

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

SUPERIOR COURT DIVISION

WAKE COUNTY

19 CVS 008664

FILED

MIKE CAUSEY,  
COMMISSIONER OF INSURANCE  
OF NORTH CAROLINA,

2021 MAY 25 3:19  
WAKE CO. S.C.  
BY *[Signature]*

REHABILITATOR'S  
QUARTERLY REPORT

Petitioner,

v.

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

Respondents.

NOW COMES the Commissioner of Insurance of the State of North Carolina, in his capacity as Court appointed Rehabilitator of Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company (Rehabilitator), and hereby makes this report pursuant to North Carolina General Statute § 58-30-80(b) and the Order of this Court dated June 27, 2019, which requires the Rehabilitator, until further order of this Court, to make a quarterly report to the Court including a statement of receipts and disbursements to date and a statement of financial position (balance sheet). Attached hereto and incorporated herein by reference as Exhibits A - D, are the quarterly reports of activity of the Rehabilitator as of March 31, 2021, and a balance sheet, summary of operations and statement of cash flow and schedule of Lindberg affiliated investments as of March 31, 2021, of Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company, as prepared by the Special Deputy Rehabilitator on behalf of the Rehabilitator.

This the 25 day of May 2021.

JOSH STEIN  
ATTORNEY GENERAL  
Attorney for Petitioner,

*[Signature]*  
\_\_\_\_\_  
Heather H. Freeman

Assistant Attorney General  
N. C. State Bar No. 28272  
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Raleigh, NC 27602-0629  
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**CERTIFICATE OF SERVICE**

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

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

Christopher J. Blake  
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New York, NY 10281

in the following manner:

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

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

This the 25 day of May 2021.

JOSH STEIN  
ATTORNEY GENERAL  
Attorney for Petitioner,

A handwritten signature in cursive script, appearing to read "Heather H. Freeman", is written over a horizontal line.

Heather H. Freeman  
Assistant Attorney General  
N. C. State Bar No. 28272  
N. C. Department of Justice  
P. O. Box 629  
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**SOUTHLAND NATIONAL INSURANCE CORPORATION  
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR  
AS OF MARCH 31, 2021,  
A BALANCE SHEET  
AS OF MARCH 31, 2021  
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW  
THROUGH MARCH 31, 2021  
AND  
A SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS  
AS OF MARCH 31, 2021**



## **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 Global Growth (f/k/a Eli Global). Global Growth is owned by Greg Lindberg (hereinafter, “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 Lindberg affiliated investments as of March 31, 2021, and a summary of operations and statement of cash flow through March 31, 2021. This report also provides notice that the Rehabilitator has determined that the Company should be placed into liquidation and has filed a Petition for Liquidation with Wake County Superior Court. See Liquidation Section on page 19 for additional information.

### **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 AMENDMENT TO LOAN AGREEMENTS**

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Amendment to Loan Agreements (“IALA”) with Greg E. Lindberg, Academy Association, Inc. and Edwards Mill Asset Management, LLC. The Parties executed this MOU to set forth their

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

### **INVESTMENT PORTFOLIO**

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

- The Company has approximately \$177MM of affiliated investments as of March 31, 2021. This represents 67% of the admitted assets.
- During the quarter, the Company received some interest payments on the affiliated investments. The amount received was not in accordance with the IALA. See the Litigation section for more information.

### **EXPENSE REDUCTIONS**

The Rehabilitator is evaluating the Company's contracts to identify those that are essential and will need to be continued through the liquidation of the Company. As part of this effort, the Rehabilitator is also attempting to negotiate more favorable terms of essential contracts and terminating non-essential contracts.

### **LITIGATION**

To the Rehabilitator's knowledge, the Company is a party to or has a financial interest in the following lawsuits:

#### **Non-Affiliated**

The following litigation was initiated against the Company by non-Global Growth affiliated persons:

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

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

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

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

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

The parties have entered into a confidential settlement agreement resolving the claims by and against Plaintiff Schiffli. On September 10, 2020, Defendants Medflow, Inc. and Medflow, LLC voluntarily dismissed with prejudice their counterclaims against Plaintiff Schiffli. On September 11, 2020, Defendants Greg E. Lindberg, Eli Global, LLC, Eli Research, LLC, Eli Equity, LLC, GBIG Capital, LLC f/k/a SNA Capital, LLC, GBIG Holdings, Inc. f/k/a Southland National Holdings, Inc., and DJRTC, LLC voluntarily dismissed with prejudice their counterclaims against Plaintiff Schiffli.

On September 14, 2020, the Court granted Plaintiff Schiffli's Consent Motion to Stay Schiffli's Claims, staying all claims filed by Plaintiff Schiffli against all Defendants pending Defendants' completion of their obligations under the parties' settlement agreement. On March 11, 2021, the stay was extended to June 15, 2021.

On December 8, 2020, SNIC filed a Motion to Dismiss Plaintiffs' claims against it. On January 19, 2021, Plaintiffs filed their response in opposition to SNIC's motion to dismiss. SNIC filed its reply on January 29, 2021.

The parties have entered into a confidential settlement agreement resolving the claims by and against Plaintiff Ehmann. On March 12, 2021, Defendants Medflow, Inc., Medflow Holdings, LLC, Greg E. Lindberg, Eli Global, LLC, Eli Research, LLC, Eli Equity, LLC, GBIG Capital, LLC f/k/a SNA Capital, LLC, GBIG Holdings, Inc. f/k/a Southland National Holdings, Inc., and DJRTC, LLC voluntarily dismissed with prejudice their counterclaims against Plaintiff Ehmann.

On March 19, 2021, the Court granted Plaintiff Ehmann's Consent Motion to Stay Ehmann's Claims, staying all claims filed by Plaintiff Ehmann against all Defendants pending Defendants'

completion of their obligations under the parties' settlement agreement. This motion remains pending.

***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.***

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

A response was filed on June 24, 2019 denying liability.

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

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

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

#### **Affiliated**

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

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

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

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

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

The Court entered a Case Management Order and set the matter for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On August 5, 2020, the Court entered an order extending all discovery deadlines by 90 days with discovery to be completed by December 31, 2020 but kept the trial set for February 1, 2021.

The Court severed Defendant PB Life and Annuity Co. Ltd. f/k/a Private Bankers Life and Annuity Co., Ltd. ("PBLA") from this litigation after it filed Chapter 15 bankruptcy, *In re: PB Life and Annuity Co. Ltd.*, No. 1:20-BK-12791, pending in the United States Bankruptcy Court for the Southern District of New York. Plaintiffs' claims against PBLA are expected to be stayed during the pendency of its bankruptcy proceeding; however, Plaintiffs' claims against the other defendants are unaffected.

On January 8, 2021, the Court entered a Second Case Management Order extending the discovery deadline to February 28, 2021 and setting the trial for April 15, 2021.

On March 19, 2021, the Court entered an order extending the time to take the depositions of Defendants Greg Lindberg, AAI, and NEC to May 14, 2021. The Court also ordered that all dispositive motions be filed by June 2, 2021, responses filed by June 9, 2021, and hearing on said motions to occur the week of June 14, 2021. The Court set the trial to commence on June 21, 2021.

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

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

On July 16, 2020, SNIC filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit, discussed below, were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 10, 2020 and filed counterclaims against SNIC for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, SNIC moved to dismiss the second and third counterclaims.

Defendant filed its response in opposition to SNIC's partial motion to dismiss on December 2, 2020.

On December 8, 2020, SNIC filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, SNIC filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On August 7, 2020, an Amended Complaint was filed to add causes of action against iTech Funding, LLC and FPAM Holdings I, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III. On August 7, 2020, an Amended Complaint was filed to add causes of action against iTech Funding, LLC and ICAM Holdings I, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL’s partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants’ response.

Both motions remain pending before the Court.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.



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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL’s partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants’ response.

Both motions remain pending before the Court.

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

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

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties,

transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant Borrower later that day. Also, on July 16, 2020, and after CBL's entry of default was entered, Defendant Borrower filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant Borrower filed a Motion to Set Aside the Entry of Default. On August 17, 2020, CBL filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant Borrower's Motion to Set Aside the Entry of Default and denied as moot CBL's Motion for Default Judgment.

On December 3, 2020, an Amended Complaint was filed to add causes of action against HPCSP Holdings, LLC, seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on January 4, 2021, and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. CBL's reply to the counterclaims is due February 3, 2021.

***Colorado Bankers Life Insurance Company v. Capital Assets Fund I, LLC, Case No. 5:20-CV450-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$97,250,324 plus interest at a rate of \$25,891.99 per diem from May 1, 2020 until paid in full.

On August 20, 2020, the Defendant removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, Plaintiffs filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot Plaintiffs' Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against Plaintiffs for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, Plaintiffs replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and Plaintiffs' partial motion to dismiss Defendant's Counterclaims remain pending.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, Plaintiffs filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot Plaintiffs' Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against Plaintiffs for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, Plaintiffs replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and Plaintiffs' partial motion to dismiss Defendant's Counterclaims remain pending.

***Colorado Bankers Life Insurance Company v. TAC Investments, LLC, Case No. 5:20-CV-453-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$15,077,251 plus interest at a rate of \$4,014.18 per diem from May 1, 2020 until paid in full.

On August 20, 2020, the Defendant removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company v. Summerville Asset Management, LLC, iTech Funding, LLC, and SAM Holdings, LLC, Case No. 5:20-CV-432-D, Eastern District of North Carolina.***

This case was filed on August 10, 2020, alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Summerville Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$45,675,960 plus interest at a rate of \$12,160.80 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and SAM Holdings, LLC.

On August 10, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 11, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendants answered the Complaint on September 9, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Academy Financial Assets, LLC, Case No. 5:20-CV-474-D, Eastern District of North Carolina.***

This case was filed on September 3, 2020, alleging a breach of promissory notes, as modified by the IALA, entered into on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the promissory notes. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the promissory notes, as modified. The Complaint seeks repayment to CBL in the amount of \$23,974,479 plus interest at a rate of \$6,370 per diem from May 1, 2020 until paid in full. The Complaint seeks repayment to SNIC in the amount of \$5,993,619 plus interest at a rate of \$1,592.75 per diem from May 1, 2020 until paid in full. The Complaint seeks repayment to BLIC in the amount of \$2,397,448 plus interest at a rate of \$637.10 per diem from May 1, 2020 until paid in full.

