

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
19 CV5008664

WAKE COUNTY

FILED

MIKE CAUSEY,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

Petitioner,

v.

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

Respondents.

REHABILITATOR'S
QUARTERLY REPORT

NOW COMES the Commissioner of Insurance of the 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, 2020, and a balance sheet, summary of operations and statement of cash flow and schedule of affiliated investments as of June 30, 2020, 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 18 day of August 2020.

JOSH STEIN
ATTORNEY GENERAL
Attorney for Petitioner,



Heather H. Freeman
Assistant Attorney General
N. C. State Bar No. 28272
N. C. Department of Justice
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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:

Honorable A. Graham Shirley, II
Wake County Superior Court
Post Office Box 351
Raleigh, NC 27602-0351

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New York, NY 10281

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 18 day of August 2020.

JOSH STEIN
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Attorney for Petitioner,



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SOUTHLAND NATIONAL INSURANCE CORPORATION
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF JUNE 30, 2020,
A BALANCE SHEET
AS OF JUNE 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH JUNE 30, 2020
AND
A SCHEDULE OF AFFILIATED INVESTMENTS
AS OF JUNE 30, 2020

INTRODUCTION

BACKGROUND

Southland National Insurance Corporation (hereinafter, “SNIC” or “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, 2020, and a summary of operations and statement of cash flow through June 30, 2020.

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

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Amendment to Loan Agreements (“IALA”) with Greg E. Lindberg, Academy Association, Inc. and Edwards Mill Asset Management, LLC. The Parties executed this MOU to set forth their agreements, including but not limited to, (i) the immediate partial amendment of, among other

things, the interest rate and repayment terms of various affiliated loans through the IALA; (ii) the global restructuring of various affiliated companies through the formation of a new holding company; and (iii) the global restructuring and modifications of all affiliated loans, including assignment of the loans to such new holding company. The restructuring was to be completed by September 30, 2019. The restructuring was not completed by this date. The Company, along with the other insurance companies in rehabilitation, filed a complaint against the other parties to the MOU on October 1, 2019. See the Investment Portfolio and Litigation sections for more information.

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 primarily in publicly traded securities. The Rehabilitator is working on a plan for the Eli Global non-insurance operating companies to repay the affiliated investments.

- The Company has approximately \$177MM of affiliated investments as of June 30, 2020. This represents 64% of the assets.
- During the quarter, the Company received interest payments on the affiliated investments. The Company is working with Eli Global on the allocation of the interest received. The amount received was not in accordance with the IALA.

During the quarter, Progress To Excellence, a United Kingdom company that borrowed money from Southland National Insurance Corporation and Bankers Life Insurance Company (“BLIC”), went into a form of bankruptcy. This process allowed the company to shed many of its liabilities including the £1.6MM borrowed from SNIC and £4.9MM from BLIC. SNIC and BLIC’s £6.5MM loan investment was converted to a £750,000 equity investment in the new UK company of Progress Group Holdings. As of July 3, 2020, SNIC and BLIC collectively own 78% of the new company. SNIC took an impairment in the amount of £312,501 during the 2nd quarter. Since the inception of the investment, SNIC has taken a total impairment of £1,410,187.

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, the Company is a party to or has a financial interest in the following lawsuits:

Non-Affiliated

The following litigation was instituted against the Company by non-Eli Global affiliated persons:

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 18, 2015 and amended on December 2, 2015 to add SNIC as a Defendant, alleging misrepresentation, fraudulent suppression, breach of fiduciary duty, negligence, negligent hiring/training/supervision, and conspiracy regarding sale of life insurance policies. This case is assigned to the North Carolina Business Court.

Mediation in April 2019 was unsuccessful. A bifurcated trial of some of the issues occurred in late-April to early-May of 2019. The trial resulted in a mistrial of certain issues and did not resolve the matter.

On July 23, 2019, the Court unsevered the case, declared a mistrial on some of the issues tried, and took judicial notice of SNIC's status in Rehabilitation. The parties' post-trial motions have been resolved. On October 11, 2019, Counsel for the Rehabilitator filed a motion to vacate the order entered by the Superior Court of Wake County modifying the automatic stay provided in the Order of Rehabilitation which allows this case to proceed. The motion to vacate was granted on December 10, 2019.

By Consent Order filed January 21, 2020, the Plaintiffs were allowed to intervene in the Wake County action for the limited purpose of seeking an order lifting the stay and injunction provided in the Order of Rehabilitation. On February 18, 2020, Plaintiffs filed a Motion for Relief from Stay, which was heard on April 9, 2020. On May 13, 2020, the Wake County court entered an order lifting the stay and injunction as to SNIC, thereby allowing Plaintiffs' claims against SNIC to continue to final judgment or other final disposition; however, execution of any judgment entered against SNIC remains stayed. The Wake County court reserved the issue of whether any money owed by SNIC to Plaintiffs constitutes a "preference" prohibited by the injunction and N.C. Gen. Stat. § 58-30-20.

Claritte Lumar nee Smith and the Succession of Byron Smith v. Lafourche Life Insurance Company and Southland National Insurance Corporation; Case No. C-73440, 40th 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 on June 24, 2019 denying liability.

Counsel for Defendants requested counsel for Plaintiffs dismiss or stay the case which they have thus far declined to do. Defendants filed a motion to stay this litigation under the authority of the North Carolina Rehabilitation order staying and granting injunctive relief. The motion to stay was granted on March 19, 2020.

Rickey Baker v. Southland National Insurance Corporation, Case No. 31-SM-2020-000038.00, Small Claims Court of Etowah County, Alabama.

This small claim action was filed on February 26, 2020, seeking payment for the surrender of a policy. On March 5, 2020, SNIC moved to stay the action on notice of the North Carolina Rehabilitation order staying and granting injunctive relief. The motion was granted on March 9, 2020 and the action was placed on the Administrative Docket.

Affiliated

The following litigation was instituted by one or more of the North Carolina Insurance Companies in Rehabilitation against Eli Global affiliated entities:

Southland National Insurance Corporation in Rehabilitation, Bankers Life Insurance Company in Rehabilitation, Colorado Bankers Life Insurance Company in Rehabilitation, and Southland National Reinsurance Corporation in Rehabilitation v. Greg Lindberg, Academy Association, Inc., Edwards Mill Asset Management, LLC, New England Capital, LLC, and Private Bankers Life and Annuity Co., Ltd., Case No. 19 CVS 013093, Wake County, North Carolina.

This case was filed on October 1, 2019, alleging a breach of the contract entered into by the parties on June 27, 2019. An Amended Complaint was filed on October 28, 2019 and added claims for fraud and negligent misrepresentation arising from statements contained in the June 27, 2019 contract and the Defendants' conduct.

On October 1, 2019, the Wake County Superior Court entered a Temporary Restraining Order ("TRO"), which remains in place, as amended by the Court on April 1, 2020 and June 23, 2020. Essentially, the TRO prohibits the Defendants from taking any action that would negatively impact the value of Plaintiffs' investments into Defendants' companies.

The Defendants moved to dismiss the original complaint and the amended complaint on various grounds. The Court denied those motions in an Order filed on January 21, 2020. Defendants filed an Answer to the Amended Complaint on February 20, 2020.

The Court has entered a case management order, and the matter is set for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On July 30, 2020, the Court extended all discovery deadlines by 90 days but kept the trial set for February 2021.

Southland National Insurance Corporation v. AR Purchasing Solutions, LLC, Case No. 5:20-CV-367-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. SNIC filed this action in its capacity as agent of the loan but is not a lender on this loan. Colorado Bankers Life Insurance Company ("CBL") is the only lender of this loan. The Defendant

defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$3,711,788, minus the partial payment of \$33,647,19, plus interest at a rate of \$988.23 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, SNIC filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit, discussed below, were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and was granted an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Forest Park Asset Management, LLC, Case No. 5:20-CV-368-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$26,689,073 plus interest at a rate of \$7,105.72 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Iron City Asset Management, LLC, Case No. 5:20-CV-375-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders on the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$31,482,147 plus interest at a rate of \$8,381.82 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Baldwin Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-398-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Baldwin Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders on the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$34,077,149 plus interest at a rate of \$9,072.72 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and BAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Damascus Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-399-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Damascus Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$27,617,077 plus interest at a rate of \$7,352.79 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and DAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Ephesus Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-400-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the

Defendant Ephesus Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$33,670,070 plus interest at a rate of \$8,964.34 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and EAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. iTech Funding, LLC, Case No. 5:20-CV-402-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$30,381,407 plus interest at a rate of \$8,323.67 per diem from May 1, 2020 until paid in full. On July 23, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. HPCSP Investments, LLC, Case No. 20 CVS 6480, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$44,708,992, minus the partial payment of \$249,954.05, plus interest at a rate of \$11,752.29 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, and after CBL’s entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July

22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. Capital Assets Fund I, LLC, Case No. 20 CVS 7974, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$97,250,324 plus interest at a rate of \$25,891.99 per diem from May 1, 2020 until paid in full. The Defendant has not yet responded to the complaint.

Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Capital Assets Fund V, LLC, Case No. 20 CVS 6475, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$55,523,232 plus interest at a rate of \$14,782.54 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Capital Assets Fund IV, LLC, Case No. 20 CVS 6474, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$54,028,137 plus interest at a rate of \$14,695.24 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July

22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. TAC Investments, LLC, Case No. 20 CVS 7976, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$15,077,251 plus interest at a rate of \$4,014.18 per diem from May 1, 2020 until paid in full. The Defendant has not yet responded to the complaint.

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 July 31, 2020, 10 hardship cases have been received. 4 were approved, 4 were denied due to insufficient information, and 2 were denied due to not meeting the hardship qualifications.

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.

OPERATIONS

On June 25, 2020, the North Carolina Rehabilitation Court authorized the Rehabilitator, in its discretion, to enter into a third-party administration agreement whereby Global Bankers Insurance Group, LLC ("GBIG, LLC") would continue to provide certain administrative and financial services to the North Carolina insurance companies. In the same order, the North Carolina Rehabilitation Court authorized the Rehabilitator, in its discretion, to sell the Englert Building, located at 2327 Englert Drive, Durham, North Carolina to Pavonia Life Insurance Company of Michigan, ("Pavonia"). These authorized transactions cannot proceed until the transaction in Michigan involving the acquisition of Pavonia and its wholly owned subsidiary GBIG, LLC is completed. There is currently an appeal pending in the Michigan Court of Appeals related to that acquisition.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed

transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. The panel began functioning during the second quarter of 2020. During this quarter, the panel approved the formation of two trusts to place specific regulated entities into. In addition, the panel approved the purchase of an entity and the sale of another entity. The panel also approved third party refinancing of some existing debt.

DISBURSEMENTS

During the period, the following expenses were incurred in accordance with the cost sharing agreement:

- \$3,184 to Arkin Solbakken for legal services
- \$2,995 to Asset Allocation & Management Company, LLC for investment management services
- \$94,163 to Bryan Cave Leighton Paisner for legal services
- \$241,989 to Davis Polk for legal services
- \$23,940 to Federal Arbitration, Inc. for services regarding the review panel
- \$58,053 to FTI Consulting for forensic accounting services
- \$114,394 to Gordian Group for investment advisory services
- \$5,572 to Kirsch & Niehaus for legal services
- \$241,730 to Noble Consulting Services, Inc. for rehabilitation services
- \$22,494 to Veris Consulting, Inc. for forensic accounting services
- \$265,645 to Williams Mullen for legal services

INTRODUCTION TO SOUTHLAND NATIONAL INSURANCE CORPORATION
FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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 under the direct supervision of the Rehabilitator's staff as of June 30, 2020. The financial statements have been prepared in accordance with Statutory Accounting Principles promulgated by the National Association of Insurance Commissioners, except as noted in the following paragraph.

