



**CERTIFICATE OF SERVICE**

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

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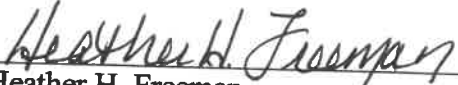
in the following manner:

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

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

This the 27<sup>th</sup> day of May 2020.

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**SOUTHLAND NATIONAL INSURANCE CORPORATION**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF MARCH 31, 2020,**  
**A BALANCE SHEET**  
**AS OF MARCH 31, 2020**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH MARCH 31, 2020**  
**AND**  
**A SCHEDULE OF AFFILIATED INVESTMENTS**  
**AS OF MARCH 31, 2020**

## **INTRODUCTION**

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### **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 March 31, 2020, and a summary of operations and statement of cash flow through March 31, 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**

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#### **COMPANY PROPERTY**

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

#### **MEMORANDUM OF UNDERSTANDING AND INTERIM LOAN AGREEMENT**

On June 27, 2019, the Company entered into a Memorandum of Understanding ("MOU") and Interim Loan Amendment ("ILA") 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 ILA; (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 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 63% of its assets invested in affiliated investments as of March 31, 2020.
- Affiliated assets represent 1,022% of surplus.

### **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 the following lawsuits:

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

The case was filed on February 18, 2015 and amended on December 2, 2015 to add the Company 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.

The parties filed post-trial motions which remain pending. 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. 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. An order lifting the stay and injunction as to SNIC is expected to be entered, thereby allowing Plaintiff's 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, 40<sup>th</sup> Judicial District Court, Parish of St. John the Baptist, State of Louisiana***

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

A response was filed in early June 2019.

Counsel for defendants requested counsel for plaintiffs dismiss or stay the case which he has 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 and injunctive relief. The motion to stay was granted on March 19, 2020.

***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. 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.

***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, Southland National Insurance Corporation moved to stay the action on notice of the North Carolina North Carolina Rehabilitation order staying and granting and injunctive relief. The motion was granted on March 9, 2020 and the action was placed on the Administrative Docket.

#### **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 April 30, 2020, 8 hardship cases have been received. 2 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.

#### **DISBURSEMENTS**

During the quarter, the following expenses were incurred:

- \$69,311 to Asset Allocation & Management Company, LLC for investment management services
- \$7,407 to Bryan Cave Leighton Paisner for legal services
- \$119,600 to Davis Polk for legal services
- \$16,107 to Deloitte Tax, LLP for tax services
- \$7,350 to Dentons for legal services
- \$5,171 to Ellis Winters for legal services
- \$31,200 to FTI Consulting for forensic accounting services
- \$105,275 to Gordian Group for investment advisory services
- \$11,275 to Kirsch & Niehaus for legal services
- \$144,535 to Noble Consulting Services, Inc. for rehabilitation services
- \$220,003 to Williams Mullen for legal services



**INTRODUCTION TO SOUTHLAND NATIONAL INSURANCE CORPORATION  
FINANCIAL STATEMENTS  
AS OF MARCH 31, 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 March 31, 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 March 31, 2020, the Company has \$177MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$195MM.

STATEMENT AS OF MARCH 31, 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 .....	154,072,318		154,072,318	162,280,018
2. Stocks:				
2.1 Preferred stocks .....	43,468,711		43,468,711	43,458,667
2.2 Common stocks .....	271	271		5,848
3. Mortgage loans on real estate:				
3.1 First liens .....	886,019		886,019	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 (\$ .....1,276,958 ), cash equivalents (\$ .....71,183,704 ) and short-term investments (\$ ..... ) .....	72,460,662		72,460,662	71,720,155
6. Contract loans (including \$ ..... premium notes) .....	5,038,312		5,038,312	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) .....	285,097,526	9,000,271	276,097,255	283,749,044
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	2,362,484		2,362,484	815,033
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	206,144		206,144	363,232
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	1,598,158		1,598,158	1,741,922
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	20,597		20,597	18,145
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....	349,162	347,410	1,752	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 .....	10,492,642	10,492,642		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 .....	25		25	25
24. Health care (\$ ..... ) and other amounts receivable .....	5,326		5,326	
25. Aggregate write-ins for other-than-invested assets .....	463,470	206,820	256,650	87,420
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	303,073,369	20,047,143	283,026,226	289,296,625
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	303,073,369	20,047,143	283,026,226	289,296,625
<b>DETAILS OF WRITE-INS</b>				
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 .....	206,820	206,820		
2502. Miscellaneous Receivable .....	258,445		258,445	67,496
2503. Premiums in Transit .....	(1,795)		(1,795)	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) .....	463,470	206,820	256,650	87,420