On September 3, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On September 4, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On September 30, 2020, the Defendant answered the Complaint and filed a counterclaim against Plaintiffs seeking reformation of the IALA. On October 22, 2020, Plaintiffs were granted an extension of time through November 20, 2020 to respond to Defendant's counterclaim. On November 20, 2020, Plaintiffs moved to dismiss the counterclaim. On December 11, 2020, Defendant filed its response in opposition to Plaintiffs' motion to dismiss. On December 23, 2020, Plaintiffs filed their reply in support of their motion to dismiss.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Augusta Asset Management, LLC, New England Capital, LLC, AAM Holdings I, LLC, and iTech Funding, LLC, Case No. 5:20-CV-518-D, Eastern District of North Carolina.***

This case was filed on October 2, 2020, alleging a breach of a loan agreement, as modified by the IALA entered into by Defendant Augusta Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loans. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements, as modified. The Complaint seeks repayment to Plaintiffs in the amount of \$14,552,991 plus interest at a rate of \$3,874 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and AAM Holdings, LLC. Finally, the Complaint alleges that

Defendant New England Capital, LLC, the agent of the loan, breached the loan agreements by failing to enforce the loan agreements following Defendant Borrower's breach.

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 2, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On November 30, 2020, Defendants filed their respective motions to dismiss for failure to state a claim. On December 21, 2020, Plaintiffs filed a response in opposition to Defendants' motions. Defendants filed replies in support of their respective motions to dismiss on January 4, 2021.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed responses in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendants' responses.

Defendants' motions to dismiss and Plaintiffs' motion to consolidate remain pending before the Court.

#### **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, 2021, 15 hardship cases have been received. 5 were approved, 7 were denied due to insufficient information, 3 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. The Rehabilitator has determined that the Company should be placed into liquidation and has filed a Petition for Liquidation with Wake County Superior Court. See Liquidation Section on page 20 for additional information.

#### **REINSURANCE**

North Carolina Mutual Life Insurance Company ("NC Mutual") as cedent, and SNIC as reinsurer, entered into a Reinsurance and Administration Agreement ("Agreement") on December 31, 2014. Credit for reinsurance ceded to SNIC is allowed pursuant to N.C. Gen. Stat. §58-7-21(b)(1).

Simultaneously with the execution and delivery of the Agreement, SNIC, NC Mutual and the Trustee entered into a Trust Agreement, pursuant to which the Trustee was to hold cash and/or investments of the type consistent with the requirements of the insurance laws of the State of North Carolina ("Eligible Assets") as security for the satisfaction of the obligations of SNIC.

Effective September 15, 2020, SNIC and NC Mutual amended the Agreement (the "Amendment"). Per the Amendment, the prior Trustee notified the Company and NC Mutual of its intent to resign as trustee. As such, SNIC and NC Mutual decided to voluntarily terminate the Trust Agreement and discharge the prior Trustee. SNIC and NC Mutual instructed the prior Trustee, immediately upon termination of the Trust Agreement, to (a) transfer all Eligible Assets in the Trust Account to NC Mutual; and (b) transfer all other assets held in the Trust Account (the "Ineligible Assets") to SNIC. NC Mutual is obligated to hold the Eligible Assets as a funds withheld liability and only use the Eligible Assets as set forth in the Agreement. SNIC is obligated to hold the Ineligible Assets as pledged or otherwise encumbered assets, to be used exclusively and only as set forth in the Agreement for the benefit of NC Mutual. On SNIC's application, Commissioner Causey approved SNIC's request to pledge, hypothecate or encumber the Ineligible Assets in favor of NC Mutual on December 21, 2020. These assets are identified on the Schedule of Lindberg Affiliated Investments as pledged to NC Mutual. The Ineligible Assets total \$81.7MM.

In November 2020, SNIC suspended payments to NC Mutual under the Agreement. On December 2, 2020, NC Mutual provided a notice of default to SNIC, and of intent to withdraw assets from the Funds Withheld Account to settle all related amounts due from SNIC.

#### **FUNERAL AND CEMETERY SERVICES TRUSTS**

SNIC has been a party to four funeral and cemetery services trust agreements: (1) the "*Southland National Insurance Alabama Preneed Funeral Trust*"; (2) the "*Southland National Insurance Alabama Cemetery Merchandise Trust*"; (3) the "*Preneed Funeral Merchandise and Services Master Trust*" (Mississippi); and (4) the "*Regions Bank Preneed Trust of the Amended and Restated Southland National Funeral Trust*" (Tennessee). Under the state laws of each Alabama, Tennessee, and Mississippi, a funeral or cemetery that sells pre-need contracts for goods or merchandise is required to place a portion of the contract proceeds into trust. SNIC arranged for the creation of the above trusts to receive these funds from the funeral homes and cemeteries. Under the terms of the trusts, the trustee of the trusts was permitted to use the cash proceeds held in trust to purchase life insurance policies issued by SNIC. SNIC arranged for Regions Bank to serve as the trustee of each of the trusts in 2009. On November 7, 2019, Regions Bank provided SNIC notice that Regions Bank intended to resign as trustee for all four trusts. SNIC's unaffiliated third-party administrator, Southland Benefit Services, LLC ("SBS"), administers the insurance policies held in trust.

SNIC obtained Alabama Department of Insurance approval for a wholly-owned subsidiary of SNIC, SNIC Service Co., LLC ("SNIC Service Co."), a North Carolina limited liability company, to replace Regions Bank as the trustee for the two Alabama trusts. The Alabama Department of Insurance also approved new trust agreements for both the Alabama funeral trust and cemetery trust. The trust assets consisting of SNIC insurance policies were transferred by Regions Bank to SNIC Service Co. to continue to be held in trust. The trust assets consisting of cash were returned to the funeral homes/cemeteries. SBS administers the SNIC policies held in trust.

SNIC obtained Mississippi Secretary of State approval for a new trust agreement for the Mississippi trust, including designation of SNIC Service Co. to replace Regions Bank as trustee. The trust assets held by Regions Bank have been transferred to SNIC Service Co. SBS administers the SNIC policies held in trust.



SNIC obtained Tennessee Department of Insurance approval to terminate the Tennessee trust. That trust has been terminated. SBS administers the SNIC policies that are no longer held in trust.

### **REVIEW PANEL**

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants appointed one representative each. Each representative appointed an independent member. The two independent members appointed a third independent member. After reviewing proposed transactions, the panel makes recommendations to the Court to either approve or deny the proposed transactions. The panel did not meet during the quarter.

### **COST SHARING AGREEMENT**

CBL, BLIC, SNIC, Southland National Reinsurance Corporation, Preferred Financial Corporation, LLC, GBIG Holdings, Inc., Pavonia Life Insurance Company of Michigan (“PLICMI”) and Global Bankers Insurance Group, LLC (“GBIG, LLC”) are participants in a cost sharing agreement (“CSA”) that preceded rehabilitation. All parties to the CSA are ultimately owned by Lindberg. The agreement provides for the costs of any services provided by one of the entities on behalf of other entities to be allocated among the appropriate entities. GBIG, LLC provides virtually all the services for CBL, BLIC, SNIC and PLICMI. PLICMI is also in rehabilitation and is under the control of the Michigan Rehabilitator. GBIG, LLC is a subsidiary of PLICMI and therefore is also under the control of the Michigan Rehabilitator. GBIG, LLC provided policyholder services related to claims, hardships, and premium collections as well as the necessary executive management, oversight review and administrative services to the Company. Under this CSA, management expenses, salaries and benefits, and facility charges were also allocated to the Company in accordance with this CSA. During the period, SNIC paid GBIG, LLC \$637,268 for services rendered.

### **DISBURSEMENTS**

During the period, the following expenses related to the rehabilitation and litigation to recover the affiliated investments were incurred and allocated in a manner consistent with the CSA, even though these costs are not part of the CSA:

- \$3,452 to Bryan Cave Leighton Paisner for legal services
- \$1,401 to Consilio for legal support services
- \$11,340 to Federal Arbitration, Inc. for services regarding the review panel
- \$29,996 to Gordian Group for investment advisory services
- \$82,265 to Noble Consulting Services, Inc. for rehabilitation services
- \$85,678 to Veris Consulting, Inc. for forensic accounting services
- \$172,465 to Williams Mullen for legal services

## **SETTLED REHABILITATION MATTERS**

### **Liquidity**

One of the goals of the rehabilitation is to increase liquidity. As of June 27, 2019, SNIC held \$11.5MM of private loans. The private loans have no readily available market. The Company was able to liquidate all of the private loans. The Company realized losses of \$2.5MM.

### **LIQUIDATION PETITION**

On March 12, 2021, the Rehabilitator filed a petition in the Court to place SNIC into liquidation. After a thorough review, it was determined that liquidation would provide the best protection for the policyholders of SNIC. As of March 31, 2021, SNIC is statutorily insolvent by \$177MM after non-admitting affiliated investments as required by N.C. Gen. Stat § 58-19-10(b). Even if N.C. Gen. Stat § 58-19-10(b) were not applied and the affiliated investments were valued at original book value, SNIC liabilities exceed its assets by more than \$25 million. On April 14, 2021, GBIG Holdings, LLC filed an objection to the liquidation petition. GBIG Holdings, LLC is the parent of SNIC, and is owned ultimately by Greg Lindberg. The Court has set a hearing for June 7 through 9, 2021 on the liquidation petition. The liquidation petition is pending.

Liquidation is a statutory process under state law designed to protect SNIC policyholders in a number of critical ways. Liquidation of SNIC triggers coverage from state life and health insurance guaranty associations (“Guaranty Associations”) subject to and in accordance with their enabling acts. See N.C. Gen. Stat. § 58-30-110(c) and § 58-62-36(d). Guaranty Associations are created by state statutes in each state where SNIC was licensed and typically provide coverage for residents of their states, with the state of domicile (in this case North Carolina) providing coverage for residents of its state and residents from states where SNIC was not licensed. N.C. Gen. Stat. § 58-62-21(a). Many Guaranty Associations provide up to \$300,000 in protection for life insurance death benefits and \$100,000 for life insurance policy net cash values, though some Guaranty Associations are authorized to provide more. See N.C. Gen. Stat. § 58-62-21(d). Benefits paid by SNIC prior to its being placed in liquidation do not count against the Guaranty Association’s statutory coverage limits but will be applied in determining the remaining benefits available under the policy.