On July 26, 2019, the Governor of North Carolina signed into law, House Bill 220. This bill amends N.C. Gen. Stat §58-19-10(b), which limits the amount of investments in affiliates and subsidiaries to the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent (50%) of the insurer's policyholders' surplus, provided that after those investments, the insurer's policyholders' surplus will be reasonable in relation to the insurers' outstanding liabilities and adequate to its financial needs. The excess amount of affiliated investments should be non-admitted. As of June 30, 2020, the Company has \$177MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$204MM.

As of June 30, 2020, \$98MM of the \$177MM affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the Interim Loan Amendment. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$98MM and the fair value of these loans would be less than the carrying value. These loans had due and accrued interest in the amount of \$2.5MM of which \$.866MM is more than 90 days due.

STATEMENT AS OF JUNE 30, 2020 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	150,065,717		150,065,717	162,280,018
2. Stocks:				
2.1 Preferred stocks	43,469,636		43,469,636	43,458,667
2.2 Common stocks	271	271		5,848
3. Mortgage loans on real estate:				
3.1 First liens	887,702		887,702	959,684
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ _____ encumbrances)				
4.2 Properties held for the production of income (less \$ _____ encumbrances)				
4.3 Properties held for sale (less \$ _____ encumbrances)	170,930		170,930	170,930
5. Cash (\$ _____ 4,195,192), cash equivalents (\$ _____ 63,844,868) and short-term investments (\$ _____)	68,040,060		68,040,060	71,720,155
6. Contract loans (including \$ _____ premium notes)	4,984,677		4,984,677	5,153,440
7. Derivatives				
8. Other invested assets	9,000,000	9,000,000		
9. Receivables for securities	303		303	303
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	276,619,296	9,000,271	267,619,025	283,749,044
13. Title plants less \$ _____ charged off (for Title insurers only)				
14. Investment income due and accrued	3,852,059		3,852,059	815,033
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	269,237		269,237	363,232
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ _____ earned but unbilled premiums)	1,625,715		1,625,715	1,741,922
15.3 Accrued retrospective premiums (\$ _____) and contracts subject to redetermination (\$ _____)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	27,380		27,380	18,145
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	427,353	347,410	79,943	43,968
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	2,477,835		2,477,835	2,477,835
18.2 Net deferred tax asset	10,981,836	10,981,836		1
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ _____)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	2,283		2,283	25
24. Health care (\$ _____) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	161,129	182,337	(21,208)	87,420
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	296,444,123	20,511,854	275,932,269	289,296,625
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	296,444,123	20,511,854	275,932,269	289,296,625
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expense Deposit & Returned Checks	182,337	182,337		
2502. Miscellaneous Receivable	(274)		(274)	67,496
2503. Premiums In Transit	(20,934)		(20,934)	19,924
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	161,129	182,337	(21,208)	87,420

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)	270,946,841	276,819,757
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	79,755	87,539
3. Liability for deposit-type contracts (including \$ Modco Reserve)		
4. Contract claims:		
4.1 Life		
4.2 Accident and health	3,040,271	2,958,129
5. Policyholders' dividends/refunds to members \$ and coupons \$ due and unpaid	51,093	279,032
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)	79,532	83,057
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums	260,265	260,874
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
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		
9.3 Other amounts payable on reinsurance, including \$ 143,138 assumed and \$ ceded	143,138	27,151
9.4 Interest Maintenance Reserve	8,094,169	8,339,666
10. Commissions to agents due or accrued-life and annuity contracts \$ and deposit-type contract funds \$		
11. Commissions and expense allowances payable on reinsurance assumed	328,273	335,077
12. General expenses due or accrued	719,233	392,807
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes		
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)		
15.2 Net deferred tax liability		
16. Unearned investment income	37,266	36,004
17. Amounts withheld or retained by reporting entity as agent or trustee	397,567	60,078
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated	34,507	64,602
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	15,119,373	8,190,901
24.02 Reinsurance in unauthorized and certified (\$) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers		
24.04 Payable to parent, subsidiaries and affiliates		
24.05 Drafts outstanding	1,761,046	1,409,887
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives		
24.09 Payable for securities		
24.10 Payable for securities lending	1,400	238,801
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	440,192	443,566
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	301,533,921	300,026,928
27. From Separate Accounts statement		
28. Total liabilities (Lines 26 and 27)	301,533,921	300,026,928
29. Common capital stock	1,502,718	1,502,718
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		7,382,942
32. Surplus notes		
33. Gross paid in and contributed surplus	65,283,086	65,283,086
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(92,387,456)	(84,899,049)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)	(27,104,370)	(12,233,021)
38. Totals of Lines 29, 30 and 37	(25,601,652)	(10,730,303)
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	275,932,269	289,296,625
DETAILS OF WRITE-INS		
2501. Deferred Compensation Liability	373,247	361,719
2502. Miscellaneous liabilities		
2503. Escheat	66,945	61,847
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	440,192	443,566
3101. Deferred Reinsurance Gain		7,382,942
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)		7,382,942
3401. Common Stock Retired		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)		

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	4,409,669	8,991,756	117,994,495
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	3,908,656	7,951,100	13,457,058
4. Amortization of Interest Maintenance Reserve (IMR)	596,232	270,902	1,122,313
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	24,303	2,160,400	(1,296,487)
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	1,468	4,849	36,897
9. Totals (Lines 1 to 8.3)	8,940,350	19,379,007	131,314,276
10. Death benefits	12,410,504	6,842,314	18,875,455
11. Matured endowments (excluding guaranteed annual pure endowments)	14,212		10,688
12. Annuity benefits	80,537	2,004,899	2,004,899
13. Disability benefits and benefits under accident and health contracts	427,064	2,852,131	4,695,983
14. Coupons, guaranteed annual pure endowments and similar benefits			675
15. Surrender benefits and withdrawals for life contracts	202,844	441,523	822,498
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds			
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	(5,880,700)	(1,740,271)	92,741,069
20. Totals (Lines 10 to 19)	7,254,461	10,401,271	119,150,592
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	6,333	4,855	5,985
22. Commissions and expense allowances on reinsurance assumed	1,986,298	2,216,342	4,242,126
23. General insurance expenses and fraternal expenses	5,500,320	7,867,418	13,684,859
24. Insurance taxes, licenses and fees, excluding federal income taxes	345,388	318,771	598,234
25. Increase in loading on deferred and uncollected premiums	(70,698)	(97,118)	847,289
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	689	3,115,213	3,953,262
28. Totals (Lines 20 to 27)	15,022,791	23,686,752	142,482,347
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(6,082,441)	(4,307,745)	(11,168,071)
30. Dividends to policyholders and refunds to members	41,162	46,193	81,377
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(6,123,603)	(4,353,938)	(11,249,448)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)			(930,320)
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)	(6,123,603)	(4,353,938)	(10,319,128)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	(1,804,493)	12,959	(3,385,949)
35. Net income (Line 33 plus Line 34)	(7,928,096)	(4,340,979)	(13,705,077)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	(10,730,303)	21,903,701	21,903,701
37. Net income (Line 35)	(7,928,096)	(4,340,979)	(13,705,077)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	33,240	(9,706)	2,335
39. Change in net unrealized foreign exchange capital gain (loss)	(138,452)		52,015
40. Change in net deferred income tax	1,322,046	(340,058)	5,493,195
41. Change in nonadmitted assets	(1,231,618)	(665,197)	(15,984,754)
42. Change in liability for reinsurance in unauthorized and certified companies		244,751	749,364
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(6,928,472)	(534,409)	(6,133,821)
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			(5,110,849)
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus		247,349	2,003,588
54. Net change in capital and surplus (Lines 37 through 53)	(14,871,352)	(5,398,249)	(32,634,004)
55. Capital and surplus as of statement date (Lines 36 + 54)	(25,601,655)	16,505,452	(10,730,303)
DETAILS OF WRITE-INS			
08.301. Other Income	1,468	4,849	36,897
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)	1,468	4,849	36,897
2701. Investment Credits to Reinsurers		3,108,871	3,942,348
2702. Fines and Penalties	689	6,342	10,914
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	689	3,115,213	3,953,262
5301. Initial Ceding Commission STD RE Less Amortization - SNRC/SNG/STD RE			
5302. Reinsurance recapture		247,349	2,003,588
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	2,003,588

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	4,654,005	9,538,683	116,621,507
2. Net investment income	915,001	7,963,732	10,578,329
3. Miscellaneous income	25,771	2,165,249	(1,259,590)
4. Total (Lines 1 to 3)	5,594,777	19,667,664	125,940,246
5. Benefit and loss related payments	13,174,206	13,199,535	25,985,012
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions	7,519,406	13,384,614	22,245,128
8. Dividends paid to policyholders	44,687	46,193	90,669
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....			14,448
10. Total (Lines 5 through 9)	20,738,299	26,630,342	48,335,257
11. Net cash from operations (Line 4 minus Line 10)	(15,143,522)	(6,962,678)	77,604,989
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	27,838,746	92,899,980	168,549,802
12.2 Stocks		132,606	132,606
12.3 Mortgage loans	23,045	346,319	1,319,943
12.4 Real estate		218,979	218,976
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(1)	5,527,429
12.7 Miscellaneous proceeds		5,740,064	5,943,026
12.8 Total investment proceeds (Lines 12.1 to 12.7)	27,861,792	99,337,947	181,691,782
13. Cost of investments acquired (long-term only):			
13.1 Bonds	17,199,966	49,424,604	72,915,799
13.2 Stocks		11,626,672	11,626,672
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	247,582	12,993	5,013,758
13.7 Total investments acquired (Lines 13.1 to 13.6)	17,447,548	61,064,269	89,556,229
14. Net increase (or decrease) in contract loans and premium notes	(168,763)	239,604	
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	10,583,007	38,034,075	92,135,553
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	880,420	(5,388,160)	(135,273,125)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	880,420	(5,388,160)	(135,273,125)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(3,680,095)	25,683,237	34,467,417
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	71,720,155	37,252,738	37,252,739
19.2 End of period (Line 18 plus Line 19.1)	68,040,060	62,935,974	71,720,155