STATEMENT AS OF MARCH 31, 2020 OF THE Southland National Insurance Corporation

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ ..... less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	273,890,457	276,819,757
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	84,025	87,539
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....		
4. Contract claims:		
4.1 Life .....		
4.2 Accident and health .....	2,899,472	2,958,129
5. Policyholders' dividends/refunds to members \$ ..... and coupons \$ ..... due and unpaid .....	115,320	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) .....	81,801	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 .....	309,296	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 \$ .....60,786 assumed and \$ ..... ceded .....	60,786	27,151
9.4 Interest Maintenance Reserve .....	8,407,704	8,339,666
10. Commissions to agents due or accrued-life and annuity contracts \$ ..... accident and health \$ ..... and deposit-type contract funds \$ .....		
11. Commissions and expense allowances payable on reinsurance assumed .....	331,650	335,077
12. General expenses due or accrued .....	499,510	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 .....	35,778	36,004
17. Amounts withheld or retained by reporting entity as agent or trustee .....	(1,868)	60,078
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....		
19. Remittances and items not allocated .....	8,387	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 .....	9,162,907	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 .....	2,541,513	1,409,887
24.05 Drafts outstanding .....		
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 .....	1,519	238,801
24.11 Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	443,089	443,566
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	298,871,346	300,026,928
27. From Separate Accounts statement .....		
28. Total liabilities (Lines 26 and 27) .....	298,871,346	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) .....	(82,630,924)	(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) .....	(17,347,838)	(12,233,021)
38. Totals of Lines 29, 30 and 37 .....	(15,845,120)	(10,730,303)
39. Totals of Lines 28 and 38 (Page 2, Line 28 Col. 3) .....	283,026,226	289,296,625
<b>DETAILS OF WRITE-INS</b>		
2501. Deferred Compensation Liability .....	377,483	381,719
2502. Miscellaneous liabilities .....		
2503. Escheat .....	65,606	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) .....	443,089	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	2,120,771	2,756,106	117,994,485
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	2,142,784	2,988,695	13,457,058
4. Amortization of Interest Maintenance Reserve (IMR)	301,126	135,596	1,122,313
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	13,370	1,296,005	(1,286,487)
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	989	4,244	36,897
9. Totals (Lines 1 to 8.3)	4,579,040	7,180,646	131,314,276
10. Death benefits	5,900,974	3,524,343	18,875,455
11. Matured endowments (excluding guaranteed annual pure endowments)	3,320		10,688
12. Annuity benefits	80,336	1,166,177	2,004,899
13. Disability benefits and benefits under accident and health contracts	323,485	917,077	4,695,983
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	134,050	218,381	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	(2,932,814)	(3,037,371)	92,741,069
20. Totals (Lines 10 to 19)	3,509,351	2,788,607	119,150,592
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	5,031	1,920	5,985
22. Commissions and expense allowances on reinsurance assumed	998,216	1,113,749	4,242,126
23. General insurance expenses and fraternal expenses	2,563,379	3,323,548	13,684,859
24. Insurance taxes, licenses and fees, excluding federal income taxes	262,119	188,583	598,234
25. Increase in loading on deferred and uncollected premiums	(117,285)	(50,769)	847,288
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions		1,734,458	3,953,262
28. Totals (Lines 20 to 27)	7,220,811	9,100,096	142,482,347
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(2,641,771)	(1,919,450)	(11,168,071)
30. Dividends to policyholders and refunds to members	20,736	23,647	81,377
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(2,662,507)	(1,943,097)	(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)	(2,662,507)	(1,943,097)	(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)	(1,420,582)		(3,385,949)
35. Net income (Line 33 plus Line 34)	(4,083,089)	(1,943,097)	(13,705,077)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	10,730,303	21,903,701	21,903,701
37. Net income (Line 35)	(4,083,089)	(1,943,097)	(13,705,077)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ (32,263)	12,911	40,530	2,335
39. Change in net unrealized foreign exchange capital gain (loss)	(134,283)		52,015
40. Change in net deferred income tax	828,557	(985,142)	5,493,195
41. Change in nonadmitted assets	(766,907)	(34,495)	(15,984,754)
42. Change in liability for reinsurance in unauthorized and certified companies			749,364
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(972,006)	(113,562)	(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		249,647	2,003,588
54. Net change in capital and surplus (Lines 37 through 53)	(5,114,817)	(3,285,413)	(32,634,004)
55. Capital and surplus as of statement date (Lines 36 + 54)	(15,845,120)	18,618,288	(10,730,303)
<b>DETAILS OF WRITE-INS</b>			
08.301. Other Income	989	4,244	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)	989	4,244	36,897
2701. Investment Credits to Reinsurers		1,733,615	3,942,348
2702. Fines and Penalties		843	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)		1,734,458	3,953,262
5301. Initial Ceding Commission STD RE Less Amortization - SNRC/SNG/STD RE			
5302. Reinsurance recapture		(249,647)	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)		(249,647)	2,003,588

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	2,629,547	2,912,438	116,621,507
2. Net investment income	607,491	3,137,502	10,578,329
3. Miscellaneous income	14,359	1,300,249	(1,259,590)
4. Total (Lines 1 to 3)	3,251,397	7,350,189	125,940,246
5. Benefit and loss related payments	6,633,351	6,374,771	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	3,725,469	6,391,920	22,245,128
8. Dividends paid to policyholders	21,992	23,647	90,669
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		8,055	14,448
10. Total (Lines 5 through 9)	10,380,812	12,798,393	48,335,257
11. Net cash from operations (Line 4 minus Line 10)	(7,129,415)	(5,448,204)	77,604,989
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	17,079,290	24,113,924	168,549,802
12.2 Stocks			132,606
12.3 Mortgage loans	13,084	242,577	1,319,943
12.4 Real estate		203,977	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		5,743,418	5,943,026
12.8 Total investment proceeds (Lines 12.1 to 12.7)	17,092,374	30,303,895	181,691,762
13. Cost of investments acquired (long-term only):			
13.1 Bonds	10,033,376	11,700,897	72,915,799
13.2 Stocks			11,626,672
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	237,282		5,013,758
13.7 Total investments acquired (Lines 13.1 to 13.6)	10,270,658	11,700,897	89,556,229
14. Net increase (or decrease) in contract loans and premium notes	115,128	1,555	
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	6,706,598	18,604,552	92,135,553
<b>Cash from Financing and Miscellaneous Sources</b>			
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)	1,163,334	(1,750,923)	(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)	1,163,334	(1,750,923)	(135,273,125)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	740,507	11,405,425	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)	72,460,662	48,658,163	71,720,155

SOUTHLAND NATIONAL INSURANCE CORPORATION  
SCHEDULE OF AFFILIATED INVESTMENTS  
DECEMBER 31, 2019 AND MARCH 31, 2020 COMPARISON

Trust account	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value December 31, 2019	Book/ Adjusted Carrying Value March 31, 2020	Change
NC Mutual	9941328T5	Academy Financial Assets, LLC	\$ 4,026,081	4,026,081	4,026,081	\$ -
N/A	9941328T5	Academy Financial Assets, LLC	1,661,739	1,661,739	1,661,739	-
N/A	9941327T4	AFA fka AFI Term	1,182,114	1,239,746	1,239,746	-
NC Mutual	9941329T6	AFA FKA GIC SR. NOTE	1,627,500	1,748,169	1,748,169	-
N/A	9941329T6	AFA FKA GIC SR. NOTE	3,797,500	4,079,061	4,079,061	-
NC Mutual	04686@AA9	Augusta Asset Management, LLC	5,125,769	5,303,356	5,303,356	-
N/A	05777@AA6	Baldwin Asset Management, LLC	8,561,868	8,852,574	8,854,050	1,476
NC Mutual	06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	10,000,000	6,008,500	6,008,500	-
N/A	06625@I26	BANKERS LIFE INSURANCE COMPANY	8,310,000	8,309,075	8,309,075	-
N/A	06739FM4	BARCLAYS BANK PLC	10,000,000	5,577,299	5,577,299	-
N/A	13973@AA2	CAPITAL ASSETS FUND I LLC	6,375,572	6,882,532	6,882,532	-
NC Mutual	9941317T1	CAPITAL ASSETS FUND II, LLC	5,258,038	5,258,038	5,258,038	-
NC Mutual	9941317V6	CAPITAL ASSETS FUND IV, LLC	5,236,750	5,236,750	5,236,518	(232)
NC Mutual	9941317U8	CAPITAL ASSETS FUND V, LLC	5,800,589	6,019,374	6,003,213	(16,161)
NC Mutual	9941318T3	Capital Assets Management II, LLC	1,775,937	1,770,915	1,775,937	5,022
N/A	9941318T3	Capital Assets Management II, LLC	1,775,938	1,770,915	1,775,937	5,022
N/A	19633@I29	COLORADO BANKERS LIFE INSURANCE COMPANY, INC.	24,000,000	24,000,000	24,000,000	-
N/A	19633@AA1	COLORADO BANKERS LIFE INSURANCE COMPANY, INC.	9,000,000	0	0	-
NC Mutual	9944639X1	CV Investments, LLC	2,055,028	2,055,028	2,055,028	-
NC Mutual	23570*AA0	Damascus Asset Management, LLC	5,020,727	5,178,859	5,178,859	-
N/A	23570*AA0	Damascus Asset Management, LLC	1,882,773	1,942,072	1,942,072	-
NC Mutual	29412#AA5	Ephesus Asset Management, LLC	3,261,153	3,363,731	3,363,976	245
N/A	29412#AA5	Ephesus Asset Management, LLC	6,179,026	6,373,384	6,373,849	464
NC Mutual	34610#AA5	Forest Park Asset Management, LLC	4,311,615	4,446,149	4,446,149	-
N/A	34610#AA5	Forest Park Asset Management, LLC	3,593,012	3,705,124	3,705,124	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	6,153,762	3,400,000	3,400,000	-
NC Mutual	9942228W1	Gilford Asset Management, LLC	294,695	294,695	294,695	-
NC Mutual	40905#AA6	Hampton Asset Management, LLC	3,629,545	3,757,053	3,757,053	-
N/A	40905#AA6	Hampton Asset Management, LLC	3,484,364	3,606,771	3,606,771	-
N/A	HPCSP_SENIOR	HPCSP INVESTMENTS	1,084,395	1,133,486	1,133,486	-
NC Mutual	9941557U3	HPCSP Investments, LLC	1,168,035	1,168,035	1,168,035	-
NC Mutual	46275@AA7	Iron City Asset Management, LLC	2,964,896	3,085,198	3,085,198	-
NC Mutual	46563@AA8	ITECH FUNDING LLC	3,223,492	3,396,102	3,392,882	(3,221)
N/A	46563@AA8	ITECH FUNDING LLC	4,244,796	4,472,095	4,467,854	(4,241)
NC Mutual	46662#AA6	Jackson Asset Management, LLC	3,048,617	3,155,477	3,155,671	194
NC Mutual	9947669V1	NIH Capital, LLC	949,042	949,041	949,041	-
N/A	9947669V1	NIH Capital, LLC	949,042	949,041	949,041	-
NC Mutual	65532NAA7	NOM GB 2018 I LLC	9,472,165	5,494,136	5,493,647	(489)
N/A	G6846#AA2	PBX Bermuda Holdings, LTD.	200,203	200,387	200,383	(4)
NC Mutual	72083RAA7	PIERRE MENDES LLC	8,999,999	6,275,253	6,275,253	-
N/A	86576#AA7	Summerville Asset Management, LLC	7,358,541	7,815,492	7,814,273	(1,219)
NC Mutual	87339#AA3	TAC INVESTMENTS LLC	3,233,263	3,360,141	3,360,141	-
		Total Affiliated Investments	\$ 200,277,581	\$ 177,320,876	\$ 177,307,734	\$ (13,142)