SNIC is unusual in that only two SNIC policies, out of almost 84,000 policies, are known to exceed Guaranty Association coverage limits. Therefore, the overwhelming majority of SNIC policyholders will be fully covered by Guaranty Associations. The two policies known to be in excess of Guaranty Association coverage limits will be covered up to those limits. Those policyholders will have a pro-rata claim for the remaining policy obligations up to policy limits, against whatever assets SNIC can marshal in liquidation or recover through litigation, after all expenses of administering the liquidation are paid. Liquidation guarantees that 100% of policy liabilities, and of certain other liabilities, must be paid before any general creditor claims can be paid. Liquidation also stays litigation against SNIC, which reduces costs. SNIC will still have the rights and powers in liquidation to seek recovery from persons and entities that owe SNIC money. Any such recoveries will increase potential payouts to the two policyholders with policies in excess

of Guaranty Association coverage limits, will help pay back Guaranty Associations for their expenditures on behalf of SNIC policyholders, and will save state taxpayer funds.<sup>1</sup>

When Guaranty Associations are triggered upon issuance of a liquidation order and a finding of insolvency, they provide administration, continue coverage, pay claims, collect premiums and are entitled to reinsurance, under certain circumstances and subject to their enabling acts. See N.C. Gen. Stat. §§ 58-62-36(d), 58-62-36(l), and 58-62-36(u). This will reduce SNIC's administrative expenses.

The current court-ordered moratorium prohibiting SNIC from paying surrenders and loans would not apply to the Guaranty Associations. The Guaranty Associations have not notified the Receiver that they would seek to impose such a moratorium under their enabling act. See N.C. Gen. Stat. § 58-62-36(n).

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<sup>1</sup> The financial burden of insurance company insolvencies falls ultimately on state general funds in most instances. To the extent the estate assets, deposits, subrogation and assignment rights, premiums and reinsurance are not sufficient to cover the shortfall, the Guaranty Associations assess solvent carriers that write the same lines of business as the insolvent company after being triggered. N.C. Gen. Stat. § 58-62-41. Those carriers receive state premium tax credits equal to the assessments over time in about 90% of states. The Rehabilitator is seeking recoveries through litigation outlined elsewhere in this report and those efforts would continue during liquidation as part of the effort to defray this financial burden on Guaranty Associations, policyholders, and taxpayers.

**INTRODUCTION TO SOUTHLAND NATIONAL INSURANCE CORPORATION  
FINANCIAL STATEMENTS  
AS OF MARCH 31, 2021**

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 GBIG, LLC's staff under the direct supervision of the Rehabilitator's staff as of March 31, 2021. 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 insurer's outstanding liabilities and adequate to its financial needs. The excess amount of affiliated investments should be non-admitted. As of March 31, 2021, the Company has \$144MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$177MM.

As of March 31, 2021, \$111.3MM of the \$177MM in affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The Company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the IALA. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$111.3MM and the fair value of these loans could be less than the carrying value. Some interest is being received on these loans. The due and accrued interest on these loans was \$8.8MM of which \$5.2MM was non-admitted as of March 31, 2021.

STATEMENT AS OF MARCH 31, 2021 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 .....	127,523,216		127,523,216	130,890,429
2. Stocks:				
2.1 Preferred stocks .....	51,674,615		51,674,615	48,567,118
2.2 Common stocks .....	271	271		
3. Mortgage loans on real estate:				
3.1 First liens .....	787,248		787,248	860,553
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) .....	68,180		68,180	168,180
5. Cash (\$ .....5,093,043 ), cash equivalents (\$ .....11,300,660 ) and short-term investments (\$ .....1,999,967 ) .....	18,393,671		18,393,671	19,585,402
6. Contract loans (including \$ ..... premium notes) .....	4,637,472		4,637,472	4,722,351
7. Derivatives .....				
8. Other invested assets .....	9,000,000	9,000,000		
9. Receivables for securities .....				256,420
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	212,084,673	9,000,271	203,084,402	205,050,454
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	9,205,410	5,202,617	4,002,793	5,204,893
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	190,094		190,094	189,571
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	1,394,671		1,394,671	1,534,991
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	26,928		26,928	47,448
16.2 Funds held by or deposited with reinsured companies .....	53,480,609		53,480,609	53,480,609
16.3 Other amounts receivable under reinsurance contracts .....	469,264	347,410	121,854	84,840
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	1,484,925	1,484,925		3,911,023
18.2 Net deferred tax asset .....	13,067,204	13,067,204		
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 .....	6,459		6,459	6,459
24. Health care (\$ ..... ) and other amounts receivable .....	87	87		
25. Aggregate write-ins for other-than-invested assets .....	13,324	23,768	(10,444)	(4,794)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	291,423,648	29,126,282	262,297,366	269,505,494
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	291,423,648	29,126,282	262,297,366	269,505,494
<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 .....	23,768	23,768		
2502. Miscellaneous Receivable .....	(10,390)		(10,390)	
2503. Premiums In Transit .....	(54)		(54)	(4,794)
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	13,324	23,768	(10,444)	(4,794)

STATEMENT AS OF MARCH 31, 2021 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) .....	260,590,061	264,247,831
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	77,011	80,750
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....		
4. Contract claims:		
4.1 Life .....	3,747,434	3,657,923
4.2 Accident and health .....	10,091	13,455
5. Policyholders' dividends/refunds to members \$ ..... and coupons \$ ..... due and unpaid		
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)	74,113	76,551
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 .....	233,822	187,740
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 \$ ..... 984,495 assumed and \$ ..... ceded .....	984,495	804,808
9.4 Interest Maintenance Reserve .....	7,816,060	8,077,748
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 .....	1,927,047	968,245
12. General expenses due or accrued .....	378,962	203,211
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 .....	32,601	34,036
16. Unearned investment income .....	398,451	1,286,359
17. Amounts withheld or retained by reporting entity as agent or trustee .....		
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....		
19. Remittances and items not allocated .....	35,953	40,544
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 .....	16,060,772	14,153,439
24.02 Reinsurance in unauthorized and certified (\$ ..... ) companies .....		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ..... ) reinsurers .....	769,365	172,190
24.04 Payable to parent, subsidiaries and affiliates .....		
24.05 Drafts outstanding .....		
24.06 Liability for amounts held under uninsured plans .....		
24.07 Funds held under coinsurance .....		
24.08 Derivatives .....	10,025	9,362
24.09 Payable for securities .....		
24.10 Payable for securities lending .....		
24.11 Capital notes \$ ..... and interest thereon \$ .....	70,249	65,051
25. Aggregate write-ins for liabilities .....	293,216,512	294,059,243
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....		
27. From Separate Accounts statement .....	293,216,512	294,059,243
28. Total liabilities (Lines 26 and 27) .....	1,502,718	1,502,718
29. Common capital stock .....		
30. Preferred capital stock .....		
31. Aggregate write-ins for other than special surplus funds .....		
32. Surplus notes .....	65,283,086	65,283,086
33. Gross paid in and contributed surplus .....		
34. Aggregate write-ins for special surplus funds .....	(97,704,950)	(91,339,553)
35. Unassigned funds (surplus) .....		
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) .....	(32,421,864)	(26,056,467)
38. Totals of Lines 29, 30 and 37 .....	(30,919,146)	(24,553,749)
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	262,297,366	269,505,494
<b>DETAILS OF WRITE-INS</b>		
2501. Deferred Compensation Liability .....		
2502. Miscellaneous liabilities .....		
2503. Escheat .....	70,249	65,051
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	70,249	65,051
3101. Deferred Reinsurance Gain .....		
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) .....		
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) .....		

## STATEMENT AS OF MARCH 31, 2021 OF THE Southland National Insurance Corporation

## 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	1,544,095	2,120,771	7,690,294
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	2,425,647	2,142,784	10,204,397
4. Amortization of Interest Maintenance Reserve (IMR)	261,689	301,126	1,262,788
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	8,798	13,370	43,178
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	494	989	2,924
9. Totals (Lines 1 to 8.3)	4,240,723	4,579,040	19,203,581
10. Death benefits	6,987,139	5,900,974	25,655,830
11. Matured endowments (excluding guaranteed annual pure endowments)	3,500	3,320	26,396
12. Annuity benefits	8,908	80,336	80,537
13. Disability benefits and benefits under accident and health contracts	(484)	323,485	469,492
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	92,739	134,050	485,335
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	(3,661,509)	(2,932,814)	(12,578,715)
20. Totals (Lines 10 to 19)	3,430,293	3,509,351	14,138,875
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)		5,031	7,402
22. Commissions and expense allowances on reinsurance assumed	958,802	998,216	3,932,702
23. General insurance expenses and fraternal expenses	1,488,038	2,563,379	3,320,866
24. Insurance taxes, licenses and fees, excluding federal income taxes	86,224	262,119	652,882
25. Increase in loading on deferred and uncollected premiums	(125,899)	(117,285)	(144,898)
26. Net transfers to or (from) Separate Accounts net of reinsurance			964
27. Aggregate write-ins for deductions			
28. Totals (Lines 20 to 27)	5,837,458	7,220,811	21,908,793
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(1,586,735)	(2,641,771)	(2,705,212)
30. Dividends to policyholders and refunds to members	17,690	20,736	76,195
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(1,614,425)	(2,662,507)	(2,781,407)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	249,723		(1,433,188)
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)	(1,864,148)	(2,662,507)	(1,348,219)
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)	(5,441)	(1,420,582)	(1,943,456)
35. Net income (Line 33 plus Line 34)	(1,869,589)	(4,083,089)	(3,291,675)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	(24,553,749)	(10,730,303)	(10,730,303)
37. Net income (Line 35)	(1,869,589)	(4,083,089)	(3,291,675)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$		12,911	(27)
39. Change in net unrealized foreign exchange capital gain (loss)		(134,283)	19,994
40. Change in net deferred income tax	418,103	828,557	3,022,586
41. Change in nonadmitted assets	(3,006,579)	(766,907)	(6,839,466)
42. Change in liability for reinsurance in unauthorized and certified companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease	(1,907,332)	(972,006)	(5,862,538)
44. Change in asset valuation reserve			
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			(772,320)
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid In			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid In			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus			
54. Net change in capital and surplus (Lines 37 through 53)	(6,365,397)	(5,114,817)	(13,823,446)
55. Capital and surplus as of statement date (Lines 36 + 54)	(30,919,146)	(15,845,120)	(24,553,749)
<b>DETAILS OF WRITE-INS</b>			
08.301. Other income	494	989	2,924
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)	494	989	2,924
2701. Investment Credits to Reinsurers			964
2702. Fines and Penalties			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)			964
5301. Initial Ceding Commission STD RE Less Amortization - SNRC/SNG/STD RE			
5302. Reinsurance recapture			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)			