SOUTHLAND NATIONAL INSURANCE CORPORATION
SCHEDULE OF AFFILIATED INVESTMENTS
MARCH 31, 2020 AND JUNE 30, 2020 COMPARISON

Trust account	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value March 31, 2020	Book/ Adjusted Carrying Value June 30, 2020	Change
SNIC-NC MUT	04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	5,303,356	5,303,356	5,303,356	-
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	8,854,050	8,854,050	8,854,050	-
SNIC-NC MUT	06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK EN'	-	6,008,500	-	(6,008,500)
N/A	06625@126	BANKERS LIFE INSURANCE COMPANY	8,310,000	8,310,000	8,310,000	-
N/A	06739FJM4	BARCLAYS BANK PLC	5,577,299	5,577,299	5,577,299	-
N/A	13973@AA2	CAPITAL ASSETS FUND I LLC	6,882,532	6,882,532	6,882,532	-
N/A	19633@129	COLORADO BANKERS LIFE INSURANCE COMPANY, INC	24,000,000	24,000,000	24,000,000	-
N/A	23570*AA0	DAMASCUS ASSET MANAGEMENT, LLC	1,942,072	1,942,072	1,942,072	-
SNIC-NC MUT	23570*AA0	DAMASCUS ASSET MANAGEMENT, LLC	5,178,859	5,178,859	5,178,859	-
N/A	29412#AA5	EPHESUS ASSET MANAGEMENT, LLC	6,373,849	6,373,849	6,373,849	-
SNIC-NC MUT	29412#AA5	EPHESUS ASSET MANAGEMENT, LLC	3,363,976	3,363,976	3,363,976	-
N/A	34610#AA5	FOREST PARK ASSET MANAGEMENT, LLC	3,705,124	3,705,124	3,705,124	-
SNIC-NC MUT	34610#AA5	FOREST PARK ASSET MANAGEMENT, LLC	4,446,149	4,446,149	4,446,149	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	3,400,000	3,400,000	3,400,000	-
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	3,606,771	3,606,771	3,606,771	-
SNIC-NC MUT	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	3,757,053	3,757,053	3,757,053	-
SNIC-NC MUT	46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	3,085,198	3,085,198	3,085,198	-
N/A	46563@AA8	ITECH FUNDING LLC	4,467,854	4,467,854	4,467,854	-
SNIC-NC MUT	46563@AA8	ITECH FUNDING LLC	3,392,882	3,392,882	3,392,882	-
SNIC-NC MUT	46662#AA6	JACKSON ASSET MANAGEMENT, LLC	3,155,671	3,155,671	3,155,671	-
SNIC-NC MUT	65532NAA7	NOM GB 2018 I LLC	5,497,646	5,493,647	5,493,161	(486)
SNIC-NC MUT	72083RAA7	PIERRE MENDES LLC	6,275,253	6,275,253	6,275,253	-
N/A	86576#AA7	SUMMERVILLE ASSET MANAGEMENT, LLC	7,814,273	7,814,273	7,814,273	-
SNIC-NC MUT	87339#AA3	TAC INVESTMENTS LLC	3,360,141	3,360,141	3,360,141	-
SNIC-NC MUT	9941317T1	CAPITAL ASSETS FUND II, LLC	5,258,038	5,258,038	5,258,038	-
SNIC-NC MUT	9941317U8	CAPITAL ASSETS FUND V, LLC	6,025,818	6,025,818	6,025,818	-
SNIC-NC MUT	9941317V6	CAPITAL ASSETS FUND IV, LLC	5,236,750	5,236,750	5,236,750	-
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,775,937	1,775,937	1,775,937	-
SNIC-NC MUT	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,775,937	1,775,937	1,775,937	-
N/A	9941327T4	AFA FKA AFI TERM	1,239,746	1,239,746	1,239,746	-
N/A	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	1,661,739	1,661,739	1,661,739	-
SNIC-NC MUT	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	4,026,081	4,026,081	4,026,081	-
N/A	9941329T6	AFA FKA GIC SR. NOTE	4,079,061	4,079,061	4,079,061	-
SNIC-NC MUT	9941329T6	AFA FKA GIC SR. NOTE	1,748,169	1,748,169	1,748,169	-
N/A	9941556V4	HPCSP INVESTMENTS	1,133,486	1,133,486	1,133,486	-
SNIC-NC MUT	9941557U3	HPCSP INVESTMENTS, LLC	1,168,035	1,168,035	1,168,035	-
SNIC-NC MUT	9942228W1	GILFORD ASSET MANAGEMENT, LLC	294,695	294,695	294,695	-
SNIC-NC MUT	9944639X1	CV INVESTMENTS, LLC	2,055,028	2,055,028	2,055,028	-
SNIC-NC MUT	99467UAA5	CV INVESTMENTS	6,008,500	-	6,008,500	6,008,500
N/A	9947669V1	NIH CAPITAL, LLC	949,041	949,041	949,041	-
SNIC-NC MUT	9947669V1	NIH CAPITAL, LLC	949,041	949,041	949,041	-
N/A	G6846#AA2	PBX BERMUDA HOLDINGS, LTD.	200,203	200,383	200,379	(4)
Total Affiliated Investments			177,335,316	177,331,496	177,331,006	(490)

Summary of activity (rounded to hundred-thousands)

Decrease in PPN positions due to BMO unwinding	(6,000,000)
Increase in loans due to BMO underlying assignments	6,000,000
Total	-

SOUTHLAND NATIONAL REINSURANCE CORPORATION
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF JUNE 30, 2020,
A BALANCE SHEET
AS OF JUNE 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH JUNE 30, 2020

INTRODUCTION

BACKGROUND

Southland National Reinsurance Corporation (hereinafter, “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, 2020, and a summary of operations and statement of cash flow through June 30, 2020.

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

COMPANY PROPERTY

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

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Amendment to Loan Agreements (“IALA”) with Greg E. Lindberg, Academy Association, Inc. and Edwards Mill Asset Management, LLC. The Parties executed this MOU to set forth their agreements, including but not limited to, (i) the immediate partial amendment of, among other things, the interest rate and repayment terms of various affiliated loans through the IALA; (ii) the global restructuring of various affiliated companies through the formation of a new holding

company; and (iii) the global restructuring and modifications of all affiliated loans, including assignment of the loans to such new holding company. The restructuring was to be completed by September 30, 2019. The restructuring was not completed by this date. The Company, along with the other insurance companies in rehabilitation, filed a complaint against the other parties to the MOU on October 1, 2019. The Company has no affiliated loans and therefore, the MOU and IALA have minimal impact on the Company. See the Litigation section for more information.

LITIGATION

To the Rehabilitator's knowledge, the Company is a party to the following lawsuit:

Affiliated

The following litigation was instituted by one or more of the North Carolina Insurance Companies in Rehabilitation against Eli Global affiliated entities:

Southland National Insurance Corporation in Rehabilitation, Bankers Life Insurance Company in Rehabilitation, Colorado Bankers Life Insurance Company in Rehabilitation, and Southland National Reinsurance Corporation in Rehabilitation v. Greg Lindberg, Academy Association, Inc., Edwards Mill Asset Management, LLC, New England Capital, LLC, and Private Bankers Life and Annuity Co., Ltd., Case No. 19 CVS 013093, Wake County, North Carolina.

This case was filed on October 1, 2019, alleging a breach of the contract entered into by the parties on June 27, 2019. An Amended Complaint was filed on October 28, 2019 and added claims for fraud and negligent misrepresentation arising from statements contained in the June 27, 2019 contract and the Defendants' conduct.

On October 1, 2019, the Wake County Superior Court entered a Temporary Restraining Order ("TRO"), which remains in place, as amended by the Court on April 1, 2020 and June 23, 2020. Essentially, the TRO prohibits the Defendants from taking any action that would negatively impact the value of Plaintiffs' investments into Defendants' companies.

The Defendants moved to dismiss the original complaint and the amended complaint on various grounds. The Court denied those motions in an Order filed on January 21, 2020. Defendants filed an Answer to the Amended Complaint on February 20, 2020.

The Court has entered a case management order, and the matter is set for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On July 30, 2020, the Court extended all discovery deadlines by 90 days but kept the trial set for February 2021.

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.

- Since all reinsurance agreements were recaptured as of July 1, 2019, the Company no longer has any business on its books. Remaining assets and liabilities are in the process of being liquidated.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. The panel began functioning during the second quarter of 2020. During this quarter, the panel approved the formation of two trusts to place specific regulated entities into. In addition, the panel approved the purchase of an entity and the sale of another entity. The panel also approved third party refinancing of some existing debt.

CONTINUATION OF BUSINESS

All business for the Company has been recaptured and the Company no longer has any operations and will be dissolved at a future date.

INTRODUCTION TO SOUTHLAND NATIONAL REINSURANCE CORPORATION
FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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 under the direct supervision of the Rehabilitator's staff as of June 30, 2020. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

Southland National Reinsurance Corporation
Balance Sheet
6/30/2020

	<u>Dec-19</u>	<u>Jun-20</u>
ASSETS		
Current Assets		
Checking/Savings		
Fifth Third Bank - 5666	256,599	256,619
Total Checking/Savings	<u>256,599</u>	<u>256,619</u>
Other Current Assets		
Total Other Current Assets	<u>-</u>	<u>-</u>
Total Current Assets	256,599	256,619
Other Assets		
Deferred Tax Asset	(186,305)	1,709,096
Total Other Assets	<u>(186,305)</u>	<u>1,709,096</u>
TOTAL ASSETS	<u><u>70,294</u></u>	<u><u>1,965,715</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Due to Affiliates		
Due to ELI Research LLC	7,005	-
Due to SNIC	-	428
Due to GBIG	5,116,522	-
Due to Eli Global	-	-
Total Due to Affiliates	<u>5,123,527</u>	<u>428</u>
Accrued Expenses	9,596	-
Federal Income Taxes Payable	(5,504,022)	-
Total Other Current Liabilities	<u>(370,899)</u>	<u>428</u>
Total Current Liabilities	<u>(370,899)</u>	<u>428</u>
Total Liabilities	(370,899)	428
Equity		
Capital Stock	100	100
Additional Paid in Capital	18,851,565	18,851,565
Retained Earnings	(5,990,168)	(18,410,472)
Net Income	(12,420,304)	1,524,095
Total Equity	<u>441,193</u>	<u>1,965,288</u>
TOTAL LIABILITIES & EQUITY	<u><u>70,294</u></u>	<u><u>1,965,715</u></u>

Southland National Reinsurance Corporation
Income Statement
Six Months ended 6/30/2020

	<u>Jan - Dec 19</u>	<u>Jan - Jun 20</u>
Ordinary Income/Expense		
Income		
Change in Due & Deferred- NCM	(41,966)	-
Change in Due & Deferred- SNIC	13,581	-
Change in Policy Loans- NCM	236,553	-
Gain on Reinsurance	5,115,817	-
Premium- CBL	(189,308,344)	-
Premium- NCM		
Policy Loans Assumed	-	-
Premium- NCM - Other	(97,894,985)	-
Total Premium- NCM	(97,894,985)	-
Premium- SNIC	(30,453,933)	-
Total Income	(312,333,277)	-
Expense		
Bank Service Charges	1,345	407
Benefit Payments- CBL	13,162,672	-
Benefit Payments- NCM	4,069,442	-
Benefit Payments- SNIC	2,426,902	-
Board of Director Fees	-	-
Change in Agg Reserves- CBL	(195,774,138)	-
Change in Agg Reserves- NCM	(90,585,065)	-
Change in Agg. Reserves- SNIC	(30,311,445)	-
Change in DAC- NCM	4,684,074	-
Expense Allowance- CBL	2,285,509	-
Expense Allowance- SNIC	3,213,560	-
Premium Tax Expense	3,102	-
Admin Fee- GBIG	3,241,868	-
Professional Fees		
Accounting	(80,000)	-
Audit	9,596	-
Professional Fees - Other	-	(5,133,123)
Total Professional Fees	(70,404)	(5,133,123)
Travel Expense	-	-
Total Expense	(283,652,579)	(5,132,716)
Net Ordinary Income	(28,680,699)	5,132,716
Other Income/Expense		
Other Income		
Investment Income		
Unrealized Gain on Funds Held	4,686,620	-
Income- Funds Withheld- CBL	8,826,852	-
Income- Funds Withheld- NCM	3,630,182	-
Income-Funds Withheld-SNIC	1,060,535	-
Interest Income	512	-
Management Fees- GBIG	(446,522)	-
Management Fees- SNH	-	-
Total Investment Income	17,758,178	-
Total Other Income	17,758,178	-
Other Expense		
Federal Income Taxes- Current	-	-
Federal Income Taxes- Deferred	1,497,784	3,608,621
Total Other Expense	1,497,784	3,608,621
Net Other Income	16,260,394	(3,608,621)
Net Income	<u>(12,420,304)</u>	<u>1,524,095</u>