**SOUTHLAND NATIONAL REINSURANCE CORPORATION**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF MARCH 31, 2020,**  
**A BALANCE SHEET**  
**AS OF MARCH 31, 2020**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH MARCH 31, 2020**

## **INTRODUCTION**

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### **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 March 31, 2020, and a summary of operations and statement of cash flow through March 31, 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**

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#### **COMPANY PROPERTY**

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

#### **MEMORANDUM OF UNDERSTANDING AND INTERIM LOAN AGREEMENT**

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Loan Amendment (“ILA”) 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 ILA; (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 ILA 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.

*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. 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.

## **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.

## **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 MARCH 31, 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 March 31, 2020. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

Southland National Reinsurance Corporation  
Balance Sheet  
3/31/2020

	<u>Dec-19</u>	<u>3/31/2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
Fifth Third Bank - 5666	256,599	256,429
<b>Total Checking/Savings</b>	<u>256,599</u>	<u>256,429</u>
<b>Other Current Assets</b>		
<b>Total Other Current Assets</b>	<u>-</u>	<u>-</u>
<b>Total Current Assets</b>	256,599	256,429
<b>Other Assets</b>		
Deferred Tax Asset	(186,305)	1,709,096
<b>Total Other Assets</b>	<u>(186,305)</u>	<u>1,709,096</u>
<b>TOTAL ASSETS</b>	<u><u>70,294</u></u>	<u><u>1,965,525</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Other Current Liabilities</b>		
<b>Due to Affiliates</b>		
Due to ELI Research LLC	7,005	-
Due to GBIG	5,116,522	-
Due to Eli Global	-	-
<b>Total Due to Affiliates</b>	<u>5,123,527</u>	<u>-</u>
Accrued Expenses	9,596	-
Federal Income Taxes Payable	(5,504,022)	-
<b>Total Other Current Liabilities</b>	<u>(370,899)</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>(370,899)</u>	<u>-</u>
<b>Total Liabilities</b>	(370,899)	-
<b>Equity</b>		
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)	1,524,333
<b>Total Equity</b>	<u>441,193</u>	<u>1,965,525</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>70,294</u></u>	<u><u>1,965,525</u></u>

Southland National Reinsurance Corporation  
Income Statement  
Three Months ended 3/31/2020

	<u>Jan - Dec 19</u>	<u>Jan - Mar 20</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
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)	-
<b>Total Income</b>	<u>(312,333,277)</u>	<u>-</u>
<b>Expense</b>		
Bank Service Charges	1,345	169
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	-	-
<b>Total Expense</b>	<u>(283,652,579)</u>	<u>(5,132,954)</u>
<b>Net Ordinary Income</b>	<u>(28,680,699)</u>	<u>5,132,954</u>
<b>Other Income/Expense</b>		
<b>Other Income</b>		
<b>Investment Income</b>		
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	-	-
<b>Total Investment Income</b>	<u>17,758,178</u>	<u>-</u>
<b>Total Other Income</b>	<u>17,758,178</u>	<u>-</u>
<b>Other Expense</b>		
Federal Income Taxes- Current	-	-
Federal Income Taxes- Deferred	1,497,784	3,608,621
<b>Total Other Expense</b>	<u>1,497,784</u>	<u>3,608,621</u>
<b>Net Other Income</b>	<u>16,260,394</u>	<u>(3,608,621)</u>
<b>Net Income</b>	<u>(12,420,304)</u>	<u>1,524,333</u>

**Southland National Reinsurance Corporation**  
**Statement of Cash Flows**  
**Three Months ended 3/31/2020**

Cash flows from operating activities:	
Net income	1,524,333
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	(5,123,527)
Deferred acquisition costs	-
Future policy benefits	-
Unearned premium	-
Accrued expenses	(9,596)
Federal income tax receivable	-
Net cash provided by operating expenses	<u>(169)</u>
Cash flows from investing activities:	
Funds held by affiliates	-
Policy loans	-
Net cash used in investing activities	<u>-</u>
Net decrease in cash	(169)
Cash beginning of year	<u>256,599</u>
Cash end of period	<u><u>256,429</u></u>

**BANKERS LIFE INSURANCE COMPANY**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF MARCH 31, 2020,**  
**A BALANCE SHEET**  
**AS OF MARCH 31, 2020**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH MARCH 31, 2020**  
**AND**  
**A SCHEDULE OF AFFILIATED INVESTMENTS**  
**AS OF MARCH 31, 2020**

## INTRODUCTION

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### BACKGROUND

Bankers Life Insurance Company (hereinafter, “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 March 31, 2020, and a summary of operations and statement of cash flow through March 31, 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

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#### COMPANY PROPERTY

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

#### MEMORANDUM OF UNDERSTANDING AND INTERIM LOAN AGREEMENT

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Loan Amendment (“ILA”) 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 ILA; (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 16% of its assets invested in affiliated investments as of March 31, 2020.
- Affiliated assets represent 431% of surplus.