## 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.....	1,818,859	2,629,547	(45,375,503)
2. Net investment income .....	2,478,909	607,491	1,850,011
3. Miscellaneous income .....	9,292	14,359	46,102
4. Total (Lines 1 to 3) .....	4,307,060	3,251,397	(43,479,390)
5. Benefit and loss related payments .....	6,805,448	6,633,351	25,535,019
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	1,398,511	3,725,469	7,471,244
8. Dividends paid to policyholders .....	20,128	21,992	82,701
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	(2,176,375)		
10. Total (Lines 5 through 9) .....	6,047,712	10,380,812	33,088,964
11. Net cash from operations (Line 4 minus Line 10) .....	(1,740,652)	(7,129,415)	(76,568,354)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	3,360,137	17,079,290	48,644,781
12.2 Stocks .....			256,868
12.3 Mortgage loans .....	73,426	13,084	52,843
12.4 Real estate .....	100,000		
12.5 Other invested assets .....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7 Miscellaneous proceeds .....	257,083		2,026,768
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	3,790,646	17,092,374	50,981,260
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....		10,033,376	18,226,246
13.2 Stocks .....	3,107,497		5,331,295
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....	120	237,282	3,298,946
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	3,107,617	10,270,658	26,856,487
14. Net increase (or decrease) in contract loans and premium notes .....	(84,879)	(115,128)	(431,089)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	767,908	6,936,844	24,555,862
<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).....	(218,988)	933,078	(122,261)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(218,988)	933,078	(122,261)
<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) .....	(1,191,732)	740,507	(52,134,753)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	19,585,402	71,720,155	71,720,155
19.2 End of period (Line 18 plus Line 19.1) .....	18,393,671	72,460,662	19,585,402



SOUTHLAND NATIONAL INSURANCE CORPORATION  
SCHEDULE OF AFFILIATED INVESTMENTS  
DECEMBER 31, 2020 AND MARCH 31, 2021 COMPARISON

Pledged	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value		Change
				December 31, 2020	March 31, 2021	
N/A	99439FJM4	AAPC HOLDINGS, LLC	\$ 8,204,979	\$ 5,097,482	\$ 8,204,979	\$ 3,107,497
N/A	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	1,787,880	1,787,880	1,787,880	-
NC MUTUAL	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	4,331,696	4,331,696	4,331,696	-
N/A	9941327T4	AFA FKA AFI TERM	1,237,495	1,237,495	1,237,495	-
N/A	9941329T6	AFA FKA GIC SR. NOTE	4,074,751	4,074,751	4,074,751	-
NC MUTUAL	9941329T6	AFA FKA GIC SR. NOTE	1,746,322	1,746,322	1,746,322	-
NC MUTUAL	04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	5,271,410	5,271,410	5,271,410	-
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	8,825,889	8,825,889	8,825,889	-
N/A	06625@126	BANKERS LIFE INSURANCE COMPANY	8,310,000	8,310,000	8,310,000	-
N/A	13973@AA2	CAPITAL ASSETS FUND I LLC	6,898,873	6,898,873	6,898,873	-
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	5,236,750	-
NC MUTUAL	9941317U8	CAPITAL ASSETS FUND V, LLC	5,995,234	5,995,234	5,995,234	-
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,775,937	1,775,937	1,775,937	-
NC MUTUAL	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,775,937	1,775,937	1,775,937	-
N/A	19633@129	COLORADO BANKERS LIFE INSURANCE COMPANY	24,000,000	24,000,000	24,000,000	-
NC MUTUAL	99467UAA5	CV INVESTMENTS	6,021,241	6,021,241	6,021,241	-
NC MUTUAL	9944639X1	CV INVESTMENTS, LLC	2,055,028	2,055,028	2,055,028	-
N/A	23570*AA0	DAMASCUS ASSET MANAGEMENT, LLC	1,935,468	1,935,468	1,935,468	-
NC MUTUAL	23570*AA0	DAMASCUS ASSET MANAGEMENT, LLC	5,161,248	5,161,248	5,161,248	-
N/A	29412#AA5	EPHESUS ASSET MANAGEMENT, LLC	6,359,631	6,359,631	6,359,631	-
NC MUTUAL	29412#AA5	EPHESUS ASSET MANAGEMENT, LLC	3,356,472	3,356,472	3,356,472	-
N/A	34610#AA5	FOREST PARK ASSET MANAGEMENT, LLC	3,708,400	3,708,400	3,708,400	-
NC MUTUAL	34610#AA5	FOREST PARK ASSET MANAGEMENT, LLC	4,450,080	4,450,080	4,450,080	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	3,107,497	3,107,497	-	(3,107,497)
NC MUTUAL	9942228W1	GILFORD ASSET MANAGEMENT, LLC	294,695	294,695	294,695	-
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	3,581,728	3,581,728	3,581,728	-
NC MUTUAL	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	3,730,966	3,730,966	3,730,966	-
N/A	9941556V4	HPCSP INVESTMENTS	1,135,418	1,135,418	1,135,418	-
NC MUTUAL	9941557U3	HPCSP INVESTMENTS, LLC	1,266,469	1,266,469	1,266,469	-
NC MUTUAL	46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	3,072,502	3,072,502	3,072,502	-
N/A	46563@AA8	ITECH FUNDING LLC	4,474,743	4,474,743	4,474,743	-
NC MUTUAL	46563@AA8	ITECH FUNDING LLC	3,398,113	3,398,113	3,398,113	-
NC MUTUAL	46662#AA6	JACKSON ASSET MANAGEMENT, LLC	3,146,993	3,146,993	3,146,993	-
N/A	9947669V1	NIH CAPITAL, LLC	1,005,250	1,005,250	1,005,250	-
NC MUTUAL	9947669V1	NIH CAPITAL, LLC	1,005,250	1,005,250	1,005,250	-
NC MUTUAL	65532NAA7	NOM GB 2018 I LLC	5,497,646	5,492,176	5,491,689	(487)
N/A	G6846#AA2	PBX BERMUDA HOLDINGS, LTD.	212,978	213,145	213,140	(5)
NC MUTUAL	72083RAA7	PIERRE MENDES LLC	6,294,978	6,294,978	6,294,978	-
N/A	86576#AA7	SUMMERVILLE ASSET MANAGEMENT, LLC	7,773,313	7,773,313	7,773,313	-
NC MUTUAL	87339#AA3	TAC INVESTMENTS LLC	3,365,035	3,365,035	3,365,035	-
<b>Total</b>			<b>\$ 180,142,334</b>	<b>\$ 177,029,534</b>	<b>\$ 177,029,043</b>	<b>\$ (492)</b>

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

Unwound Franklin Street PPN position	\$ (3,107,000)
Increase in AAPC preferred stock due to Franklin Street PPN unwound	3,107,000
<b>Total</b>	<b>\$ -</b>

**SOUTHLAND NATIONAL REINSURANCE CORPORATION**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF MARCH 31, 2021,**  
**A BALANCE SHEET**  
**AS OF MARCH 31, 2021**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH MARCH 31, 2021**

## **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 Global Growth (f/k/a Eli Global). Global Growth 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, 2021, and a summary of operations and statement of cash flow through March 31, 2021.

### **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 AMENDMENT TO LOAN AGREEMENTS**

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

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

## **LITIGATION**

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

### **Affiliated**

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

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

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

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

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

The Court entered a Case Management Order and set the matter for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On August 5, 2020, the Court entered an order extending all discovery deadlines by 90 days with discovery to be completed by December 31, 2020 but kept the trial set for February 1, 2021.

The Court severed Defendant PB Life and Annuity Co. Ltd. f/k/a Private Bankers Life and Annuity Co., Ltd. ("PBLA") from this litigation after it filed Chapter 15 bankruptcy, *In re: PB Life and Annuity Co. Ltd.*, No. 1:20-BK-12791, pending in the United States Bankruptcy Court for the Southern District of New York. Plaintiffs' claims against PBLA are expected to be stayed during

the pendency of its bankruptcy proceeding; however, Plaintiffs' claims against the other Defendants are unaffected.

On January 8, 2021, the Court entered a Second Case Management Order extending the discovery deadline to February 28, 2021 and setting the trial for April 15, 2021.

On March 19, 2021, the Court entered an order extending the time to take the depositions of Defendants Greg Lindberg, AAI, and NEC to May 14, 2021. The Court also ordered that all dispositive motions be filed by June 2, 2021, responses filed by June 9, 2021, and hearing on said motions to occur the week of June 14, 2021. The Court set the trial to commence on June 21, 2021.

#### **OTHER MATTERS**

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- Since all reinsurance agreements were recaptured as of July 1, 2019, the Company no longer has any business on its books. Remaining assets and liabilities are in the process of being liquidated.

#### **REVIEW PANEL**

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants appointed one representative each. Each representative appointed an independent member. The two independent members appointed a third independent member. After reviewing proposed transactions, the panel makes recommendations to the Court to either approve or deny the proposed transactions. The panel did not meet during the quarter.

#### **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, 2021**

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 GBIG, LLC's staff under the direct supervision of the Rehabilitator's staff as of March 31, 2021. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

Southland National Reinsurance Corporation  
Balance Sheet  
31-Mar-21

	<u>Dec-20</u>	<u>Mar-21</u>
<b>ASSETS</b>		
Current Assets		
Checking/Savings		
Fifth Third Bank - 5666	255,337	254,131
Total Checking/Savings	<u>255,337</u>	<u>254,131</u>
Other Current Assets		
Total Other Current Assets	<u>-</u>	<u>-</u>
Total Current Assets	255,337	254,131
Other Assets		
Deferred Tax Asset	-	-
Total Other Assets	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>255,337</u></u>	<u><u>254,131</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Due to Affiliates		
Due to ELI Research LLC	-	-
Due to SNIC	-	-
Due to GBIG	-	-
Due to Eli Global	-	-
Total Due to Affiliates	<u>-</u>	<u>-</u>
Accrued Expenses	-	-
Federal Income Taxes Payable	500,428	-
Total Other Current Liabilities	<u>500,428</u>	<u>-</u>
Total Current Liabilities	<u>500,428</u>	<u>-</u>
Total Liabilities	500,428	-
Equity		
Capital Stock	100	100
Additional Paid in Capital	18,851,565	18,851,565
Retained Earnings	(18,410,472)	(19,096,756)
Net Income	(686,284)	499,222
Total Equity	<u>(245,091)</u>	<u>254,131</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>255,337</u></u>	<u><u>254,131</u></u>

- -

Southland National Reinsurance Corporation  
Income Statement  
Three Months ended 3/31/2021