Southland National Reinsurance Corporation
Statement of Cash Flows
Six Months ended 6/30/2020

Cash flows from operating activities:	
Net income	1,524,095
Adjustments to reconcile net income to net cash	
Deferred tax	3,608,621
Deferred gain on reinsurance	-
Unrealized Gain on Funds Held	-
Cash flows from changes in:	
Receivables from affiliates	(5,123,099)
Deferred acquisition costs	-
Future policy benefits	-
Unearned premium	-
Accrued expenses	(9,596)
Federal income tax receivable	-
Net cash provided by operating expenses	<u>20</u>
Cash flows from investing activities:	
Funds held by affiliates	-
Policy loans	-
Net cash used in investing activities	<u>-</u>
Net decrease in cash	20
Cash beginning of year	<u>256,599</u>
Cash end of period	<u><u>256,619</u></u>

BANKERS LIFE INSURANCE COMPANY
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF JUNE 30, 2020,
A BALANCE SHEET
AS OF JUNE 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH JUNE 30, 2020
AND
A SCHEDULE OF AFFILIATED INVESTMENTS
AS OF JUNE 30, 2020

INTRODUCTION

BACKGROUND

Bankers Life Insurance Company (hereinafter, “BLIC” or “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, 2020, and a summary of operations and statement of cash flow through June 30, 2020.

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

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Amendment to Loan Agreements (“IALA”) with Greg E. Lindberg, Academy Association, Inc. and Edwards Mill Asset Management, LLC. The Parties executed this MOU to set forth their agreements, including but not limited to, (i) the immediate partial amendment of, among other things, the interest rate and repayment terms of various affiliated loans through the ; (ii) the global restructuring of various affiliated companies through the formation of a new holding company;

and (iii) the global restructuring and modifications of all affiliated loans, including assignment of the loans to such new holding company. The restructuring was to be completed by September 30, 2019. The restructuring was not completed by this date. The Company, along with the other insurance companies in rehabilitation, filed a complaint against the other parties to the MOU on October 1, 2019. See the Investment Portfolio and Litigation sections for more information.

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 primarily in publicly traded securities. The Rehabilitator is working on a plan for the Eli Global non-insurance operating companies to repay the affiliated investments.

- The Company has approximately \$60MM of affiliated investments as of June 30, 2020. This represents 16% of the assets.
- Affiliated assets represent 467% of surplus.
- During the quarter, the Company received interest payments on the affiliated investments. The Company is working with Eli Global on the allocation of the interest received. The amount received was not in accordance with the IALA.

During the quarter, Progress To Excellence, a United Kingdom company that borrowed money from Southland National Insurance Corporation (“SNIC”) and BLIC, went into a form of bankruptcy. This process allowed the company to shed many of its liabilities including the £1.6 MM borrowed from SNIC and £4.9 MM from BLIC. SNIC and BLIC’s £6.5 MM loan investment was converted to a £750,000 equity investment in the new UK company of Progress Group Holdings. As of July 3, 2020, SNIC and BLIC collectively own 78% of the new company. BLIC took an impairment in the amount of £937,501 in the 2nd quarter. Since the inception of the investment, BLIC has taken a total impairment of £4,231,000.

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, the Company is a party to or has a financial interest in the following lawsuits:

Affiliated

The following litigation was instituted by one or more of the North Carolina Insurance Companies in Rehabilitation against Eli Global affiliated entities:

Southland National Insurance Corporation in Rehabilitation, Bankers Life Insurance Company in Rehabilitation, Colorado Bankers Life Insurance Company in Rehabilitation, and Southland National Reinsurance Corporation in Rehabilitation v. Greg Lindberg, Academy Association, Inc., Edwards Mill Asset Management, LLC, New England Capital, LLC, and

Private Bankers Life and Annuity Co., Ltd., Case No. 19 CVS 013093, Wake County, North Carolina.

This case was filed on October 1, 2019, alleging a breach of the contract entered into by the parties on June 27, 2019. An Amended Complaint was filed on October 28, 2019 and added claims for fraud and negligent misrepresentation arising from statements contained in the June 27, 2019 contract and the Defendants' conduct.

On October 1, 2019, the Wake County Superior Court entered a Temporary Restraining Order ("TRO"), which remains in place, as amended by the Court on April 1, 2020 and June 23, 2020. Essentially, the TRO prohibits the Defendants from taking any action that would negatively impact the value of Plaintiffs' investments into Defendants' companies.

The Defendants moved to dismiss the original complaint and the amended complaint on various grounds. The Court denied those motions in an Order filed on January 21, 2020. Defendants filed an Answer to the Amended Complaint on February 20, 2020.

The Court has entered a case management order, and the matter is set for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On July 30, 2020, the Court extended all discovery deadlines by 90 days but kept the trial set for February 2021.

Colorado Bankers Life Insurance Company v. Hampton Asset Management, LLC, Case No. 5:20-CV-369-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. Colorado Bankers Life Insurance Company ("CBL") filed this action in its capacity as agent of the loan. CBL and BLIC are lenders on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$32,043,602 plus interest at a rate of \$8,531.31 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Iron City Asset Management, LLC, Case No. 5:20-CV-375-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27,

2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders on the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$31,482,147 plus interest at a rate of \$8,381.82 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Jackson Asset Management, LLC, Case No. 5:20-CV-370-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and BLIC are lenders on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$26,134,021 plus interest at a rate of \$6,957.94 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Baldwin Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-398-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Baldwin Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders on the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$34,077,149 plus interest at a rate of \$9,072.72 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and BAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the

Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. iTech Funding, LLC, Case No. 5:20-CV-402-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$30,381,407 plus interest at a rate of \$8,323.67 per diem from May 1, 2020 until paid in full. On July 23, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Capital Assets Fund IV, LLC, Case No. 20 CVS 6474, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$54,028,137 plus interest at a rate of \$14,695.24 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Capital Assets Fund V, LLC, Case No. 20 CVS 6475, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required

under the loan agreements. The complaint seeks repayment of \$55,523,232 plus interest at a rate of \$14,782.54 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. Capital Assets Fund I, LLC, Case No. 20 CVS 7974, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$97,250,324 plus interest at a rate of \$25,891.99 per diem from May 1, 2020 until paid in full. The Defendant has not yet responded to the complaint.

Colorado Bankers Life Insurance Company v. TAC Investments, LLC, Case No. 20 CVS 7976, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$15,077,251 plus interest at a rate of \$4,014.18 per diem from May 1, 2020 until paid in full. The Defendant has not yet responded to the complaint.

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 July 31, 2020, 209 hardship cases have been received. 73 were approved, 66 were denied due to insufficient information, 49 were denied due to not meeting the hardship qualifications and 21 are in process.

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.

OPERATIONS

On June 25, 2020, the North Carolina Rehabilitation Court authorized the Rehabilitator, in its discretion, to enter into a third-party administration agreement whereby Global Bankers Insurance Group, LLC (“GBIG, LLC”) would continue to provide certain administrative and financial services to the North Carolina insurance companies. In the same order, the North Carolina Rehabilitation Court authorized the Rehabilitator, in its discretion, to sell the Englert Building, located at 2327 Englert Drive, Durham, North Carolina to Pavonia Life Insurance Company of Michigan, (“Pavonia”). These authorized transactions cannot proceed until the transaction in Michigan involving the acquisition of Pavonia and its wholly owned subsidiary GBIG, LLC is completed. There is currently an appeal pending in the Michigan Court of Appeals related to that acquisition.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. The panel began functioning during the second quarter of 2020. During this quarter, the panel approved the formation of two trusts to place specific regulated entities into. In addition, the panel approved the purchase of an entity and a sale of another entity. The panel also approved third party refinancing of some existing debt.

DISBURSEMENTS

During the period, the following expenses were incurred in accordance with the cost sharing agreement:

- \$1,668 to Arkin Solbakken for legal services
- \$34,478 to Asset Allocation & Management Company, LLC for investment management services
- \$268,909 to Bryan Cave Leighton Paisner for legal services
- \$126,756 to Davis Polk for legal services
- \$12,540 to Federal Arbitration, Inc. for services regarding the review panel
- \$30,409 to FTI Consulting for forensic accounting services
- \$59,921 to Gordian Group for investment advisory services
- \$2,919 to Kirsch & Niehaus for legal services
- \$126,620 to Noble Consulting Services, Inc. for rehabilitation services
- \$11,783 to Veris Consulting, Inc. for forensic accounting services
- \$99,434 to Williams Mullen for legal services

INTRODUCTION TO BANKERS LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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 under the direct supervision of the Rehabilitator's staff as of June 30, 2020. The financial statements have been prepared in accordance with Statutory Accounting Principles promulgated by the National Association of Insurance Commissioners.

On July 26, 2019, the Governor of North Carolina signed into law, House Bill 220. This bill amends N.C. Gen. Stat §58-19-10(b), which limits the amount of investments in affiliates and subsidiaries to the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent (50%) of the insurer's policyholders' surplus, provided that after those investments, the insurer's policyholders' surplus will be reasonable in relation to the insurers' outstanding liabilities and adequate to its financial needs. The excess amount of affiliated investments should be non-admitted. As of June 30, 2020, the Company has \$54MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$41MM.

As of June 30, 2020, \$38MM of the \$60MM affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the Interim Loan Amendment. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$38MM and the fair value of these loans would be less than the carrying value. These loans had due and accrued interest in the amount of \$1MM of which \$.237MM is more than 90 days due.