### **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 party to the following lawsuit.

***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. 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.

**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 April 30, 2020, 172 hardship cases have been received. 60 were approved, 55 were denied due to insufficient information, 45 were denied due to not meeting the hardship qualifications and 12 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.

**DISBURSEMENTS**

During the quarter, the following expenses were incurred:

- \$31,990 to Asset Allocation & Management Company, LLC for investment management services
- \$3,418 to Bryan Cave Leighton Paisner for legal services
- \$55,200 to Davis Polk for legal services
- \$7,434 to Deloitte Tax, LLP for tax services
- \$3,393 to Dentons for legal services
- \$2,387 to Ellis Winters for legal services
- \$14,400 to FTI Consulting for forensic accounting services
- \$48,589 to Gordian Group for investment advisory services
- \$5,204 to Kirsch & Niehaus for legal services
- \$66,708 to Noble Consulting Services, Inc. for rehabilitation services
- \$101,540 to Williams Mullen for legal services

**INTRODUCTION TO BANKERS LIFE INSURANCE COMPANY  
FINANCIAL STATEMENTS  
AS OF MARCH 31, 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 March 31, 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 March 31, 2020, the Company has \$53MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$92MM.

STATEMENT AS OF MARCH 31, 2020 OF THE 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	333,872,903		333,872,903	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 (\$ 321,787 ), cash equivalents (\$ 22,437,553 ) and short-term investments (\$ 2,001,605 )	24,760,945		24,760,945	20,948,547
6. Contract loans (including \$ 4,936 premium notes)	4,936		4,936	5,116
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	24,897
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)	364,226,593	0	364,226,593	374,942,587
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	3,291,045	89,442	3,201,603	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)	315		315	472
15.3 Accrued retrospective premiums (\$ ) and contracts subject to redetermination (\$ )			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	3,575,074		3,575,074	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	9,798,606	9,798,606	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	110,547		110,547	107,523
24. Health care (\$ ) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	591,092	591,092	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	381,593,272	10,479,140	371,114,132	382,556,342
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	381,593,272	10,479,140	371,114,132	382,556,342
<b>DETAILS OF WRITE-INS</b>				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Miscellaneous Receivables	161,186	161,186	0	0
2502. Negative Interest Maintenance Reserve	429,906	429,906	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)	591,092	591,092	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ ..... less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	346,756,229	346,671,162
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	0	0
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....	4,876,750	5,028,193
4. Contract claims:		
4.1 Life .....	232,344	212,063
4.2 Accident and health .....	0	0
5. Policyholders' dividends/refunds to members \$ ..... and coupons \$ ..... due and unpaid .....	0	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	0
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ ..... Modco) .....	0	0
6.3 Coupons and similar benefits (including \$ ..... Modco) .....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ ..... accident and health premiums .....	0	0
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....	0	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	0
9.3 Other amounts payable on reinsurance, including \$ ..... assumed and \$ ..... ceded .....	20,333	17,660
9.4 Interest Maintenance Reserve .....	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$ ..... and deposit-type contract funds \$ ..... .....	0	0
11. Commissions and expense allowances payable on reinsurance assumed .....	0	0
12. General expenses due or accrued .....	412,833	271,390
13. Transfers to Separate Accounts due or accrued (net) (including \$ ..... accrued for expense allowances recognized in reserves, net of reinsured allowances) .....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes .....	0	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	0
16. Unearned investment income .....	0	0
17. Amounts withheld or retained by reporting entity as agent or trustee .....	67,845	238,430
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....	0	0
19. Remittances and items not allocated .....	12,349	213,840
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0
21. Liability for benefits for employees and agents if not included above .....	0	0
22. Borrowed money \$ ..... and interest thereon \$ ..... .....	0	0
23. Dividends to stockholders declared and unpaid .....	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve .....	2,784	4,483,482
24.02 Reinsurance in unauthorized and certified (\$ ..... ) companies .....	0	0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ..... ) reinsurers .....	0	0
24.04 Payable to parent, subsidiaries and affiliates .....	1,025,860	1,023,920
24.05 Drafts outstanding .....	0	0
24.06 Liability for amounts held under uninsured plans .....	0	0
24.07 Funds held under coinsurance .....	0	0
24.08 Derivatives .....	0	0
24.09 Payable for securities .....	0	1,549,998
24.10 Payable for securities lending .....	0	0
24.11 Capital notes \$ ..... and interest thereon \$ ..... .....	0	0
25. Aggregate write-ins for liabilities .....	0	0
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	354,101,247	360,404,258
27. From Separate Accounts statement .....	0	0
28. Total liabilities (Lines 26 and 27) .....	354,101,247	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) .....	(30,610,910)	(25,471,710)
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... ) .....	0	0
36.2 ..... shares preferred (value included in Line 30 \$ ..... ) .....	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ ..... in Separate Accounts Statement) .....	14,012,885	19,152,084
38. Totals of Lines 29, 30 and 37 .....	17,012,885	22,152,084
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	371,114,132	382,556,342
<b>DETAILS OF WRITE-INS</b>		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0
3101. Deferred Gain on Ceded Reinsurance .....	0	(1)
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) .....	0	(1)
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0

## SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	164	530,773	263,354
2. Considerations for supplementary contracts with life contingencies			0
3. Net investment income	3,974,947	4,002,961	18,448,829
4. Amortization of Interest Maintenance Reserve (IMR)	7,347	(9,367)	(13,364)
5. Separate Accounts net gain from operations excluding unrealized gains or losses			0
6. Commissions and expense allowances on reinsurance ceded	16,366	28,767	93,671
7. Reserve adjustments on reinsurance ceded			0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			0
8.2 Charges and fees for deposit-type contracts	6,633	34,207	44,280
8.3 Aggregate write-ins for miscellaneous income	(6,563)	4,210	22,564
9. Totals (Lines 1 to 8.3)	3,998,894	4,591,551	18,859,334
10. Death benefits	48,076	69,363	147,593
11. Matured endowments (excluding guaranteed annual pure endowments)			0
12. Annuity benefits	10,331	6,659	197,002
13. Disability benefits and benefits under accident and health contracts			0
14. Coupons, guaranteed annual pure endowments and similar benefits			0
15. Surrender benefits and withdrawals for life contracts	3,193,641	5,810,809	21,813,671
16. Group conversions			0
17. Interest and adjustments on contract or deposit-type contract funds	45,235	48,788	199,509
18. Payments on supplementary contracts with life contingencies	41,904	5,448	205,432
19. Increase in aggregate reserves for life and accident and health contracts	85,065	(2,859,401)	(10,031,712)
20. Totals (Lines 10 to 19)	3,424,252	2,981,666	12,531,495
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)		2,450	22,547
22. Commissions and expense allowances on reinsurance assumed			0
23. General insurance expenses and fraternal expenses	1,105,152	1,849,860	7,560,554
24. Insurance taxes, licenses and fees, excluding federal income taxes	127,449	295,549	530,297
25. Increase in loading on deferred and uncollected premiums	(210)	419	(4)
26. Net transfers to or (from) Separate Accounts net of reinsurance			0
27. Aggregate write-ins for deductions	148	1,144	65,011
28. Totals (Lines 20 to 27)	4,656,791	5,131,088	20,709,900
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(657,897)	(539,537)	(1,850,566)
30. Dividends to policyholders and refunds to members			0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(657,897)	(539,537)	(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)	(657,897)	(539,537)	(2,107,024)
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)	(8,347,172)	24,064	(2,289,117)
35. Net income (Line 33 plus Line 34)	(9,005,069)	(515,473)	(4,396,141)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	22,152,084	32,579,203	32,579,203
37. Net income (Line 35)	(9,005,069)	(515,473)	(4,396,141)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ (118,262)	(444,875)	(3,886)	110,000
39. Change in net unrealized foreign exchange capital gain (loss)	(690)		0
40. Change in net deferred income tax	1,945,860	495,373	1,741,945
41. Change in nonadmitted assets	(2,115,123)	(2,171,205)	(5,314,675)
42. Change in liability for reinsurance in unauthorized and certified companies			0
43. Change in reserve on account of change in valuation basis, (increase) or decrease			0
44. Change in asset valuation reserve	4,480,698	(215,781)	(2,543,706)
45. Change in treasury stock			0
46. Surplus (contributed to) withdrawn from Separate Accounts during period			0
47. Other changes in surplus in Separate Accounts Statement			0
48. Change in surplus notes			0
49. Cumulative effect of changes in accounting principles			0
50. Capital changes:			
50.1 Paid in			0
50.2 Transferred from surplus (Stock Dividend)			0
50.3 Transferred to surplus			0
51. Surplus adjustment:			
51.1 Paid in			0
51.2 Transferred to capital (Stock Dividend)			0
51.3 Transferred from capital			0
51.4 Change in surplus as a result of reinsurance			0
52. Dividends to stockholders			0
53. Aggregate write-ins for gains and losses in surplus	0	(10,519)	(24,542)
54. Net change in capital and surplus (Lines 37 through 53)	(5,139,199)	(2,421,491)	(10,427,119)
55. Capital and surplus as of statement date (Lines 36 + 54)	17,012,885	30,157,712	22,152,084
<b>DETAILS OF WRITE-INS</b>			
08.301. Commissions, Service & Issue Fees and Other	(6,563)	4,210	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)	4,210	22,564
2701. Reinsurance Funds Withheld Investment Income		1,144	0
2702. Miscellaneous Expenses			63,383
2703. Fines & Penalties	148	0	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)	148	1,144	65,011
5301. Deferred Gain on Ceded Reinsurance		(10,519)	(24,542)
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	0	(10,519)	(24,542)

STATEMENT AS OF MARCH 31, 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
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	531	530,509	263,356
2. Net investment income.....	3,091,599	4,030,968	17,286,978
3. Miscellaneous income.....	16,436	67,184	160,515
4. Total (Lines 1 to 3).....	3,108,566	4,628,682	17,710,849
5. Benefit and loss related payments.....	1,572,684	3,028,841	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.....	1,154,612	2,160,684	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).....	2,727,296	5,189,505	19,758,636
11. Net cash from operations (Line 4 minus Line 10).....	381,270	(560,843)	(2,047,786)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	22,014,517	27,691,814	110,916,444
12.2 Stocks.....	13,300	0	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.....	108,272	(12)	810
12.7 Miscellaneous proceeds.....	0	7,052,863	4,709,698
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	22,136,089	34,744,665	115,738,254
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	16,654,565	20,199,330	163,322,448
13.2 Stocks.....	0	0	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.....	1,525,594	1,057,697	3,371,438
13.7 Total investments acquired (Lines 13.1 to 13.6).....	18,180,159	21,257,027	172,171,849
14. Net increase (or decrease) in contract loans and premium notes.....	0	(725)	(36,643)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	3,955,930	13,488,363	(56,396,952)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(151,443)	452,830	297,449
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	(373,358)	(228,177)	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).....	(524,802)	224,654	1,076,835
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	3,812,398	(13,152,174)	(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).....	24,760,945	91,468,624	20,948,547

**BANKERS LIFE INSURANCE COMPANY  
SCHEDULE OF AFFILIATED INVESTMENTS  
DECEMBER 31, 2019 AND MARCH 31, 2020 COMPARISON**

Trust Account	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value December 31, 2019	Book/ Adjusted Carrying Value March 31, 2020	Change
N/A	9947669V1	NIH CAPITAL, LLC	759,233	759,233	759,233	-
N/A	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	2,842,897	2,842,897	2,842,897	-
N/A	9941557U3	HPCSP INVESTMENTS, LLC	584,018	584,018	584,018	-
N/A	9941327T4	AFA fka AFI Term	619,117	619,117	619,117	-
N/A	9941329T6	AFA FKA GIC SR. NOTE	2,330,892	2,330,892	2,330,892	-
N/A	04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	4,419,464	4,419,464	4,419,464	-
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	1,087,006	1,087,187	1,087,187	-
N/A	06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	3,004,250	3,004,250	3,004,250	-
N/A	06739FJM4	BARCLAYS BANK PLC	3,368,280	3,368,280	3,368,280	-
N/A	13973@AA2	CAPITAL ASSETS FUND I LLC	3,441,266	3,441,266	3,441,266	-
N/A	37562#AA6	Gilford Asset Management, LLC	4,657,319	4,657,319	4,657,319	-
N/A	37940*AA3	Academy Financial Assets, LLC	3,298,955	3,298,955	3,298,955	-
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	901,693	901,693	901,693	-
N/A	46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	771,262	771,262	771,262	-
N/A	46563@AA8	ITECH FUNDING LLC	1,075,993	1,074,972	1,074,972	-
N/A	46662#AA6	JACKSON ASSET MANAGEMENT, LLC	788,869	788,918	788,918	-
N/A	86576#AA7	SUMMerville ASSET MANAGEMENT, LLC	1,067,678	1,067,498	1,067,498	-
N/A	87339#AA3	TAC INVESTMENTS LLC	5,657,946	5,657,946	5,657,946	-
N/A	9941317U8	CAPITAL ASSETS FUND V, LLC	4,012,869	4,017,619	4,017,619	-
N/A	9941317V6	CAPITAL ASSETS FUND IV, LLC	3,491,012	3,491,012	3,491,012	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	1,700,000	1,700,000	1,700,000	-
N/A	65532NAA7	NOM GB 2018 I LLC	1,055,913	1,055,252	1,055,156	(95)
N/A	72083RAA7	PIERRE MENDES LLC	4,183,502	4,183,502	4,183,502	-
N/A	9944639X1	CV INVESTMENTS, LLC	1,102,461	1,102,461	1,102,461	-
N/A	9942228W1	GILFORD ASSET MANAGEMENT, LLC	147,347	147,347	147,347	-
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,365,633	1,365,629	1,365,629	-
N/A	9941317T1	CAPITAL ASSETS FUND II, LLC	2,627,968	2,627,968	2,627,968	-
<b>Total Affiliated Investments</b>			<b>60,362,841</b>	<b>60,365,955</b>	<b>60,365,860</b>	<b>(95)</b>