	<u>Jan - Dec 20</u>	<u>Mar 21</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Change in Due & Deferred- NCM	-	-
Change in Due & Deferred- SNIC	-	-
Change in Policy Loans- NCM	-	-
Gain on Reinsurance	-	-
Premium- CBL	-	-
Premium- NCM		
Policy Loans Assumed	-	-
Premium- NCM - Other	-	-
Total Premium- NCM	-	-
Premium- SNIC	-	-
<b>Total Income</b>	-	-
<b>Expense</b>		
Bank Service Charges	1,262	1,206
Benefit Payments- CBL	-	-
Benefit Payments- NCM	-	-
Benefit Payments- SNIC	-	-
Board of Director Fees	-	-
Change in Agg Reserves- CBL	-	-
Change in Agg Reserves- NCM	-	-
Change in Agg. Reserves- SNIC	-	-
Change in DAC- NCM	-	-
Expense Allowance- CBL	-	-
Expense Allowance- SNIC	-	-
Premium Tax Expense	-	-
Admin Fee- GBIG	-	-
Professional Fees		
Accounting	-	-
Audit	-	-
Professional Fees - Other	(5,133,123)	-
Total Professional Fees	(5,133,123)	-
Travel Expense	-	-
<b>Total Expense</b>	(5,131,861)	1,206
<b>Net Ordinary Income</b>	5,131,861	(1,206)
<b>Other Income/Expense</b>		
<b>Other Income</b>		
<b>Investment Income</b>		
Unrealized Gain on Funds Held	-	-
Income- Funds Withheld- CBL	-	-
Income- Funds Withheld- NCM	-	-
Income-Funds Withheld-SNIC	-	-
Interest Income	-	-
Management Fees- GBIG	-	-
Management Fees- SNH	-	-
<b>Total Investment Income</b>	-	-
<b>Total Other Income</b>	-	-
<b>Other Expense</b>		
Federal Income Taxes- Current	500,428	(500,428)
Federal Income Taxes- Deferred	5,317,717	-
<b>Total Other Expense</b>	5,818,145	(500,428)
<b>Net Other Income</b>	(5,818,145)	500,428
<b>Net Income</b>	<u>(686,284)</u>	<u>499,222</u>



Southland National Reinsurance Corporation  
Statement of Cash Flows  
Three Months ended 3/31/2021

Cash flows from operating activities:	
Net income	499,222
Adjustments to reconcile net income to net cash	
Deferred tax	-
Deferred gain on reinsurance	-
Unrealized Gain on Funds Held	-
Cash flows from changes in:	
Receivables from affiliates	-
Deferred acquisition costs	-
Future policy benefits	-
Unearned premium	-
Accrued expenses	-
Federal income tax receivable	(500,428)
Net cash provided by operating expenses	<u>(1,206)</u>
Cash flows from investing activities:	
Funds held by affiliates	-
Policy loans	-
Net cash used in investing activities	<u>-</u>
Net decrease in cash	(1,206)
Cash beginning of year	<u>255,337</u>
Cash end of period	<u><u>254,131</u></u>

**BANKERS LIFE INSURANCE COMPANY**

**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**

**AS OF MARCH 31, 2021,**

**A BALANCE SHEET**

**AS OF MARCH 31, 2021**

**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**

**THROUGH MARCH 31, 2021**

**AND**

**A SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS**

**AS OF MARCH 31, 2021**

## INTRODUCTION

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### BACKGROUND

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

The Company is part of a group of insurance companies known as Global Bankers Insurance Group (hereinafter, “GBIG”). GBIG is part of a larger group of companies known as Global Growth (f/k/a Eli Global). Global Growth is owned by Greg Lindberg (hereinafter, “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 Lindberg affiliated investments as of March 31, 2021, and a summary of operations and statement of cash flow through March 31, 2021.

### 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 AMENDMENT TO LOAN AGREEMENTS

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

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

### INVESTMENT PORTFOLIO

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

- The Company has approximately \$60MM of affiliated investments as of March 31, 2021. This represents 18% of the admitted assets.
- During the quarter, the Company received some interest payments on the affiliated investments. The amount received was not in accordance with the IALA. See the Litigation section for more information.
- During the quarter, Knight Dental Group paid off their private loan in the amount of \$4.7MM.

### EXPENSE REDUCTIONS

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

### LITIGATION

To the Rehabilitator's knowledge, the Company is a party to or has a financial interest in the following lawsuits:

#### **Affiliated**

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

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

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

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

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

The Court entered a Case Management Order and set the matter for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On August 5, 2020, the Court entered an order extending all discovery deadlines by 90 days with discovery to be completed by December 31, 2020 but kept the trial set for February 1, 2021.

The Court severed Defendant PB Life and Annuity Co. Ltd. f/k/a Private Bankers Life and Annuity Co., Ltd. (“PBLA”) from this litigation after it filed Chapter 15 bankruptcy, *In re: PB Life and Annuity Co. Ltd.*, No. 1:20-BK-12791, pending in the United States Bankruptcy Court for the Southern District of New York. Plaintiffs’ claims against PBLA are expected to be stayed during the pendency of its bankruptcy proceeding; however, Plaintiffs’ claims against the other defendants are unaffected.

On January 8, 2021, the Court entered a Second Case Management Order extending the discovery deadline to February 28, 2021 and setting the trial for April 15, 2021.

On March 19, 2021, the Court entered an order extending the time to take the depositions of Defendants Greg Lindberg, AAI, and NEC to May 14, 2021. The Court also ordered that all dispositive motions be filed by June 2, 2021, responses filed by June 9, 2021, and hearing on said motions to occur the week of June 14, 2021. The Court set the trial to commence on June 21, 2021.

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

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

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

transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On August 7, 2020, an Amended Complaint was filed to add causes of action against iTech Funding, LLC and ICAM Holdings I, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in

opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.



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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, Plaintiffs filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot Plaintiffs' Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against Plaintiffs for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, Plaintiffs replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and Plaintiffs' partial motion to dismiss Defendant's Counterclaims remain pending.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, Plaintiffs filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot Plaintiffs' Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against Plaintiffs for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, Plaintiffs replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and Plaintiffs' partial motion to dismiss Defendant's Counterclaims remain pending.

***Colorado Bankers Life Insurance Company v. Capital Assets Fund I, LLC, Case No. 5:20-CV-450-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$97,250,324 plus interest at a rate of \$25,891.99 per diem from May 1, 2020 until paid in full.

On August 20, 2020, the Defendant removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company v. TAC Investments, LLC, Case No. 5:20-CV-453-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make

interest payments when required under the loan agreements. The Complaint seeks repayment of \$15,077,251 plus interest at a rate of \$4,014.18 per diem from May 1, 2020 until paid in full.

On August 20, 2020, the Defendant removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims.

Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company v. Summerville Asset Management, LLC, iTech Funding, LLC, and SAM Holdings, LLC, Case No. 5:20-CV-432-D, Eastern District of North Carolina.***

This case was filed on August 10, 2020, alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Summerville Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$45,675,960 plus interest at a rate of \$12,160.80 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and SAM Holdings, LLC.

On August 10, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 11, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendants answered the Complaint on September 9, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Academy Financial Assets, LLC, Case No. 5:20-CV-474-D, Eastern District of North Carolina.***

This case was filed on September 3, 2020, alleging a breach of promissory notes, as modified by the IALA, entered into on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the promissory notes. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the promissory notes, as modified. The Complaint seeks repayment to CBL in the amount of \$23,974,479 plus interest at a rate of \$6,370 per diem from May 1, 2020 until paid in full. The Complaint seeks repayment to SNIC in the amount of \$5,993,619 plus interest at a rate of \$1,592.75 per diem from May 1, 2020 until paid in full. The Complaint seeks repayment to BLIC in the amount of \$2,397,448 plus interest at a rate of \$637.10 per diem from May 1, 2020 until paid in full.

On September 3, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On September 4, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On September 30, 2020, the Defendant answered the Complaint and filed a counterclaim against Plaintiffs seeking reformation of the IALA. On October 22, 2020, Plaintiffs were granted an extension of time through November 20, 2020 to respond to Defendant's counterclaim. On November 20, 2020, Plaintiffs moved to dismiss the counterclaim. On December 11, 2020, Defendant filed its response in opposition to Plaintiffs' motion to dismiss. On December 23, 2020, Plaintiffs filed their reply in support of their motion to dismiss.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company and Bankers Life Insurance Company v. Academy Financial Assets, LLC and New England Capital, LLC, Case No. 5:20-CV-517-D, Eastern District of North Carolina.***

This case was filed on October 2, 2020, alleging a breach of a loan agreement, as modified by the IALA entered into by Defendant Academy Financial Assets, LLC ("Defendant Borrower") on June 27, 2019. CBL and BLIC filed this action in their capacities as lenders of the loans. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments

when required under the loan agreements, as modified. The Complaint seeks repayment to Plaintiffs in the amount of \$12,564,767 plus interest at a rate of \$3,345.25 per diem from May 1, 2020 until paid in full. The Complaint also alleges that Defendant New England Capital, LLC, the agent of the loan, breached the loan agreements by failing to enforce the loan agreements following Defendant Borrower's breach.

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 5, 2020, this action was assigned to be heard before the Honorable James C. Dever III. On November 30, 2020, Defendants filed their respective motions to dismiss for failure to state a claim. On December 21, 2020, Plaintiffs filed a response in opposition to Defendants' motions. Defendants filed replies in support of their respective motions to dismiss on January 4, 2021.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed responses in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendants' responses.

Defendants' motions to dismiss and Plaintiffs' motion to consolidate remain pending before the Court.

***Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Augusta Asset Management, LLC, New England Capital, LLC, AAM Holdings I, LLC, and iTech Funding, LLC, Case No. 5:20-CV-518-D, Eastern District of North Carolina.***

This case was filed on October 2, 2020, alleging a breach of a loan agreement, as modified by the IALA entered into by Defendant Augusta Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loans. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements, as modified. The Complaint seeks repayment to Plaintiffs in the amount of \$14,552,991 plus interest at a rate of \$3,874 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and AAM Holdings, LLC. Finally, the Complaint alleges that Defendant New England Capital, LLC, the agent of the loan, breached the loan agreements by failing to enforce the loan agreements following Defendant Borrower's breach.

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 2, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On November 30, 2020, Defendants filed their respective motions to dismiss for failure to state a claim. On December 21, 2020, Plaintiffs filed a response in opposition to Defendants' motions. Defendants filed replies in support of their respective motions to dismiss on January 4, 2021.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed responses in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendants' responses.

Defendants' motions to dismiss and Plaintiffs' motion to consolidate remain pending before the Court.

#### **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, 2021, 271 hardship cases have been received. 120 were approved, 89 were denied due to insufficient information, 54 were denied due to not meeting the hardship qualifications and 8 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.