STATEMENT AS OF JUNE 30, 2020 OF THE Bankers Life Insurance Company

ASSETS

	Current Statement Date			December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	314,908,999		314,908,999	348,362,918
2. Stocks:				
2.1 Preferred stocks	5,243,409		5,243,409	5,243,409
2.2 Common stocks	344,400		344,400	357,700
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 (\$8,770,354), cash equivalents (\$30,982,986) and short-term investments (\$2,000,201)	41,753,541		41,753,541	20,948,547
6. Contract loans (including \$ premium notes)	4,913		4,913	5,116
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities	103,410		103,410	24,897
10. Securities lending reinvested collateral assets	0		0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	362,358,672	0	362,358,672	374,942,587
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	4,656,884	98,366	4,558,518	2,187,139
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 instalments booked but deferred and not yet due (including \$ earned but unbilled premiums)	159		159	472
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	3,974,853		3,974,853	5,318,621
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	8,019,189	8,019,191	(2)	0
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	96,607		96,607	107,523
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	543,421	543,421	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	379,649,785	8,660,978	370,988,807	382,556,342
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	379,649,785	8,660,978	370,988,807	382,556,342
DETAILS OF WRITE-INS				
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	142,106	142,106	0	0
2502. Negative Interest Maintenance Reserve	401,315	401,315	0	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)	543,421	543,421	0	0

STATEMENT AS OF JUNE 30, 2020 OF THE Bankers Life Insurance Company

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)	347,796,949	346,671,162
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)		0
3. Liability for deposit-type contracts (including \$ Modco Reserve)	4,595,051	5,028,193
4. Contract claims:		
4.1 Life	146,343	212,063
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 \$ ceded	27,333	17,660
9.4 Interest Maintenance Reserve	0	0
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	989,306	271,390
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)	694,120	694,120
15.2 Net deferred tax liability		0
16. Unearned investment income		0
17. Amounts withheld or retained by reporting entity as agent or trustee	(188,654)	238,430
18. Amounts held for agents' account, including \$ agents' credit balances		0
19. Remittances and items not allocated	37,263	213,840
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	2,748	4,483,482
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	960,254	1,023,920
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		1,549,998
24.10 Payable for securities lending		0
24.11 Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities		0
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	355,060,713	360,404,258
27. From Separate Accounts statement		0
28. Total liabilities (Lines 26 and 27)	355,060,713	360,404,258
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	0	(1)
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)	(31,695,701)	(25,471,710)
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)	12,928,094	19,152,084
38. Totals of Lines 29, 30 and 37	15,928,094	22,152,084
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	370,988,807	382,556,342
DETAILS OF WRITE-INS		
2501. Unclaimed Property		0
2502.		0
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)	0	0
3101. Deferred Gain on Ceded Reinsurance		(1)
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)	0	(1)
3401.		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

STATEMENT OF JUNE 30, 2020 OF THE Bankers Life Insurance Company

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	53	241,769	263,354
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	7,658,156	9,288,597	18,448,829
4. Amortization of Interest Maintenance Reserve (IMR)	61,517	(16,246)	(13,364)
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	32,493	51,030	93,671
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	35,638	42,334	44,280
8.3 Aggregate write-ins for miscellaneous income	(6,563)	6,006	22,564
9. Totals (Lines 1 to 8.3)	7,781,294	9,613,490	18,859,334
10. Death benefits	102,968	94,268	147,593
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	73,868	175,660	197,002
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	4,842,098	16,760,424	21,813,671
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	86,597	101,096	199,509
18. Payments on supplementary contracts with life contingencies	81,593	22,058	205,432
19. Increase in aggregate reserves for life and accident and health contracts	1,125,787	(10,139,197)	(10,031,712)
20. Totals (Lines 10 to 19)	6,312,911	7,014,311	12,531,495
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)		2,460	22,547
22. Commissions and expense allowances on reinsurance assumed		0	0
23. General insurance expenses and fraternal expenses	2,259,797	4,559,938	7,560,554
24. Insurance taxes, licenses and fees, excluding federal income taxes	163,945	427,549	530,297
25. Increase in loading on deferred and uncollected premiums	(420)	(422)	(4)
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	642	(3,898)	65,011
28. Totals (Lines 20 to 27)	8,736,875	11,999,938	20,709,900
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(955,581)	(2,386,448)	(1,850,566)
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)	(955,581)	(2,386,448)	(1,850,566)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		0	256,458
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)	(955,581)	(2,386,448)	(2,107,024)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding gains (losses) transferred to the IMR)	(9,499,990)	19,583	(2,289,117)
35. Net income (Line 33 plus Line 34)	(10,455,571)	(2,366,865)	(4,396,141)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	22,152,084	32,579,203	32,579,203
37. Net income (Line 35)	(10,455,571)	(2,366,865)	(4,396,141)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(49,607)	500,349	19,729
39. Change in net unrealized foreign exchange capital gain (loss)	(687,639)	0	0
40. Change in net deferred income tax	235,099	7,249,859	1,741,945
41. Change in nonadmitted assets	(296,962)	(2,908,037)	(5,314,675)
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	4,480,734	(444,642)	(2,543,706)
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		0	0
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	0	(15,368)	(24,542)
54. Net change in capital and surplus (Lines 37 through 53)	(6,223,990)	(4,465,324)	(10,427,119)
55. Capital and surplus as of statement date (Lines 36 + 54)	15,928,094	28,113,879	22,152,084
DETAILS OF WRITE-INS			
08.301. Commissions, Service & Issue Fees and Other	(6,563)	6,006	22,564
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)	(6,563)	6,006	22,564
2701. Reinsurance Funds Withheld Investment Income		0	0
2702. Miscellaneous Expenses		(5,140)	63,383
2703. Fines & Penalties	642	1,242	1,628
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)	642	(3,898)	65,011
5301. Deferred Gain on Ceded Reinsurance		(15,368)	0
5302. Deferred Gain on Reinsurance		0	(24,542)
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)	0	(15,368)	(24,542)

STATEMENTS AS OF JUNE 30, 2020 OF THE Bankers Life Insurance Company

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	786	242,502	263,356
2. Net investment income	5,590,798	9,449,905	17,286,978
3. Miscellaneous income	61,568	99,370	160,515
4. Total (Lines 1 to 3)	5,653,152	9,791,778	17,710,849
5. Benefit and loss related payments	3,899,403	27,644,777	11,811,823
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	1,706,468	5,025,843	7,946,813
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)	5,605,871	32,670,620	19,758,636
11. Net cash from operations (Line 4 minus Line 10)	47,281	(22,878,842)	(2,047,786)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	43,827,502	64,735,204	110,916,444
12.2 Stocks	13,300	66,303	111,303
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	0	810	810
12.7 Miscellaneous proceeds	63,510	807,146	4,709,698
12.8 Total investment proceeds (Lines 12.1 to 12.7)	43,904,312	65,609,463	115,738,254
13. Cost of investments acquired (long-term only):			
13.1 Bonds	20,428,536	52,231,594	163,322,448
13.2 Stocks	0	5,477,963	5,477,963
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	1,628,511	1,092,907	3,371,438
13.7 Total investments acquired (Lines 13.1 to 13.6)	22,057,047	58,802,464	172,171,849
14. Net increase (or decrease) in contract loans and premium notes	0	40,693	(36,643)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	21,847,265	6,766,306	(56,396,952)
Cash from Financing and Miscellaneous Sources			
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	(433,142)	1,005,964	297,449
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	(656,410)	311,327	779,385
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,089,552)	1,317,292	1,076,835
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	20,804,994	(14,795,244)	(57,367,904)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	20,948,547	78,316,451	78,316,451
19.2 End of period (Line 18 plus Line 19.1)	41,753,541	63,521,206	20,948,547

**BANKERS LIFE INSURANCE CORPORATION
SCHEDULE OF AFFILIATED INVESTMENTS
MARCH 31, 2020 AND JUNE 30, 2020 COMPARISON**

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value March 31, 2020	Book/ Adjusted Carrying Value June 30, 2020	Change
9947669V1	NIH CAPITAL, LLC	759,233	759,233	759,233	-
9941328T5	ACADEMY FINANCIAL ASSETS, LLC	2,842,897	2,842,897	2,842,897	-
9941557U3	HPCSP INVESTMENTS, LLC	584,018	584,018	584,018	-
9941327T4	AFA FKA AFI TERM	619,117	619,117	619,117	-
9941329T6	AFA FKA GIC SR. NOTE	2,330,892	2,330,892	2,330,892	-
04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	4,419,464	4,419,464	4,419,464	-
05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	1,087,006	1,087,187	1,087,187	-
06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK EN	-	3,004,250	-	(3,004,250)
06739FJM4	BARCLAYS BANK PLC	3,368,280	3,368,280	3,368,280	-
13973@AA2	CAPITAL ASSETS FUND I LLC	3,441,266	3,441,266	3,441,266	-
37562#AA6	GILFORD ASSET MANAGEMENT, LLC	4,657,319	4,657,319	4,657,319	-
37940*AA3	ACADEMY FINANCIAL ASSETS, LLC	3,298,955	3,298,955	3,298,955	-
40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	901,693	901,693	901,693	-
46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	771,262	771,262	771,262	-
46563@AA8	ITECH FUNDING LLC	1,075,993	1,074,972	1,074,972	-
46662#AA6	JACKSON ASSET MANAGEMENT, LLC	788,869	788,918	788,918	-
86576#AA7	SUMMERSVILLE ASSET MANAGEMENT, LLC	1,067,678	1,067,498	1,067,498	-
87339#AA3	TAC INVESTMENTS LLC	5,657,946	5,657,946	5,657,946	-
99467UAA5	CV INVESTMENTS	3,004,250	-	3,004,250.13	3,004,250
9941317U8	CAPITAL ASSETS FUND V, LLC	4,012,869	4,017,619	4,017,619	-
9941317V6	CAPITAL ASSETS FUND IV, LLC	3,491,012	3,491,012	3,491,012	-
35472MAA4	FRANKLIN STR 2018-1 LLC	1,700,000	1,700,000	1,700,000	-
65532NAA7	NOM GB 2018 I LLC	1,055,913	1,055,156	1,055,064	(92)
72083RAA7	PIERRE MENDES LLC	4,183,502	4,183,502	4,183,502	-
9944639X1	CV INVESTMENTS, LLC	1,102,461	1,102,461	1,102,461	-
9942228W1	GILFORD ASSET MANAGEMENT, LLC	147,347	147,347	147,347	-
9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,365,633	1,365,629	1,365,633	4
9941317T1	CAPITAL ASSETS FUND II, LLC	2,627,968	2,627,968	2,627,968	-
Total Affiliated Investments		60,362,841	60,365,860	60,365,772	(88)

Summary of activity (rounded to hundred-thousands)	
Decrease in PPN positions due to BMO unwinding	(3,000,000)
Increase in loans due to BMO underlying assignments	3,000,000
Total	-

COLORADO BANKERS LIFE INSURANCE COMPANY
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF JUNE 30, 2020,
A BALANCE SHEET
AS OF JUNE 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH JUNE 30, 2020
AND
A SCHEDULE OF AFFILIATED INVESTMENTS
AS OF JUNE 30, 2020

INTRODUCTION

BACKGROUND

Colorado Bankers Life Insurance Company (hereinafter, “CBL” or “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, 2020, and a summary of operations and statement of cash flow through June 30, 2020.

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

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Amendment to Loan Agreements (“IALA”) with Greg E. Lindberg, Academy Association, Inc. and Edwards Mill Asset Management, LLC. The Parties executed this MOU to set forth their agreements regarding, among other things, (i) the immediate partial amendment of, among other things, the interest rate and repayment terms of various affiliated loans through the IALA; (ii) the global restructuring of various affiliated companies through the formation of a new holding

company; and (iii) the global restructuring and modifications of all affiliated loans, including assignment of the loans to such new holding company. The restructuring was to be completed by September 30, 2019. The restructuring was not completed by this date. The Company, along with the other insurance companies in rehabilitation, filed a complaint against the other parties to the MOU on October 1, 2019. See the Investment Portfolio and Litigation sections for more information.

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 primarily in publicly traded securities. The Rehabilitator is working on a plan for the Eli Global non-insurance operating companies to repay the affiliated investments.

- The Company has approximately \$973MM of affiliated investments as of June 30, 2020. This represents 39% of the assets.
- Affiliated assets represent 1,504% of surplus.
- In June 2019, the Company extended a \$40MM line of credit (LOC) to Academy Financial Assets, LLC, an affiliate, for liquidity purposes. As of June 30, 2020, \$39.75MM had been advanced and \$.155MM of unpaid interest was allocated to the principal (capitalization of interest), which totals \$39.9MM. The LOC requires monthly interest payments and matured on June 27, 2020. No payment was received on the LOC and therefore, it is in default. This LOC has been reclassified from affiliated investments to an affiliated receivable. See the Litigation section for more information.
- During the quarter, the Company received interest payments on the affiliated investments. The Company is working with Eli Global on the allocation of the interest received. The amount received was not in accordance with the IALA. See the Litigation section for more information.