**COLORADO BANKERS LIFE INSURANCE COMPANY**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF MARCH 31, 2020,**  
**A BALANCE SHEET**  
**AS OF MARCH 31, 2020**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH MARCH 31, 2020**  
**AND**  
**A SCHEDULE OF AFFILIATED INVESTMENTS**  
**AS OF MARCH 31, 2020**



## **INTRODUCTION**

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### **BACKGROUND**

Colorado Bankers Life Insurance Company (hereinafter, “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 March 31, 2020, and a summary of operations and statement of cash flow through March 31, 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**

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### **COMPANY PROPERTY**

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

### **MEMORANDUM OF UNDERSTANDING AND INTERIM LOAN AGREEMENT**

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Loan Amendment (“ILA”) 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 ILA; (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, so 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 37% of its assets invested in affiliated investments as of March 31, 2020.
- Affiliated assets represent 1,306% of surplus.
- In June 2019, the Company extended a \$40m line of credit (LOC) to American Financial Academy, LLC, an affiliate, for liquidity purposes. As of March 31, 2020, \$39.9m had been advanced. The LOC requires monthly interest payments and matures on June 27, 2020.

### REINSURANCE

The Company entered into a reinsurance agreement with Nederlandsche Algemeene Maatschappij Van Levensverzekering “Conservatrix” N.V. (Conservatrix). The agreement was originally effective March 31, 2017 and provided for CBLIC 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, at the time of the Order, the Company is a party to the following lawsuits:

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

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

Plaintiff filed a second amended complaint on February 7, 2019, along with written discovery. The complaint joined new party defendants. Those new defendants were: Greg Lindberg; Southland National Holdings, Inc.; Global Bankers Insurance Group, LLC; SNA Capital, LLC;

and Bankers Reinsurance Company Ltd. The newly-joined defendants, including Southland National Holdings, Inc., moved to dismiss the complaint on March 18. This motion remains pending. Further, the Court entered an order continuing the April 23, 2019 trial setting, 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 North Carolina Rehabilitation order staying and granting and 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 sale of life insurance policies.

Discovery was conducted with an anticipated trial date in December 2019.

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

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

The case was filed on October 17, 2018. The Company sued Avalon, alleging default on credit facility for 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 Colorado Bankers Life Insurance Company, the court extended the Receivership through April 20, 2020, when a status conference was scheduled to occur. 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 rescheduled the status conference to June 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 the Colorado Bankers Life Insurance Company's policies of Respondent.

Joinder was filed adding GBIG, LLC as defendant in divorce proceeding on May 22, 2019. Defendant/Husband is a policyholder of Colorado Bankers Life Insurance Company. 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, which remains pending and will be heard on June 16, 2020. A case management conference is scheduled for June 1, 2020.

***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. 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.

***Colorado Bankers Life Insurance Company v. Nederlandsche Algemeene Maatschappij Van Levensversicherung 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 Levensversicherung 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 ("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 TRO was extended by agreement of the parties until March 2, 2020. Due to COVID-19, all proceedings have been delayed to June 1, 2020.

***Colorado Bankers Life Insurance Company v. Academy Financial Assets, LLC, Case No. 20 CVS 004732, Wake County, North Carolina.***

This case was filed on April 1, 2020, 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 following Defendant's default of the payment terms. 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 April 30, 2020, 984 hardship cases have been received. 511 were approved, 326 were denied due to insufficient information, 83 were denied due to not meeting the hardship qualifications and 64 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.

**DISBURSEMENTS**

During the quarter, the following expenses were incurred:

- \$165,280 to Asset Allocation & Management Company, LLC for investment management services
- \$17,662 to Bryan Cave Leighton Paisner for legal services
- \$285,200 to Davis Polk for legal services
- \$38,409 to Deloitte Tax, LLP for tax services
- \$17,528 to Dentons for legal services
- \$12,331 to Ellis Winters for legal services
- \$74,400 to FTI Consulting for forensic accounting services
- \$251,041 to Gordian Group for investment advisory services
- \$26,886 to Kirsch & Niehaus for legal services
- \$344,659 to Noble Consulting Services, Inc. for rehabilitation services
- \$524,622 to Williams Mullen for legal services

**INTRODUCTION TO COLORADO BANKERS LIFE INSURANCE COMPANY**  
**FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 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 March 31, 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 March 31, 2020, the Company has \$939MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$863MM.

STATEMENT AS OF MARCH 31, 2020 OF THE Colorado 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 .....	2,367,470,033		2,367,470,033	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) .....	5,884,000		5,884,000	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 (\$ .....47,354,986 ), cash equivalents (\$ .....52,873,838 ) and short-term investments (\$ .....4,503,613 ) .....	104,732,437		104,732,437	81,623,302
6. Contract loans (including \$ ..... premium notes) .....	8,325,201		8,325,201	8,206,865
7. Derivatives .....	11,657		11,657	835,687
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	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) .....	2,556,180,877	0	2,556,180,877	2,578,687,305
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	24,902,736		24,902,736	13,555,979
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	641,476	229,559	411,917	590,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	8,506,281		8,506,281	8,853,863
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	322,847	182,034	140,813	207,312
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....	37,644		37,644	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 .....	45,573,256	45,573,256	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 .....	1,527,916		1,527,916	582,248
24. Health care (\$ ..... ) and other amounts receivable .....			0	19,647
25. Aggregate write-ins for other-than-invested assets .....	5,067,123	4,567,123	500,000	500,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,656,988,728	50,551,972	2,606,436,756	2,605,829,189
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	2,656,988,728	50,551,972	2,606,436,756	2,605,829,189
<b>DETAILS OF WRITE-INS</b>				
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 .....	1,218,667	718,667	500,000	500,000
2502. Negative Interest Maintenance Reserve .....	3,848,456	3,848,456	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) .....	5,067,123	4,567,123	500,000	500,000