#### **PARTIAL WITHDRAWAL PROGRAM**

On September 9, 2020, the North Carolina Rehabilitation Court modified the Moratorium to allow a partial withdrawal program that allows annuity contract owners to withdraw 10% of the account value up to a maximum of \$15,000 per contract owner. In addition, annuity owners with a current account value of less than \$1,000 will receive the account value unless the contract owner opts out and elects to retain their annuity with the Company. Annuity contract owners received a letter explaining that they are eligible for a one-time option for a limited withdrawal of funds.

As of April 30, 2021, BLIC had received 1,593 requests totaling \$12.3MM. 1,580 checks totaling \$11.8MM have been processed. The remaining checks are in process. The program ended on April 30, 2021.

#### **REVIEW PANEL**

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants appointed one representative each. Each representative appointed an independent member. The two independent members appointed a third independent member. After reviewing proposed transactions, the panel makes recommendations to the Court to either approve or deny the proposed transactions. The panel did not meet during the quarter.

#### **COST SHARING AGREEMENT**

CBL, BLIC, SNIC, Southland National Reinsurance Corporation, Preferred Financial Corporation, LLC, GBIG Holdings, Inc., Pavonia Life Insurance Company of Michigan ("PLICMI") and Global

Bankers Insurance Group, LLC (“GBIG, LLC”) are participants in a cost sharing agreement (“CSA”) that preceded rehabilitation. All parties to the CSA are ultimately owned by Lindberg. The agreement provides for the costs of any services provided by one of the entities on behalf of other entities to be allocated among the appropriate entities. GBIG, LLC provides virtually all the services for CBL, BLIC, SNIC and PLICMI. PLICMI is also in rehabilitation and is under the control of the Michigan Rehabilitator. GBIG, LLC is a subsidiary of PLICMI and therefore is also under the control of the Michigan Rehabilitator. GBIG, LLC provided policyholder services related to claims, hardships, and premium collections as well as the necessary executive management, oversight review and administrative services to the Company. Under this CSA, management expenses, salaries and benefits, and facility charges were also allocated to the Company in accordance with this CSA. During the period, BLIC paid GBIG, LLC \$579,310 for services rendered.

**DISBURSEMENTS**

During the period, the following expenses related to the rehabilitation and litigation to recover the affiliated investments were incurred and allocated in a manner consistent with the CSA, even though these costs are not part of the CSA:

- \$1,151 to Bryan Cave Leighton Paisner for legal services
- \$467 to Consilio for legal support services
- \$3,780 to Federal Arbitration, Inc. for services regarding the review panel
- \$9,999 to Gordian Group for investment advisory services
- \$3,268 to KCC Class Action Services, LLC for assistance with the partial withdrawal program.
- \$27,422 to Noble Consulting Services, Inc. for rehabilitation services
- \$28,559 to Veris Consulting, Inc. for forensic accounting services
- \$35,927 to Williams Mullen for legal services

**SETTLED REHABILITATION MATTERS****Liquidity**

One of the goals of the rehabilitation is to increase liquidity. As of June 27, 2019, BLIC held \$87MM of private loans. The private loans have no readily available market. The Company was able to liquidate \$60MM of the private loans. The Company realized losses of \$29.7MM.

**INTRODUCTION TO BANKERS LIFE INSURANCE COMPANY  
FINANCIAL STATEMENTS  
AS OF MARCH 31, 2021**

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 GBIG, LLC's staff under the direct supervision of the Rehabilitator's staff as of March 31, 2021. 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 insurer's outstanding liabilities and adequate to its financial needs. The excess amount of affiliated investments should be non-admitted. As of March 31, 2021, the Company has \$60MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$74MM.

As of March 31, 2021, \$44.3MM of the \$60MM in affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the IALA. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$44.3MM and the fair value of these loans could be less than the carrying value. Some interest is being received on these loans. The due and accrued interest on these loans was \$3.6MM of which \$2.1MM was non-admitted as of March 31, 2021.



STATEMENT AS OF MARCH 31, 2021 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	275,099,326		275,099,326	283,086,950
2. Stocks:				
2.1 Preferred stocks	9,875,662		9,875,662	8,321,914
2.2 Common stocks	1,206,576		1,206,576	1,369,925
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 (\$ 5,016,620 ), cash equivalents (\$ 40,158,584 ) and short-term investments (\$ 0 )	45,175,204		45,175,204	40,836,153
6. Contract loans (including \$ premium notes)	6,570		6,570	6,620
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities	208		208	208
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)	331,363,546	0	331,363,546	333,621,770
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	5,700,666	2,066,969	3,633,697	4,106,056
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$ ) and contracts subject to redetermination (\$ )			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	7,149,609		7,149,609	8,259,120
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	14,912,849	14,912,849	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	223,935		223,935	163,968
24. Health care ( \$ ) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	106,980	106,980	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	359,457,585	17,086,798	342,370,787	346,150,914
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	359,457,585	17,086,798	342,370,787	346,150,914
<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	32,540	32,540	0	0
2502. Negative Interest Maintenance Reserve	74,440	74,440	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)	106,980	106,980	0	0

STATEMENT AS OF MARCH 31, 2021 OF THE Bankers Life Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ ..... less \$ ..... Included in Line 6.3 (including \$ ..... Modco Reserve) .....	343,527,662	345,749,880
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	0	0
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....	4,541,677	4,805,819
4. Contract claims:		
4.1 Life .....	192,027	247,880
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 .....	26,895	14,948
9.4 Interest Maintenance Reserve .....	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$ ..... , accident and health \$ ..... and deposit-type contract funds \$ .....	0	0
11. Commissions and expense allowances payable on reinsurance assumed .....	0	0
12. General expenses due or accrued .....	665,615	134,429
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) .....	320,572	722,779
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 .....	203,159	702,883
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....	0	0
19. Remittances and items not allocated .....	54,760	493,295
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 .....	1,328,501	42,569
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 .....	757,283	316,845
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 .....	997,800	256,420
24.10 Payable for securities lending .....	0	0
24.11 Capital notes \$ ..... and interest thereon \$ .....	208,311	15,014
25. Aggregate write-ins for liabilities .....	208,311	15,014
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	352,824,262	353,502,761
27. From Separate Accounts statement .....	0	0
28. Total liabilities (Lines 26 and 27) .....	352,824,262	353,502,761
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	(436,027)
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) .....	(58,077,270)	(54,539,615)
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) .....	(13,453,475)	(10,351,847)
38. Totals of Lines 29, 30 and 37 .....	(10,453,475)	(7,351,847)
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	342,370,787	346,150,914
<b>DETAILS OF WRITE-INS</b>		
2501. Unclaimed Property .....	208,311	15,014
2502. ....	0	0
2503. ....	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	208,311	15,014
3101. Deferred Gain on Ceded Reinsurance .....	0	0
3102. Prior Period Adjustment - Investment income .....	0	(436,027)
3103. ....	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) .....	0	(436,027)
3401. ....	0	0
3402. ....	0	0
3403. ....	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0

STATEMENT AS OF MARCH 31, 2021 OF THE Bankers Life Insurance Company

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	.73	164	87,389
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	2,697,618	3,974,947	12,287,751
4. Amortization of Interest Maintenance Reserve (IMR)	(5,985)	7,347	144,166
5. Separate Accounts net gain from operations excluding unrealized gains or losses			0
6. Commissions and expense allowances on reinsurance ceded	15,265	16,366	63,952
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts		6,633	35,766
8.3 Aggregate write-ins for miscellaneous income	25	(6,563)	(6,540)
9. Totals (Lines 1 to 8.3)	2,706,996	3,998,894	12,612,464
10. Death benefits	41,533	48,076	208,490
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	9,205	10,331	86,322
13. Disability benefits and benefits under accident and health contracts		0	0
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	5,029,924	3,193,641	12,653,979
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	100,394	45,235	208,635
18. Payments on supplementary contracts with life contingencies	45,439	41,904	198,097
19. Increase in aggregate reserves for life and accident and health contracts	(2,222,218)	85,065	(921,282)
20. Totals (Lines 10 to 19)	3,004,277	3,424,252	12,434,241
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)		0	0
22. Commissions and expense allowances on reinsurance assumed		0	0
23. General insurance expenses and fraternal expenses	956,052	1,105,152	2,148,315
24. Insurance taxes, licenses and fees, excluding federal income taxes	50,037	127,449	274,589
25. Increase in loading on deferred and uncollected premiums		(210)	(629)
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	50	148	1,544
28. Totals (Lines 20 to 27)	4,010,416	4,656,791	14,858,060
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(1,303,420)	(657,897)	(2,245,596)
30. Dividends to policyholders and refunds to members		0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(1,303,420)	(657,897)	(2,245,596)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		0	28,659
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)	(1,303,420)	(657,897)	(2,274,255)
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)	14,599 ..... 14,599	(8,347,172) ..... (8,347,172)	(30,801,933) ..... (30,801,933)
35. Net income (Line 33 plus Line 34)	(1,288,821)	(9,005,069)	(33,076,188)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	(7,351,847)	22,152,084	22,152,084
37. Net income (Line 35)	(1,288,821)	(9,005,069)	(33,076,188)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(49,000)	(444,875)	300,672
39. Change in net unrealized foreign exchange capital gain (loss)	(299,080)	(690)	436,250
40. Change in net deferred income tax	303,185	1,945,860	7,071,251
41. Change in nonadmitted assets	(481,978)	(2,115,123)	(8,240,804)
42. Change in liability for reinsurance in unauthorized and certified companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease		0	0
44. Change in asset valuation reserve	(1,285,934)	4,480,698	4,440,915
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		0	0
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	0	0	(436,027)
54. Net change in capital and surplus (Lines 37 through 53)	(3,101,628)	(5,139,199)	(29,503,931)
55. Capital and surplus as of statement date (Lines 36 + 54)	(10,453,475)	17,012,885	(7,351,847)
<b>DETAILS OF WRITE-INS</b>			
08.301. Administrative and Service Fee Income	25	(6,563)	(6,540)
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)	25	(6,563)	(6,540)
2701. Fines & Penalties	50	148	1,692
2702. Miscellaneous Expenses		0	(148)
2703.			
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)	50	148	1,544
5301. Prior Period Adjustment - Investment income	0	0	(436,027)
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	0	(436,027)