REINSURANCE

The Company entered into a reinsurance agreement with Nederlandsche Algemeene Maatschappij Van Levensverzekering “Conservatrix” N.V. (Conservatrix). The agreement was originally effective June 30, 2017 and provided for CBL to reinsure Conservatrix on an aggregate excess of loss basis with treaty. The Rehabilitator disavowed the reinsurance agreement on December 22, 2019. See the Litigation section for additional information.

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, the Company is a party to or has a financial interest in the following lawsuits:

Non-Affiliated

The following litigation was instituted against the Company by non-Eli Global affiliated persons:

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 April 24, 2017 and an amended complaint was filed on May 1, 2017 alleging misrepresentation, fraudulent suppression, breach of fiduciary duty, negligence, negligent hiring/training/supervision, and conspiracy regarding the 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, 2019. This motion remains pending. Further, the Court entered an order continuing the April 23, 2019 trial setting, did not provide a new trial date, nor did it enter a new scheduling order.

On September 4, 2019, the trial court stayed the case on notice of the North Carolina Rehabilitation order staying and granting injunctive relief. The case was placed on the Administrative Docket.

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 the sale of life insurance policies.

On September 15, 2019, the trial court stayed the case on notice of the North Carolina Rehabilitation order staying and granting injunctive relief and scheduled a status conference for September 15, 2020.

Pursuant to the Joint Stipulation of Dismissal with Prejudice filed by the parties, all of plaintiff's claims against all defendants, including CBL, were dismissed with prejudice on August 3, 2020.

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. CBL sued Avalon, alleging default on credit facility for mental health and drug/alcohol rehabilitation facilities in Southern California and seeking appointment of a receiver. Alpine Capital is the agent/servicer.

The appointed Receiver is attempting to maximize value and ultimately sell assets of Avalon. Following reports of the Receiver and at the request of CBL, the court extended the Receivership through April 20, 2020. On February 20, 2020, the Receiver applied for an Order approving the execution of a lease to expand the facility and approving a Receiver's Certificate of Indebtedness

in favor of the new landlord in the amount of up to \$500,000. The Court approved the Receiver's requests. The Court also approved the Receiver executing an amended lease agreement which extends the operative lease term of a facility through March 31, 2025. Due to the COVID-19 pandemic and Court closures, the Court held its status conference on June 22, 2020, and extended the receivership through September 22, 2020.

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. This is a divorce proceeding in which Petitioner alleges an interest in CBL's policies of Respondent.

Joinder was filed adding GBIG, LLC as a defendant in the divorce proceeding on May 22, 2019. Defendant/Husband is a policyholder of CBL. Counsel for Petitioner has been advised she joined the wrong party.

Estate of Douglas S. Long v. Colorado Bankers Life Insurance Co., et al, Case No. VCU 281258, Tulare County, State of California.

The case was filed on January 2, 2020. This is a claim for payment on a life insurance policy. On February 5, 2020, CBL filed a Notice of Stay of Proceedings pursuant to the North Carolina Order of Rehabilitation. On March 2, 2020, Plaintiff filed a Motion to Exclude Defendant's Notice of Stay. On June 16, 2020, the Court granted Plaintiff's Motion to Exclude Defendant's Notice of Stay. On June 19, 2020, CBL filed an Answer to Plaintiff's complaint denying liability and asserting affirmative defenses.

A case management conference was held on July 24, 2020. The Court set the mediation deadline for February 1, 2021, the mandatory settlement conference for February 4, 2021, the pretrial conference for February 19, 2021, and the trial date for February 22, 2021.

Affiliated

The following litigation was instituted by one or more of the North Carolina Insurance Companies in Rehabilitation against Eli Global affiliated entities:

Southland National Insurance Corporation in Rehabilitation, Bankers Life Insurance Company in Rehabilitation, Colorado Bankers Life Insurance Company in Rehabilitation, and Southland National Reinsurance Corporation in Rehabilitation v. Greg Lindberg, Academy Association, Inc., Edwards Mill Asset Management, LLC, New England Capital, LLC, and Private Bankers Life and Annuity Co., Ltd., Case No. 19 CVS 013093, Wake County, North Carolina.

This case was filed on October 1, 2019, alleging a breach of the contract entered into by the parties on June 27, 2019. An Amended Complaint was filed on October 28, 2019 and added claims for fraud and negligent misrepresentation arising from statements contained in the June 27, 2019 contract and the Defendants' conduct.

On October 1, 2019, the Wake County Superior Court entered a Temporary Restraining Order (“TRO”), which remains in place, as amended by the Court on April 1, 2020 and June 23, 2020. Essentially, the TRO prohibits the Defendants from taking any action that would negatively impact the value of Plaintiffs’ investments into Defendants’ companies.

The Defendants moved to dismiss the original complaint and the amended complaint on various grounds. The Court denied those motions in an Order filed on January 21, 2020. Defendants filed an Answer to the Amended Complaint on February 20, 2020.

The Court has entered a case management order, and the matter is set for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On July 30, 2020, the Court extended all discovery deadlines by 90 days but kept the trial set for February 2021.

Colorado Bankers Life Insurance Company v. Academy Financial Assets, LLC, Case No. 5:20-CV-185-D, Eastern District of North Carolina (“Credit Agreement lawsuit”).

This case was filed on April 1, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a Revolving Credit Agreement, entered into by the parties on June 27, 2019. The complaint seeks repayment of an approximately \$40,000,000 credit facility extended to Defendant where a defined event of default occurred, namely the restructuring plan set forth in the MOU was not effective as of March 31, 2020. On May 4, 2020, the Defendant removed the action to the Eastern District of North Carolina. The Defendant filed an answer to the complaint on June 1, 2020, generally denying liability and asserting affirmative defenses.

On July 15, 2020, the Parties entered a Joint Rule 26(f) Planning Meeting Report agreeing to a scheduling order with discovery set to conclude by January 31, 2021, dispositive motions to be filed by February 26, 2021, and for a trial to be scheduled thereafter at the Court’s discretion.

On July 23, 2020, CBL filed an Amended Complaint to add as an event of default the Defendant’s failure to pay the outstanding loan on the June 30, 2020 maturity date. Defendant has not yet answered the Amended Complaint.

Colorado Bankers Life Insurance Company v. AR Purchasing Solutions 2, LLC, Case No. 5:20-CV-366-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan and is the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$3,201,655, minus the partial payment of \$38,643.32, plus interest at a rate of \$852.41 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Southland National Insurance Corporation v. AR Purchasing Solutions, LLC, Case No. 5:20-CV-367-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. Southland National Insurance Company (“SNIC”) filed this action in its capacity as agent of the loan but is not a lender on this loan. CBL is the only lender on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$3,711,788, minus the partial payment of \$33,647.19, plus interest at a rate of \$988.23 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, SNIC filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit, discussed below, were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and was granted an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Forest Park Asset Management, LLC, Case No. 5:20-CV-368-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$26,689,073 plus interest at a rate of \$7,105.72 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Hampton Asset Management, LLC, Case No. 5:20-CV-369-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and Bankers Life Insurance

Company (“BLIC”) are lenders on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$32,043,602 plus interest at a rate of \$8,531.31 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Jackson Asset Management, LLC, Case No. 5:20-CV-370-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and BLIC are lenders on this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$26,134,021 plus interest at a rate of \$6,957.94 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Kite Asset Management, LLC, Case No. 5:20-CV-371-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also the only lender of this loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$37,104,611 plus interest at a rate of \$9,878.76 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Marshall Asset Management, LLC, Case No. 5:20-CV-372-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$33,208,476 plus interest at a rate of \$8,841.45 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Paradise Asset Management, LLC, Case No. 5:20-CV-373-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also the only lender or the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$42,646,801 plus interest at a rate of \$11,354.31 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Rockdale Asset Management, LLC, Case No. 5:20-CV-374-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is the also the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$42,604,796 plus interest at a rate of \$11,343.13 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties,

transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Iron City Asset Management, LLC, Case No. 5:20-CV-375-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders on the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$31,482,147 plus interest at a rate of \$8,381.82 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 10, 2020.

Colorado Bankers Life Insurance Company v. Baldwin Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-398-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Baldwin Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders on the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$34,077,149 plus interest at a rate of \$9,072.72 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and BAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Damascus Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-399-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Damascus Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$27,617,077 plus interest at a rate of \$7,352.79 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and DAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Ephesus Asset Management, LLC, iTech Funding, LLC, and EAM Holdings, LLC, Case No. 5:20-CV-400-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Ephesus Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$33,670,070 plus interest at a rate of \$8,964.34 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and EAM Holdings, LLC. On July 23, 2020, the Defendants removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Intralan Investments Limited, Case No. 5:20-CV-401-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the

Defendant on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also a lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$5,637,282 plus interest at a rate of \$1,500.87 per diem from May 1, 2020 until paid in full. On July 23, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. iTech Funding, LLC, Case No. 5:20-CV-402-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$30,381,407 plus interest at a rate of \$8,323.67 per diem from May 1, 2020 until paid in full. On July 23, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Lares, LLC, Case No. 5:20-CV-403-D, Eastern District of North Carolina.

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also a lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$5,961,647 plus interest at a rate of \$1,587.23 per diem from May 1, 2020 until paid in full. On July 23, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 20, 2020.

Colorado Bankers Life Insurance Company v. Lilly Asset Management, LLC, 5:20-CV-405-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$35,445,723 plus interest at a rate of \$9,437.09 per diem from May 1, 2020 until paid in full. On July 24, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 30, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant sought and received an extension of time to answer the complaint to and including August 21, 2020.

Colorado Bankers Life Insurance Company v. AT Denmark Investments, ApS, Case No. 5:20-CV-409-D, Eastern District of North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$9,193,624, minus the partial payment of \$107,975, plus interest at a rate of \$2,447.72 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On July 24, 2020, the Defendant removed the action to the Eastern District of North Carolina.

On July 30, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Capital Assets Fund IV, LLC, Case No. 20 CVS 6474, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loan. The

Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$54,028,137 plus interest at a rate of \$14,695.24 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Capital Assets Fund V, LLC, Case No. 20 CVS 6475, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$55,523,232 plus interest at a rate of \$14,782.54 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. Capital Assets Management III, LLC, Case No. 20 CVS 6476, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$31,667,422 plus interest at a rate of \$8,431.16 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. ComplySmart, LLC, Case No. 20 CVS 6477, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$3,253,238 plus interest at a rate of \$866.14 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. HPCSP Investments, LLC, Case No. 20 CVS 6480, Wake County, North Carolina.

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$44,708,992, minus the partial payment of \$249,954.05, plus interest at a rate of \$11,752.29 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

Colorado Bankers Life Insurance Company v. Capital Assets Fund I, LLC, Case No. 20 CVS 7974, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$97,250,324 plus interest at a rate of \$25,891.99 per diem from May 1, 2020 until paid in full. The Defendant has not yet responded to the complaint.

Colorado Bankers Life Insurance Company v. Chatsworth Asset Management, LLC, iTech Funding, LLC, and CAM Holdings, LLC, Case No. 20 CVS 7975, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Ephesus Asset Management, LLC (“Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also a lender of the loan. The Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$31,953,387 plus interest at a rate of \$8,507.29 per diem from May 1, 2020 until paid in full. The complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and CAM Holdings, LLC. The Defendants have not yet responded to the complaint.