STATEMENT AS OF MARCH 31, 2020 OF THE Colorado 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) _____	2,335,320,482	2,327,663,534
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve) _____	901,713	885,671
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve) _____	11,299,781	11,827,425
4. Contract claims:		
4.1 Life _____	9,811,432	10,374,710
4.2 Accident and health _____	160,233	160,723
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 _____	938,563	1,069,916
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 _____	3,264,913	5,338,382
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 \$ _____	11,769	15,313
11. Commissions and expense allowances payable on reinsurance assumed _____		0
12. General expenses due or accrued _____	1,674,302	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 _____	125,440	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 _____	165,590	1,455,378
18. Amounts held for agents' account, including \$ _____ agents' credit balances _____		0
19. Remittances and items not allocated _____	2,105,237	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 _____	38,803,099	24,841,014
24.02 Reinsurance in unauthorized and certified (\$ _____) companies _____		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers _____	115,053,711	118,172,454
24.04 Payable to parent, subsidiaries and affiliates _____	9,301,577	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 _____		0
24.10 Payable for securities lending _____		0
24.11 Capital notes \$ _____ and interest thereon \$ _____		0
25. Aggregate write-ins for liabilities _____	286,500	286,561
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) _____	2,529,224,342	2,517,466,342
27. From Separate Accounts statement _____		0
28. Total liabilities (Lines 26 and 27) _____	2,529,224,342	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 _____	8,262,414	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) _____	(147,526,020)	(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) _____	74,712,414	85,862,847
38. Totals of Lines 29, 30 and 37 _____	77,212,414	88,362,847
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) _____	2,606,436,756	2,605,829,189
<b>DETAILS OF WRITE-INS</b>		
2501. Unclaimed Property _____	286,500	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) _____	286,500	286,561
3101. Deferred Gain on Reinsurance _____	8,262,414	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) _____	8,262,414	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



STATEMENT AS OF MARCH 31, 2020 OF THE Colorado 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	10,280,017	26,700,836	273,736,519
2. Considerations for supplementary contracts with life contingencies	104,754	0	112,190
3. Net investment income	22,539,508	27,521,247	116,422,980
4. Amortization of Interest Maintenance Reserve (IMR)	113,406	85,018	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	181,280	1,141,917	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	164,173	401,360	1,242,998
9. Totals (Lines 1 to 8.3)	33,383,138	55,851,378	394,144,693
10. Death benefits	1,160,667	4,603,018	10,964,490
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0
12. Annuity benefits	2,359,794	863,309	5,241,430
13. Disability benefits and benefits under accident and health contracts	1,700,597	1,927,358	6,111,267
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0
15. Surrender benefits and withdrawals for life contracts	12,623,462	19,006,812	85,254,667
16. Group conversions	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	67,424	59,994	493,304
18. Payments on supplementary contracts with life contingencies	33,583	33,583	60,509
19. Increase in aggregate reserves for life and accident and health contracts	7,722,647	8,557,129	215,319,006
20. Totals (Lines 10 to 19)	25,634,591	35,051,203	323,444,673
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	2,206,222	4,096,669	13,479,662
22. Commissions and expense allowances on reinsurance assumed	167,813	158,507	581,258
23. General insurance expenses and fraternal expenses	7,406,400	8,404,276	37,612,903
24. Insurance taxes, licenses and fees, excluding federal income taxes	727,133	1,349,677	3,193,727
25. Increase in loading on deferred and uncollected premiums	(624,972)	(266,472)	(1,847,550)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	0
27. Aggregate write-ins for deductions	269,224	3,573,900	8,499,917
28. Totals (Lines 20 to 27)	35,786,411	52,367,760	384,964,590
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(2,403,273)	3,483,618	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)	(2,403,273)	3,483,618	9,180,103
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(11,423,850)	312,460	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)	9,020,577	3,171,158	6,615,362
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ transferred to the IMR (excluding taxes of \$ transferred to the IMR)	(1,492,177)	7,461	(77,598,650)
35. Net income (Line 33 plus Line 34)	7,528,400	3,178,619	(70,983,288)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	88,362,847	194,584,228	194,584,228
37. Net income (Line 35)	7,528,400	3,178,619	(70,983,288)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(725,222)	487,654	1,534,023
39. Change in net unrealized foreign exchange capital gain (loss)	(1,190,129)	(1,924,597)	(1,265,948)
40. Change in net deferred income tax	(10,117,154)	(4,935,134)	19,933,610
41. Change in nonadmitted assets	7,479,221	(14,247,622)	(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	(13,962,085)	(2,402,822)	(16,230,816)
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	(163,464)	(304,813)	(991,520)
54. Net change in capital and surplus (Lines 37 through 53)	(11,150,433)	(20,148,715)	(106,221,381)
55. Capital and surplus as of statement date (Lines 36 + 54)	77,212,414	174,435,513	88,362,847
<b>DETAILS OF WRITE-INS</b>			
08.301. Commissions, Service & Issue Fees and Other	20,263	204,401	455,162
08.302. Amortization of Surplus due to IMR	143,910	196,959	787,836
08.303.	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)	164,173	401,360	1,242,998
2701. Modified Coinsurance Expense	(14,862)	(141,291)	(75,525)
2702. Reinsurance funds withheld Investment Income	283,420	3,703,407	8,529,606
2703. Fines and penalties	666	11,784	22,809
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)	269,224	3,573,900	8,499,917
5301. Amortization of IMR from Surplus	(143,910)	(304,813)	(991,520)
5302. Deferred Gain on Reinsurance	(19,554)	0	0
5303.	0	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(163,464)	(304,813)	(991,520)

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	11,404,055	28,777,050	76,622,716
2. Net investment income	13,170,608	25,989,696	95,701,475
3. Miscellaneous income	345,453	1,543,277	3,580,162
4. Total (Lines 1 to 3)	24,920,116	56,310,023	175,904,353
5. Benefit and loss related payments	20,604,945	26,377,230	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	11,929,983	17,820,408	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	0	4,464,396
10. Total (Lines 5 through 9)	32,534,928	44,197,638	183,535,126
11. Net cash from operations (Line 4 minus Line 10)	(7,614,812)	12,112,385	(7,630,773)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	139,264,325	225,295,662	1,031,166,855
12.2 Stocks	64,100	0	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)	(167,688)	(169,021)
12.7 Miscellaneous proceeds	6,470,360	16,978,896	102,229,119
12.8 Total investment proceeds (Lines 12.1 to 12.7)	145,792,717	242,106,873	1,150,352,182
13. Cost of investments acquired (long-term only):			
13.1 Bonds	105,319,555	212,073,955	1,285,632,267
13.2 Stocks	0	1,222,700	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	0	23,695,124	93,594,336
13.7 Total investments acquired (Lines 13.1 to 13.6)	105,319,555	243,091,779	1,478,608,622
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	40,473,161	(984,906)	(328,256,440)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(527,644)	(1,449,322)	(2,082,726)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	(9,221,571)	(11,964,461)	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)	(9,749,215)	(13,413,783)	13,616,095
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	23,109,134	(2,286,304)	(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)	104,732,437	401,608,116	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	0	201,532,461
20.0002.	0	0	0
20.0003.	0	0	0
20.0004.	0	0	0
20.0005.	0	0	0
20.0006.	0	0	0
20.0007.	0	0	0
20.0008.	0	0	0
20.0009.	0	0	0
20.0010.	0	0	0

**OVERFLOW PAGE FOR WRITE-INS**

LQ004 Additional Aggregate Lines for Page 04 Line 27.  
\*SUMOPS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
2704. Other miscellaneous expenses.....		0	23,027
2797. Summary of remaining write-ins for Line 27 from Page 04	0	0	23,027