## 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	73	531	88,470
2. Net investment income	3,026,759	3,091,599	9,621,573
3. Miscellaneous income	15,290	16,436	93,178
4. Total (Lines 1 to 3)	3,042,122	3,108,566	9,803,221
5. Benefit and loss related payments	4,160,890	1,572,684	16,262,917
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	1,140,568	1,154,612	2,561,409
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	5,301,458	2,727,298	18,824,326
11. Net cash from operations (Line 4 minus Line 10)	(2,259,336)	381,270	(9,021,105)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	27,938,331	22,014,517	97,185,807
12.2 Stocks	171,300	13,300	13,300
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	108,272	0
12.7 Miscellaneous proceeds	741,380	0	30,313,150
12.8 Total investment proceeds (Lines 12.1 to 12.7)	28,851,011	22,136,089	127,512,257
13. Cost of investments acquired (long-term only):			
13.1 Bonds	20,375,421	16,654,565	62,898,612
13.2 Stocks	1,553,748	0	4,031,861
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	107,446	1,525,594	31,720,702
13.7 Total investments acquired (Lines 13.1 to 13.6)	22,036,615	18,180,159	98,651,176
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)	6,814,396	3,955,930	28,861,081
<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	(264,142)	(151,443)	(222,374)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	48,133	(373,359)	270,003
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 plus Line 16.6)	(216,009)	(524,802)	47,629
<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)	4,339,051	3,812,398	19,887,606
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	40,836,153	20,948,547	20,948,547
19.2 End of period (Line 18 plus Line 19.1)	45,175,204	24,760,945	40,836,153

BANKERS LIFE INSURANCE COMPANY  
SCHEDULE OF AFFILIATED INVESTMENTS  
DECEMBER 31, 2020 AND MARCH 31, 2021 COMPARISON

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value December 31, 2020	Book/ Adjusted Carrying Value March 31, 2021	Change
99439FJM4	AAPC HOLDINGS, LLC	\$ 4,632,253	\$ 3,078,505	\$ 4,632,253	\$ 1,553,748
37940*AA3	ACADEMY FINANCIAL ASSETS, LLC	3,296,783	3,296,783	3,296,783	-
9941328T5	ACADEMY FINANCIAL ASSETS, LLC	3,058,698	3,058,698	3,058,698	-
9941327T4	AFA FKA AFI TERM	618,664	618,664	618,664	-
9941329T6	AFA FKA GIC SR. NOTE	2,330,956	2,330,956	2,330,956	-
04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	4,392,842	4,392,842	4,392,842	-
05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	1,083,727	1,083,727	1,083,727	-
13973@AA2	CAPITAL ASSETS FUND I LLC	3,449,436	3,449,436	3,449,436	-
9941317T1	CAPITAL ASSETS FUND II, LLC	2,627,968	2,627,968	2,627,968	-
9941317V6	CAPITAL ASSETS FUND IV, LLC	3,491,012	3,491,012	3,491,012	-
9941317U8	CAPITAL ASSETS FUND V, LLC	3,996,776	3,996,776	3,996,776	-
9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,365,633	1,365,633	1,365,633	-
99467UAA5	CV INVESTMENTS	3,010,621	3,010,621	3,010,621	-
9944639X1	CV INVESTMENTS, LLC	1,102,461	1,102,461	1,102,461	-
35472MAA4	FRANKLIN STR 2018-1 LLC	1,553,748	1,553,748	-	(1,553,748)
37562#AA6	GILFORD ASSET MANAGEMENT, LLC	4,662,737	4,662,737	4,662,737	-
9942228W1	GILFORD ASSET MANAGEMENT, LLC	147,347	147,347	147,347	-
40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	895,432	895,432	895,432	-
9941557U3	HPCSP INVESTMENTS, LLC	633,234	633,234	633,234	-
46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	768,088	768,088	768,088	-
46563@AA8	ITECH FUNDING LLC	1,076,630	1,076,630	1,076,630	-
46662#AA6	JACKSON ASSET MANAGEMENT, LLC	786,748	786,748	786,748	-
9947669V1	NIH CAPITAL, LLC	804,200	804,200	804,200	-
65532NAA7	NOM GB 2018 I LLC	1,055,913	1,054,875	1,054,781	(94)
72083RAA7	PIERRE MENDES LLC	4,196,652	4,196,652	4,196,652	-
86576#AA7	SUMMERVILLE ASSET MANAGEMENT, LLC	1,061,006	1,061,006	1,061,006	-
87339#AA3	TAC INVESTMENTS LLC	5,666,188	5,666,188	5,666,188	-
<b>Total</b>		<b>\$ 61,765,753</b>	<b>\$ 60,210,967</b>	<b>\$ 60,210,873</b>	<b>\$ (94)</b>

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

Unwound Franklin Street PPN position	\$ (1,554,000)
Increase in AAPC preferred stock due to Franklin Street PPN unwound	1,554,000
<b>Total</b>	<b>\$ -</b>

**COLORADO BANKERS LIFE INSURANCE COMPANY**  
**NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR**  
**AS OF MARCH 31, 2021,**  
**A BALANCE SHEET**  
**AS OF MARCH 31, 2021**  
**A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW**  
**THROUGH MARCH 31, 2021**  
**AND**  
**A SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS**  
**AS OF MARCH 31, 2021**

## **INTRODUCTION**

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### **BACKGROUND**

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

The Company is part of a group of insurance companies known as Global Bankers Insurance Group (hereinafter, “GBIG”). GBIG is part of a larger group of companies known as Global Growth (f/k/a Eli Global). Global Growth is owned by Greg Lindberg (hereinafter, “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 Lindberg affiliated investments as of March 31, 2021, and a summary of operations and statement of cash flow through March 31, 2021.

### **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 AMENDMENT TO LOAN AGREEMENTS**

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

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

### **INVESTMENT PORTFOLIO**

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

- The Company has approximately \$970MM of affiliated investments as of March 31, 2021. This represents 40% of the admitted assets.
- In June 2019, the Company extended a \$40MM line of credit (“LOC”) to Academy Financial Assets, LLC, an affiliate, for liquidity purposes. As of March 31, 2021, \$39.75MM had been advanced and \$.155MM of unpaid interest was allocated to the principal (capitalization of interest), which totals \$39.9MM. The LOC requires monthly interest payments and matured on June 27, 2020. The principal payment was not received on the LOC and, therefore, it is in default. Monthly interest at the non-default rate is being received. This LOC has been reclassified from affiliated investments to an affiliated receivable. See the Litigation section for more information.
- During the quarter, the Company received some interest payments on the affiliated investments. The amount received was not in accordance with the IALA. See the Litigation section for more information.
- During the quarter, Knight Dental Group paid off their private loan in the amount of \$11.7MM.

### **REINSURANCE**

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

### **EXPENSE REDUCTIONS**

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

### **LITIGATION**

To the Rehabilitator’s knowledge, the Company is a party to or has a financial interest in the following lawsuits:



**Non-Affiliated**

The following litigation was initiated against the Company by non-Global Growth affiliated persons and/or entities:

***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.***

This case was filed on October 17, 2018. CBL sued Avalon by the Sea AC, LLC (“Avalon”), alleging default on credit facility for mental health and drug/alcohol rehabilitation facilities in Southern California and seeking appointment of a Receiver. Alpine Capital is the agent/servicer.

The appointed Receiver is attempting to maximize value and ultimately sell assets of Avalon. Following reports of the Receiver, and at the request of CBL, the court extended the Receivership through April 20, 2020. On February 20, 2020, the Receiver applied for an Order approving the execution of a lease to expand the facility and approving a Receiver’s Certificate of Indebtedness in favor of the new landlord in an amount of up to \$500,000. The Court approved the Receiver’s requests. The Court also approved the Receiver executing an amended lease agreement which extends the operative lease term of a facility through March 31, 2025. Due to the COVID-19 pandemic and Court closures, the Court held its status conference on June 22, 2020, and extended the receivership through September 22, 2020. On September 22, 2020, the Court extended the receivership through December 16, 2020. On December 16, 2020, the Court extended the receivership through March 18, 2021. On March 18, 2021 the Court extended the receivership through June 11, 2021.

***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.***

This case was filed on May 22, 2019. This is a divorce proceeding in which Petitioner alleges an interest in CBL’s policies of Respondent.

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

**Affiliated**

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

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

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

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

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

The Court entered a Case Management Order and set the matter for trial in February 2021. On July 8, 2020, Defendants filed a Motion to Modify the Case Management Order & For Continuance seeking to extend all discovery deadlines and the trial for 120 days. On August 5, 2020, the Court entered an order extending all discovery deadlines by 90 days with discovery to be completed by December 31, 2020 but kept the trial set for February 1, 2021.

The Court severed Defendant PB Life and Annuity Co. Ltd. f/k/a Private Bankers Life and Annuity Co., Ltd. ("PBLA") from this litigation after it filed Chapter 15 bankruptcy, *In re: PB Life and Annuity Co. Ltd.*, No. 1:20-BK-12791, pending in the United States Bankruptcy Court for the Southern District of New York. Plaintiffs' claims against PBLA are expected to be stayed during the pendency of its bankruptcy proceeding; however, Plaintiffs' claims against the other defendants are unaffected.

On January 8, 2021, the Court entered a Second Case Management Order extending the discovery deadline to February 28, 2021 and setting the trial for April 15, 2021.

On March 19, 2021, the Court entered an order extending the time to take the depositions of Defendants Greg Lindberg, AAI, and NEC to May 14, 2021. The Court also ordered that all dispositive motions be filed by June 2, 2021, responses filed by June 9, 2021, and hearing on said motions to occur the week of June 14, 2021. The Court set the trial to commence on June 21, 2021.

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

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

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

On July 23, 2020, CBL filed an Amended Complaint to add as an event of default the Defendant's failure to pay the outstanding loan on the June 30, 2020 maturity date. The Defendant filed an Answer to the Amended Complaint on August 6, 2020, generally denying liability and asserting affirmative defenses.

On October 19, 2020, the Court entered a Scheduling Order setting February 5, 2021 as the deadline to complete discovery, and March 5, 2021 as the deadline to file dispositive motions, among other discovery deadlines. On November 19, 2020, the Court entered the parties' Protective Order governing the handling of confidential information.

On December 30, 2020, the parties filed a Motion for Entry of Consent Order related to the production of certain discovery documents. This motion remains pending with the Court.

On January 19, 2021, the parties sought an extension of the deadline to complete discovery from February 5, 2021 to February 28, 2021. This motion was granted on January 26, 2021. On February 8, 2021, AFA filed a Motion for Protective Order and Extension of Deadlines in Scheduling Order seeking additional time to take AFA's deposition pursuant to Rule 30(b)(6). On March 9, 2021, after hearing, the Court denied AFA's motion for protective order and granted its extension of time to complete AFA's Rule 30(b)(6) deposition to and including April 9, 2021. The order also extended the deadline to file dispositive motions to May 10, 2021.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, SNIC filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit, discussed below, were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 10, 2020 and filed counterclaims against SNIC for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, SNIC moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to SNIC's partial motion to dismiss on December 2, 2020.