Colorado Bankers Life Insurance Company v. TAC Investments, LLC, Case No. 20 CVS 7976, Wake County, North Carolina.

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The complaint seeks repayment of \$15,077,251 plus interest at a rate of \$4,014.18 per diem from May 1, 2020 until paid in full. The Defendant has not yet responded to the complaint.

Colorado Bankers Life Insurance Company v. Nederlandsche Algemeene Maatschappij Van Levensverzekering Conservatrix N.V., et al.,” Case No. 19 CVS 17191, Wake County, North Carolina

On December 22, 2019, the Rehabilitator advised Nederlandsche Algemeene Maatschappij Van Levensverzekering Conservatrix N.V. (“Conservatrix”) that he was disavowing a 2017 reinsurance agreement and related trust agreement between Conservatrix and Colorado Bankers Life. Later that same day, Conservatrix presented its arbitration demand to the Rehabilitator, and the following day - on December 23, 2019 - the Rehabilitator applied for and obtained a Temporary Restraining Order (“Conservatrix TRO”) from the Wake County Superior Court (“Court”), restraining Conservatrix and the trustee for the trust account - Fifth Third Bank - from removing, disturbing, or otherwise interfering with any of the assets in the trust account and restraining Conservatrix from proceeding or acting upon its arbitration demand. The return date for the Conservatrix TRO, and the hearing date were extended by agreement of the parties several times – first until March 2, 2020, and again until April 6, 2020. In mid-March, because of the COVID-19 pandemic, the Chief Justice entered an order requiring all court proceedings to be rescheduled. The hearing was initially moved to May 4, 2020. In mid-April, the Chief Justice entered another order, requiring that all court proceedings be rescheduled until after June 1, 2020. During this time, the Rehabilitator and Conservatrix continued to discuss a satisfactory resolution that encompassed the Rehabilitator’s disavowal of the reinsurance agreement and related trust agreement, and terminated the arbitration proceeding and the Conservatrix TRO. On July 5, 2020, the Rehabilitator and Conservatrix entered into an agreement that resolved the issues related to the

reinsurance agreement and the related trust agreement. Pursuant to the agreement, the Rehabilitator dismissed the Conservatrix TRO proceeding with prejudice and Conservatrix dismissed the arbitration proceeding.

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 July 31, 2020, 1,201 hardship cases have been received. 623 were approved, 399 were denied due to insufficient information, 112 were denied due to not meeting the hardship qualifications and 67 are in process.

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.

OPERATIONS

On June 25, 2020, the North Carolina Rehabilitation Court authorized the Rehabilitator, in its discretion, to enter into a third-party administration agreement whereby Global Bankers Insurance Group, LLC ("GBIG, LLC") would continue to provide certain administrative and financial services to the North Carolina insurance companies. In the same order, the North Carolina Rehabilitation Court authorized the Rehabilitator, in its discretion, to sell the Englert Building, located at 2327 Englert Drive, Durham, North Carolina to Pavonia Life Insurance Company of Michigan, ("Pavonia"). These authorized transactions cannot proceed until the transaction in Michigan involving the acquisition of Pavonia and its wholly owned subsidiary GBIG, LLC is completed. There is currently an appeal pending in the Michigan Court of Appeals related to that acquisition.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. The panel began functioning during the second quarter of 2020. During this quarter, the panel approved the formation of two trusts to place specific regulated entities into. In addition, the panel approved the purchase of an entity and the sale of another entity. The panel also approved third party refinancing of some existing debt.

DISBURSEMENTS

During the period, the following expenses were incurred in accordance with the cost sharing agreement:

- \$10,309 to Arkin Solbakken for legal services
- \$217,376 to Asset Allocation & Management Company, LLC for investment management services
- \$56,646 to Bryan Cave Leighton Paisner for legal services
- \$783,584 to Davis Polk for legal services
- \$3,546 to Dentons for legal services
- \$2,288 to Ellis Winters for legal services
- \$77,520 to Federal Arbitration, Inc. for services regarding the review panel
- \$187,981 to FTI Consulting for forensic accounting services
- \$370,420 to Gordian Group for investment advisory services
- \$18,042 to Kirsch & Niehaus for legal services
- \$782,745 to Noble Consulting Services, Inc. for rehabilitation services
- \$72,838 to Veris Consulting, Inc. for forensic accounting services
- \$909,080 to Williams Mullen for legal services

**INTRODUCTION TO COLORADO BANKERS LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
AS OF JUNE 30, 2020**

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 under the direct supervision of the Rehabilitator's staff as of June 30, 2020. The financial statements have been prepared in accordance with Statutory Accounting Principles promulgated by the National Association of Insurance Commissioners.

On July 26, 2019, the Governor of North Carolina signed into law, House Bill 220. This bill amends N.C. Gen. Stat §58-19-10(b), which limits the amount of investments in affiliates and subsidiaries to the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent (50%) of the insurer's policyholders' surplus, provided that after those investments, the insurer's policyholders' surplus will be reasonable in relation to the insurers' outstanding liabilities and adequate to its financial needs. The excess amount of affiliated investments should be non-admitted. As of June 30, 2020, the Company has \$940MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$876MM.

As of June 30, 2020, \$716MM of the \$973MM affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the Interim Loan Amendment. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$716MM and the fair value of these loans would be less than the carrying value. These loans had due and accrued interest in the amount of \$18MM of which \$11.6MM is more than 90 days due.

STATEMENT AS OF JUNE 30, 2020 OF THE Colorado Bankers Life Insurance Company

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	2,192,166,478		2,192,166,478	2,412,238,874
2. Stocks:				
2.1 Preferred stocks	67,412,249		67,412,249	67,412,249
2.2 Common stocks	2,345,300		2,345,300	2,409,400
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).....	5,840,800		5,840,800	5,927,200
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 (\$19,259,394), cash equivalents (\$109,498,961) and short-term investments (\$4,500,454).....	133,258,809		133,258,809	81,623,302
6. Contract loans (including \$premium notes).....	8,621,146		8,621,146	8,206,865
7. Derivatives	0		0	835,687
8. Other invested assets	0		0	0
9. Receivables for securities	39,905,524		39,905,524	33,728
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)	2,449,550,306	0	2,449,550,306	2,578,687,305
13. Title plants less \$ charged cff (for Title insurers only).....			0	0
14. Investment income due and accrued	33,664,774		33,664,774	13,555,979
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	703,294	229,559	473,735	590,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)	8,301,025		8,301,025	8,853,863
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	107,905	40,220	67,685	207,312
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	28,113
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	14,228,572		14,228,572	2,804,722
18.2 Net deferred tax asset.....	57,117,585	57,117,585	0	0
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	2,599,527		2,599,527	582,248
24. Health care (\$) and other amounts receivable.....			0	19,647
25. Aggregate write-ins for other-than-invested assets	11,173,137	11,123,137	50,000	500,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,577,446,125	68,510,501	2,508,935,624	2,605,829,189
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	2,577,446,125	68,510,501	2,508,935,624	2,605,829,189
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.....	712,462	862,462	50,000	500,000
2502. Negative Interest Maintenance Reserve.....	10,460,675	10,460,675	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)	11,173,137	11,123,137	50,000	500,000

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)	2,332,287,252	2,327,663,534
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	897,370	885,671
3. Liability for deposit-type contracts (including \$ Modco Reserve)	11,010,906	11,827,425
4. Contract claims:		
4.1 Life	12,328,629	10,374,710
4.2 Accident and health	185,198	180,723
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	1,047,943	1,069,816
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	3,920,179	5,338,382
9.4 Interest Maintenance Reserve		0
10. Commissions to agents due or accrued-life and annuity contracts \$ and deposit-type contract funds \$	12,567	15,313
11. Commissions and expense allowances payable on reinsurance assumed		0
12. General expenses due or accrued	1,820,341	1,236,593
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	222	38,494
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	6,648,028	1,455,378
18. Amounts held for agents' account, including \$ agents' credit balances		0
19. Remittances and items not allocated	4,451,773	3,018,552
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	54,666,453	24,841,014
24.02 Reinsurance in unauthorized and certified (\$) companies		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers		118,172,454
24.04 Payable to parent, subsidiaries and affiliates	11,334,605	11,081,622
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	899,307	0
24.10 Payable for securities lending		0
24.11 Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	267,417	286,561
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	2,441,778,190	2,517,466,342
27. From Separate Accounts statement		0
28. Total liabilities (Lines 26 and 27)	2,441,778,190	2,517,466,342
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	(1,446,688)	8,425,878
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)	(147,871,898)	(136,539,051)
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)	64,657,434	85,862,847
38. Totals of Lines 29, 30 and 37	67,157,434	88,362,847
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	2,508,935,624	2,605,829,189
DETAILS OF WRITE-INS		
2501. Unclaimed Property	267,417	286,561
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)	267,417	286,561
3101. Deferred Gain on Reinsurance	(1,446,688)	8,425,878
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)	(1,446,688)	8,425,878
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	19,693,204	48,196,463	273,736,519
2. Considerations for supplementary contracts with life contingencies	158,700	0	112,190
3. Net investment income	44,109,196	54,700,414	116,422,980
4. Amortization of Interest Maintenance Reserve (IMR)	(335,206)	55,288	292,842
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0
6. Commissions and expense allowances on reinsurance ceded	9,926,560	2,009,197	2,337,164
7. Reserve adjustments on reinsurance ceded	0	0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0	0
8.2 Charges and fees for deposit-type contracts	0	0	0
8.3 Aggregate write-ins for miscellaneous income	74,465	782,710	1,242,998
9. Totals (Lines 1 to 8.3)	73,626,919	115,744,072	384,144,693
10. Death benefits	3,820,962	7,257,946	10,964,490
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0
12. Annuity benefits	5,907,631	1,599,135	5,241,430
13. Disability benefits and benefits under accident and health contracts	2,917,838	3,280,154	6,111,267
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0
15. Surrender benefits and withdrawals for life contracts	27,105,293	53,170,166	85,254,667
16. Group conversions	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	170,580	120,939	493,304
18. Payments on supplementary contracts with life contingencies	0	50,509	60,509
19. Increase in aggregate reserves for life and accident and health contracts	4,689,305	1,565,483	215,319,006
20. Totals (Lines 10 to 19)	44,611,610	67,054,332	323,444,673
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	3,926,321	8,171,397	13,479,662
22. Commissions and expense allowances on reinsurance assumed	310,128	300,370	581,258
23. General insurance expenses and fraternal expenses	15,181,423	20,305,167	37,612,903
24. Insurance taxes, licenses and fees, excluding federal income taxes	1,116,236	2,240,727	3,193,727
25. Increase in loading on deferred and uncollected premiums	(1,459,750)	(546,576)	(1,847,550)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	0
27. Aggregate write-ins for deductions	405,890	7,605,894	8,499,917
28. Totals (Lines 20 to 27)	64,092,858	105,131,311	384,964,590
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	9,534,061	10,612,761	9,180,103
30. Dividends to policyholders and refunds to members	0	0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	9,534,061	10,612,761	9,180,103
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(11,423,850)	0	2,564,741
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)	20,957,911	10,612,761	6,615,362
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	412,442	(34,620,973)	(77,598,650)
35. Net income (Line 33 plus Line 34)	21,370,353	(24,008,212)	(70,983,288)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	88,362,847	194,584,228	194,584,228
37. Net income (Line 35)	21,370,353	(24,008,212)	(70,983,288)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	1,058,928	(1,382,114)	1,534,023
39. Change in net unrealized foreign exchange capital gain (loss)	4,950,887	50,242	(1,265,948)
40. Change in net deferred income tax	3,679,170	(4,211,191)	19,833,610
41. Change in nonadmitted assets	(10,479,308)	(15,834,638)	(34,179,665)
42. Change in liability for reinsurance in unauthorized and certified companies	0	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease	0	0	0
44. Change in asset valuation reserve	(29,825,439)	8,552,710	(16,236,816)
45. Change in treasury stock	0	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period	0	0	0
47. Other changes in surplus in Separate Accounts Statement	0	0	0
48. Change in surplus notes	0	0	0
49. Cumulative effect of changes in accounting principles	0	0	0
50. Capital changes:			
50.1 Paid in	0	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0	0
50.3 Transferred to surplus	0	0	0
51. Surplus adjustment:			
51.1 Paid in	0	0	0
51.2 Transferred to capital (Stock Dividend)	0	0	0
51.3 Transferred from capital	0	0	0
51.4 Change in surplus as a result of reinsurance	0	0	(4,037,777)
52. Dividends to stockholders	0	0	0
53. Aggregate write-ins for gains and losses in surplus	(9,872,566)	(663,553)	(991,520)
54. Net change in capital and surplus (Lines 37 through 53)	(21,205,413)	(34,732,528)	(106,221,381)
55. Capital and surplus as of statement date (Lines 36 + 54)	67,157,434	159,851,700	88,362,847
DETAILS OF WRITE-INS			
08.301. Commissions, Service & Issue Fees and Other	74,465	388,792	455,162
08.302. Amortization of Surplus due to IMR	0	393,918	787,836
08.303. Summary of remaining write-ins for Line 8.3 from overflow page	0	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)	74,465	782,710	1,242,998
2701. Modified Coinsurance Expense	3,219	(198,626)	(75,525)
2702. Reinsurance funds withheld Investment Income	381,655	7,786,118	8,529,606
2703. Fines and penalties	21,934	18,402	22,809
2788. Summary of remaining write-ins for Line 27 from overflow page	82	0	23,027
2799. Totals (Lines 2701 through 2703 plus 2788) (Line 27 above)	406,890	7,605,894	8,499,917
5301. Deferred Gain on Reinsurance	(9,872,566)	(663,553)	(991,520)
5302. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5303. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5398. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(9,872,566)	(663,553)	(991,520)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	21,958,784	48,804,588	76,622,716
2. Net investment income	27,889,028	81,002,862	95,701,475
3. Miscellaneous income	346,411	2,791,907	3,580,162
4. Total (Lines 1 to 3)	50,194,223	112,599,457	175,904,353
5. Benefit and loss related payments	39,207,167	51,475,236	114,607,599
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	22,218,609	39,852,091	64,463,131
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	2,800,000	4,464,396
10. Total (Lines 5 through 9)	61,425,776	94,127,327	183,535,126
11. Net cash from operations (Line 4 minus Line 10)	(11,231,553)	18,472,130	(7,630,773)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	363,209,137	661,069,798	1,031,166,855
12.2 Stocks	64,100	795,637	17,125,229
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	(6,069)	(178,842)	(169,021)
12.7 Miscellaneous proceeds	16,104,405	8,216,625	102,229,119
12.8 Total investment proceeds (Lines 12.1 to 12.7)	379,371,573	669,903,219	1,150,352,182
13. Cost of investments acquired (long-term only):			
13.1 Bonds	152,861,057	551,853,774	1,285,632,267
13.2 Stocks	0	93,282,020	93,282,020
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	6,100,000	6,100,000
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	38,972,489	0	93,594,336
13.7 Total investments acquired (Lines 13.1 to 13.6)	191,833,546	651,235,794	1,478,608,622
14. Net increase (or decrease) in contract loans and premium notes	414,281	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	187,123,746	18,667,425	(328,256,440)
Cash from Financing and Miscellaneous Sources			
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	(816,519)	(1,612,365)	(2,082,726)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	(123,440,168)	3,625,819	15,698,821
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(124,256,687)	2,013,454	13,616,095
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	51,635,506	39,153,009	(322,271,118)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	81,623,302	403,894,420	403,894,420
19.2 End of period (Line 18 plus Line 19.1)	133,258,809	443,047,429	81,623,302