**COLORADO BANKERS LIFE INSURANCE COMPANY  
SCHEDULE OF AFFILIATED INVESTMENTS  
12/31/2019 and 3/31/2020 COMPARISON**

Trust Account	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value December 31, 2019	Book/ Adjusted Carrying Value March 31, 2020	Change
N/A	00405@AA7	ACADEMY FINANCIAL ASSETS	\$ 19,698,000	\$ 20,484,799	\$ 20,484,799	\$ -
N/A	37940*AA3	ACADEMY FINANCIAL ASSETS	8,462,891	8,873,861	8,873,861	-
N/A	9941326T3	ACADEMY FINANCIAL ASSETS - REVOLVER	33,905,524	39,905,524	39,905,524	-
N/A	9941328T5	ACADEMY FINANCIAL ASSETS FKA AFI PROMISSORY NOTE	24,196,820	32,173,169	32,173,169	-
N/A	9941327T4	AFA FKA AFI TERM	5,674,149	5,950,782	5,950,782	-
N/A	9941329T6	AFA FKA GIC SR. NOTE	21,700,000	23,308,921	23,308,921	-
N/A	00856#AD3	AGERA ENERGY LLC	35,000,000	1	1	-
N/A	9941268Z6	ALPHARETTA	2,097,465	1,979,348	1,979,348	-
N/A	00224#AA4	AR PURCHASING SOLUTIONS 2, LLC	2,841,811	3,111,299	3,111,299	-
N/A	00223@AA7	AR PURCHASING SOLUTIONS, LLC	2,140,418	2,579,609	2,582,877	3,268
N/A	K0004@AA0	AT DENMARK INVESTMENTS	8,534,551	8,934,166	8,934,166	-
N/A	04686@AA9	AUGUSTA ASSET MANAGEMENT, INC	4,271,474	4,419,464	4,419,464	-
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, INC	21,225,457	21,656,067	21,656,067	-
N/A	06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	62,212,661	37,385,743	37,385,685	(58)
N/A	06739FJM4	BARCLAYS BANK PLC	76,399,342	42,758,514	42,758,719	204
N/A	L0770#AA9	BEAUFORT HOLDINGS S.A.	6,009,693	5,865,113	-	(5,865,113)
N/A	13972#AA1	CAPITAL ASSET MANAGEMENT III, LLC	29,625,000	29,420,746	29,420,746	-
N/A	13973@AA2	CAPITAL ASSETS FUND I, LLC	60,007,146	64,779,275	64,778,809	(466)
N/A	9941317V6	CAPITAL ASSETS FUND IV, LLC	42,910,111	34,909,950	34,910,113	163
N/A	9941317U8	CAPITAL ASSETS FUND V, LLC	41,443,522	38,612,150	38,612,222	72
N/A	16230#AA2	CHATWORTH ASSET MANAGEMENT, INC.	22,384,145	23,106,101	23,106,101	-
N/A	20465#AA0	COMPLYSMART, LLC	3,002,000	3,161,427	3,161,427	-
N/A	23570*AA0	DAMASCUS ASSET MANAGEMENT, INC.	18,791,160	19,383,002	19,383,002	-
N/A	29412#AA5	EPHEBUS ASSET MANAGEMENT, INC.	21,139,806	21,687,850	21,687,850	-
N/A	34610#AA5	FOREST PARK ASSET MANAGEMENT, INC.	17,246,459	17,784,595	17,784,595	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	47,990,349	16,320,000	16,320,000	-
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, INC	22,097,474	22,873,984	22,873,845	(139)
N/A	9941557U3	HPCSP INVESTMENTS PROMISORY NOTE	4,051,293	4,051,293	4,051,293	-
N/A	9941556V4	HPCSP INVESTMENTS SENIOR NOTE	7,016,140	7,333,764	7,333,764	-
N/A	G4919@AA1	INTRALAN INVESTMENTS LIMITED	4,152,310	4,345,388	4,345,388	-
N/A	46275@AA7	IRON CITY ASSET MANAGEMENT, INC.	25,275,943	22,778,831	22,778,831	-
N/A	46563@AA8	ITECH FUNDING LLC	19,281,368	20,313,840	20,313,840	-
N/A	46662#AA6	JACKSON ASSET MANAGEMENT, INC.	20,725,423	21,452,108	21,451,969	(139)
N/A	49803@AA2	KITE ASSET MANAGEMENT INC	34,622,923	36,059,207	36,059,525	317
N/A	51703#AA7	LARES, LLC	4,489,111	4,661,314	4,661,314	-
N/A	53250#AA0	LILY ASSET MANAGEMENT INC	33,084,925	34,045,395	34,045,395	-
N/A	57187#AA9	MARSHALLA ASSET MANAGEMENT, LLC	31,082,941	32,271,283	32,271,283	-
N/A	9947669V1	NIH CAPITAL, LLC	11,407,477	11,407,477	11,407,477	-
N/A	65532NAA7	NOM GB 2018 I LLC	2,213,899	1,284,142	1,284,026	(116)
N/A	69902#AA8	PARADISE ASSET MANAGEMENT INC	39,700,000	30,317,533	30,317,533	-
N/A	69322@AA2	PCF LLC	3,196,289	3,303,149	3,303,180	31
N/A	72083RAA7	PIERRE MENDES LLC	59,999,993	41,835,018	41,835,018	-
N/A	77294@AA9	ROCKDALE ASSET MANAGEMENT INC	39,700,000	30,706,053	30,706,108	55
N/A	78013GSS5	ROYAL BK CDA	21,700,000	-	-	-
N/A	X7552#AC1	STANDARD FINANCIAL LIMITED	3,819,822	4,069,925	4,069,925	-
N/A	86576#AA7	SUMMERVILLE ASSET MANAGEMENT, INC.	23,752,824	23,301,977	23,301,977	-
N/A	90225@AA6	TYBEE ISLAND ASSET MANAGEMENT, INC.	28,743,436	29,553,578	29,551,630	(1,948)
N/A	9944639X1	CV INVESTMENTS, LLC	12,590,691	12,590,627	12,590,627	-
N/A	9942228W1	GILFORD ASSET MANAGEMENT, LLC	1,771,121	1,771,121	1,771,121	-
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	21,346,767	21,346,767	21,346,767	-
N/A	9941317T1	CAPITAL ASSETS FUND II, LLC	33,555,104	31,703,735	31,703,735	-
Total Affiliated Investments			\$ 1,148,287,229	\$ 981,928,985	\$ 976,065,115	\$ (5,863,870)

**Summary of activity (rounded to hundred-thousands)**

Decrease due to Beaufort Holdings payoff	(5,865,000)
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INDIANA

MARION 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 March 31, 2020, and a balance sheet, summary of operations, statement of cash flow, and schedule of affiliated investments as of March 31, 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 March 31, 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 8 day of May 2020.



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

INDIANA

MARION COUNTY

Sworn to and subscribed before me this

The 8 day of May 2020.  
(Official Seal)



Notary Public

My Commission Expires:

