, of Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company for the period from June 27, 2019, the date of rehabilitation, through June 30, 2019, and that the contents of same are true and correct to the best of his knowledge and belief, based on the books and records of the Companies.

This the 12<sup>th</sup> day of August, 2019.



Special Deputy Rehabilitator for  
Southland National Insurance Corporation  
Southland National Reinsurance Corporation  
Bankers Life Insurance Company  
Colorado Bankers Life Insurance Company

NORTH CAROLINA  
DURHAM COUNTY

Sworn to and subscribed before me this

The 12<sup>th</sup> day of August, 2019.  
(Official Seal)



Notary Public

My Commission Expires: 3/16/22