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

20.0001. Transfer of premium related to affiliated reinsurance recapture		0	201,532,461
20.0002. Settlement of CY FIT payable through surplus contribution		0	0
20.0003. Capital Contribution in the form of bonds		0	0
20.0004. Earn out of deferred ceding commission	9,654,614	0	0
20.0005.		0	0
20.0006.		0	0
20.0007.		0	0
20.0008.		0	0
20.0009.		0	0
20.0010.		0	0

COLORADO BANKERS LIFE INSURANCE COMPANY
SCHEDULE OF AFFILIATED INVESTMENTS
MARCH 31, 2020 AND JUNE 30, 2020 COMPARISON

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value March 31, 2020	Book/ Adjusted Carrying Value June 30, 2020	Change
00405@AA7	ACADEMY FINANCIAL ASSETS	\$ 19,698,000	\$ 20,484,799	\$ 20,484,799	\$ -
37940*AA3	ACADEMY FINANCIAL ASSETS	8,462,891	8,873,861	8,873,861	-
9941326T3	ACADEMY FINANCIAL ASSETS - REVOLVER **	33,905,524	39,905,524	39,905,524	-
9941328T5	ACADEMY FINANCIAL ASSETS FKA AFI PROMISSORY NOTE	24,196,820	32,173,169	32,173,169	-
9941327T4	AFA FKA AFI TERM	5,674,149	5,950,782	5,950,782	-
9941329T6	AFA FKA GIC SR. NOTE	21,700,000	23,308,921	23,308,921	-
00856#AD3	AGERA ENERGY LLC	35,000,000	1	1	-
9941268Z6	ALPHARETTA	2,097,465	1,979,348	1,979,348	-
00224#AA4	AR PURCHASING SOLUTIONS 2, LLC	2,841,811	3,111,299	3,111,299	-
00223@AA7	AR PURCHASING SOLUTIONS, LLC	2,140,418	2,582,877	2,586,124	3,247
K0004@AA0	AT DENMARK INVESTMENTS	8,534,551	8,934,166	8,934,166	-
04686@AA9	AUGUSTA ASSET MANAGEMENT, INC	4,271,474	4,419,464	4,419,464	-
05777@AA6	BALDWIN ASSET MANAGEMENT, INC	21,225,457	21,656,067	21,656,067	-
06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	62,212,661	37,385,685	-	(37,385,685)
06739FJM4	BARCLAYS BANK PLC	76,399,342	42,758,719	42,758,923	204
13972#AA1	CAPITAL ASSET MANAGEMENT III, LLC	29,625,000	29,420,746	29,420,746	-
13973@AA2	CAPITAL ASSETS FUND I, LLC	60,007,146	64,778,809	64,778,807	(3)
9941317V6	CAPITAL ASSETS FUND IV, LLC	42,910,111	34,910,113	34,910,113	-
9941317U8	CAPITAL ASSETS FUND V, LLC	41,443,522	38,612,222	38,612,222	-
16230#AA2	CHATWORTH ASSET MANAGEMENT, INC.	22,384,145	23,106,101	23,106,101	-
20465#AA0	COMPLYSMART, LLC	3,002,000	3,161,427	3,161,427	-
99467UAA5	CV INVESTMENTS	37,372,872	-	37,385,957	37,385,957
23570*AA0	DAMASCUS ASSET MANAGEMENT, INC.	18,791,160	19,383,002	19,383,002	-
29412#AA5	EPHESUS ASSET MANAGEMENT, INC.	21,139,806	21,687,850	21,687,850	-
34610#AA5	FOREST PARK ASSET MANAGEMENT, INC.	17,246,459	17,784,595	17,784,595	-
35472MAA4	FRANKLIN STR 2018-1 LLC	47,990,349	16,320,000	16,320,000	-
40905#AA6	HAMPTON ASSET MANAGEMENT, INC	22,097,474	22,873,845	22,873,845	-
9941557U3	HPCSP INVESTMENTS PROMISORY NOTE	4,051,293	4,051,293	4,051,293	-
9941556V4	HPCSP INVESTMENTS SENIOR NOTE	7,016,140	7,333,764	7,333,764	-
G4919@AA1	INTRALAN INVESTMENTS LIMITED	4,152,310	4,345,388	4,345,388	-
46275@AA7	IRON CITY ASSET MANAGEMENT, INC.	25,275,943	22,778,831	22,778,831	-
46563@AA8	ITECH FUNDING LLC	19,281,368	20,313,840	20,313,840	-
46662#AA6	JACKSON ASSET MANAGEMENT, INC.	20,725,423	21,451,969	21,451,969	-
49803@AA2	KITE ASSET MANAGEMENT INC	34,622,923	36,059,525	36,059,843	318
51703#AA7	LARES, LLC	4,489,111	4,661,314	4,661,314	-
53250#AA0	LILY ASSET MANAGEMENT INC	33,084,925	34,045,395	34,045,395	-
57187#AA9	MARSHALLA ASSET MANAGEMENT, LLC	31,082,941	32,271,283	32,271,283	-
9947669V1	NIH CAPITAL, LLC	11,407,477	11,407,477	11,407,477	-
65532NAA7	NOM GB 2018 I LLC	2,213,899	1,284,026	1,283,914	(112)
69902#AA8	PARADISE ASSET MANAGEMENT INC	39,700,000	30,317,533	30,317,533	-
69322@AA2	PCF LLC	3,196,289	3,303,180	-	(3,303,180)
72083RAA7	PIERRE MENDES LLC	59,999,993	41,835,018	41,835,018	-
77294@AA9	ROCKDALE ASSET MANAGEMENT INC	39,700,000	30,706,108	30,706,108	-
X7552#AC1	STANDARD FINANCIAL LIMITED	3,819,822	4,069,925	4,069,925	-
86576#AA7	SUMMERVILLE ASSET MANAGEMENT, INC.	23,752,824	23,301,977	23,301,977	-
90225@AA6	TYBEE ISLAND ASSET MANAGEMENT, INC.	28,743,436	29,551,630	29,549,763	(1,868)
9944639X1	CV INVESTMENTS, LLC	12,590,691	12,590,627	12,590,627	-
9942228W1	GILFORD ASSET MANAGEMENT, LLC	1,771,121	1,771,121	1,771,121	-
9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	21,346,767	21,346,767	21,346,767	-
9941317T1	CAPITAL ASSETS FUND II, LLC	33,555,104	31,703,735	31,703,735	-
Total Affiliated Investments		1,157,950,407	976,065,115	972,763,994	(3,301,121)

Summary of activity (rounded to hundred-thousands)

Decrease in PPN positions due to BMO unwinding	(37,386,000)
Increase in loans due to BMO underlying assignments	37,386,000
Decrease due to PCF payoff	(3,303,000)
	<u>(3,303,000)</u>

** AFA Revolver Loan matured on 06/30, but the borrower failed to pay it off.

NORTH CAROLINA

WAKE 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, 2020, and a balance sheet, summary of operations, statement of cash flow, and schedule of affiliated investments as of June 30, 2020, 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, 2020, 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 17th day of August 2020.



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

NORTH CAROLINA

WAKE COUNTY

Sworn to and subscribed before me this

The 17th day of August 2020.
(Official Seal)


Notary Public

My Commission Expires:

June 21, 2024