On December 8, 2020, SNIC filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, SNIC filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and Defendant Forest Part Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders on this loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$26,689,073 plus interest at a rate of

\$7,105.72 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant Borrower removed the action to the Eastern District of North Carolina.

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On August 7, 2020, an Amended Complaint was filed to add causes of action against iTech Funding, LLC and FPAM Holdings I, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims.



Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

On July 16, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On July 22, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On August 7, 2020, an Amended Complaint was filed to add causes of action against iTech Funding, LLC and ICAM Holdings I, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL’s partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants’ response.

Both motions remain pending before the Court.

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

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

On July 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties,

transactions, and events. On August 3, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also a lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$5,637,282 plus interest at a rate of \$1,500.87 per diem from May 1, 2020 until paid in full. On July 23, 2020, the Defendant removed the action to the Eastern District of North Carolina.

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims.

Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

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

On August 17, 2020, an Amended Complaint was filed to add a cause of action against Lares Holdings, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on August 31, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

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

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

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

The Defendant answered the Complaint on August 21, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

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

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

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

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

On August 20, 2020, CBL moved to remand the action back to state court. The Defendant responded in opposition on September 10, 2020, to which CBL filed a reply on September 24, 2020. Defendant filed its sur-reply on October 29, 2020. The Defendant's motions remain pending before the Court.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response. The motion to consolidate remains pending before the Court.

On February 5, 2021, the Court granted Defendant's Motion for Leave for file a Motion to Dismiss. Defendant's Motion to Dismiss was filed on February 9, 2021. On March 1, 2021, the Court granted CBL's Motion for Extension of Time to Respond to Defendant's motion to dismiss to extend the deadline until after the pending Motion to Remand was decided. On March 18, 2021, the Court granted CBL's Motion to Remand and remanded the action to the Superior Court of Wake County. The Court also granted CBL's attorney's fees related to the improper removal.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, Plaintiffs filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot Plaintiffs' Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against Plaintiffs for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, Plaintiffs replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and Plaintiffs' partial motion to dismiss Defendant's counterclaims remain pending.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, Plaintiffs filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot Plaintiffs' Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against Plaintiffs for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, Plaintiffs replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and Plaintiffs' partial motion to dismiss Defendant's counterclaims remain pending.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020 but before CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. On August 17, 2020, CBL filed a Motion for Default Judgment.



On November 13, 2020, the Court granted Defendant's Motion to Set Aside the Entry of Default and denied as moot CBL's Motion for Default Judgment.

The Defendant answered the Complaint on December 14, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On January 13, 2021, CBL replied to the counterclaims and moved to dismiss the second and third counterclaims.

Defendant's motion to dismiss the Complaint and CBL's Partial Motion to Dismiss Defendant's Counterclaims remain pending.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant Borrower later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant Borrower filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant Borrower filed a Motion to Set Aside the Entry of Default. On August 17, 2020, CBL filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant Borrower's Motion to Set Aside the Entry of Default and denied as moot CBL's Motion for Default Judgment.

On December 3, 2020, an Amended Complaint was filed to add causes of action against ComplySmart Holdings, LLC seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on January 4, 2021 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. CBL's reply to the counterclaims is due February 3, 2021.

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

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and Defendant HPCSP Investments, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL and SNIC are lenders of the loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the

loan agreements. The Complaint seeks repayment of \$44,708,992, minus the partial payment of \$249,954.05, plus interest at a rate of \$11,752.29 per diem from May 1, 2020 until paid in full.

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant Borrower later that day. Also, on July 16, 2020 and after CBL's entry of default was entered, Defendant Borrower filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction, insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant Borrower filed a Motion to Set Aside the Entry of Default. On August 17, 2020, CBL filed a Motion for Default Judgment.

On November 13, 2020, the Court granted Defendant Borrower's Motion to Set Aside the Entry of Default and denied as moot CBL's Motion for Default Judgment.

On December 3, 2020, an Amended Complaint was filed to add causes of action against HPCSP Holdings, LLC, seeking an order allowing foreclosure of the pledged property.

The Defendants answered the Amended Complaint on January 4, 2021 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. CBL's reply to the counterclaims is due February 3, 2021.

***Colorado Bankers Life Insurance Company v. Summerville Asset Management, LLC, iTech Funding, LLC, and SAM Holdings, LLC, Case No. 5:20-CV-432-D, Eastern District of North Carolina.***

This case was filed on August 10, 2020, alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Summerville Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$45,675,960 plus interest at a rate of \$12,160.80 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and SAM Holdings, LLC.

On August 10, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 11, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendants answered the Complaint on September 9, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in

opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company v. Capital Assets Fund I, LLC, Case No. 5:20--CV-450-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$97,250,324 plus interest at a rate of \$25,891.99 per diem from May 1, 2020 until paid in full.

On August 20, 2020, the Defendant removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company v. Chatsworth Asset Management, LLC, iTech Funding, LLC, and CAM Holdings, LLC, Case No. 5:20-CV-451-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Ephesus Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is also a lender of the loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$31,953,387 plus interest at a rate of \$8,507.29 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and CAM Holdings, LLC.

On August 21, 2020, the Defendants removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendants answered the Complaint on September 17, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed their response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company v. TAC Investments, LLC, Case No. 5:20-CV- 453-D, Eastern District of North Carolina.***

This case was filed on July 17, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$15,077,251 plus interest at a rate of \$4,014.18 per diem from May 1, 2020 until paid in full.

On August 20, 2020, the Defendant removed the action to the Eastern District of North Carolina. On August 24, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On August 27, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. Defendant filed its response in opposition to CBL's partial motion to dismiss on December 2, 2020.

On December 8, 2020, CBL filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Academy Financial Assets, LLC, Case No. 5:20-CV-474-D, Eastern District of North Carolina.***

This case was filed on September 3, 2020, alleging a breach of promissory notes, as modified by the IALA, entered into on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the promissory notes. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the promissory notes, as modified. The Complaint seeks repayment to CBL in the amount of \$23,974,479 plus interest at a rate of \$6,370 per diem from May 1, 2020 until paid in full. The Complaint seeks repayment to SNIC in the amount of \$5,993,619 plus interest at a rate of \$1,592.75 per diem from May 1, 2020 until paid in full. The Complaint seeks repayment to BLIC in the amount of \$2,397,448 plus interest at a rate of \$637.10 per diem from May 1, 2020 until paid in full.

On September 3, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On September 4, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On September 30, 2020, the Defendant answered the Complaint and filed a counterclaim against Plaintiffs seeking reformation of the IALA. On October 22, 2020, Plaintiffs were granted an extension of time through November 20, 2020 to respond to Defendant's counterclaim. On November 20, 2020, Plaintiffs moved to dismiss the counterclaim. On December 11, 2020, Defendant filed its response in opposition to Plaintiffs' motion to dismiss. On December 23, 2020, Plaintiffs filed their reply in support of their motion to dismiss.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendant filed its response in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendant's response.

Both motions remain pending before the Court.

***Colorado Bankers Life Insurance Company and Bankers Life Insurance Company v. Academy Financial Assets, LLC and New England Capital, LLC, Case No. 5:20-CV-517-D, Eastern District of North Carolina.***

This case was filed on October 2, 2020, alleging a breach of a loan agreement, as modified by the IALA entered into by Defendant Academy Financial Assets, LLC ("Defendant Borrower") on June 27, 2019. CBL and BLIC filed this action in their capacities as lenders of the loans. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements, as modified. The Complaint seeks repayment to Plaintiffs in the amount of \$12,564,767 plus interest at a rate of \$3,345.25 per diem from May 1, 2020 until paid in full. The Complaint also alleges that Defendant New England Capital, LLC, the agent of the loan, breached the loan agreements by failing to enforce the loan agreements following Defendant Borrower's breach.

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 5, 2020, this action was assigned to be heard before the Honorable James C. Dever III. On November 30, 2020, Defendants filed their respective motions to dismiss for failure to state a claim. On December 21, 2020, Plaintiffs filed a response in opposition to Defendants' motions. Defendants filed replies in support of their respective motions to dismiss on January 4, 2021.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed responses in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendants' responses.

Defendants' motions to dismiss and Plaintiffs' motion to consolidate remain pending before the Court.

***Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Bankers Life Insurance Company v. Augusta Asset Management, LLC, New England Capital, LLC, AAM Holdings I, LLC, and iTech Funding, LLC, Case No. 5:20-CV-518-D, Eastern District of North Carolina.***

This case was filed on October 2, 2020, alleging a breach of a loan agreement, as modified by the IALA entered into by Defendant Augusta Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL, SNIC, and BLIC filed this action in their capacities as lenders of the loans. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements, as modified. The Complaint seeks repayment to Plaintiffs in the amount of \$14,552,991 plus interest at a rate of \$3,874 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and AAM Holdings, LLC. Finally, the Complaint alleges that Defendant New England Capital, LLC, the agent of the loan, breached the loan agreements by failing to enforce the loan agreements following Defendant Borrower's breach.

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 2, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

On November 30, 2020, Defendants filed their respective motions to dismiss for failure to state a claim. On December 21, 2020, Plaintiffs filed a response in opposition to Defendants' motions. Defendants filed replies in support of their respective motions to dismiss on January 4, 2021.

On December 8, 2020, Plaintiffs filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed responses in opposition to the motion to consolidate. On January 12, 2021, Plaintiffs filed their reply to Defendants' responses.

Defendants' motions to dismiss and Plaintiffs' motion to consolidate remain pending before the Court.

***Colorado Bankers Life Insurance Company v. Tybee Island Asset Management, LLC, iTech Funding, LLC, and TIAM Holdings, LLC, Case No. 5:20-CV-520-D, Eastern District of North Carolina.***

This case was filed on October 2, 2020, alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Tybee Island Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL is a lender of the loan. The Defendant Borrower defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$35,607,652 plus interest at a rate of \$9,480.21 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and TIAM Holdings, LLC.

On October 2, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 7, 2020, this action was assigned to be heard before the Honorable James C. Dever III.

The Defendants answered the Complaint on October 30, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On November 19, 2020, CBL moved to dismiss the second and third counterclaims. Defendant Borrower filed its response in opposition to CBL's partial motion to dismiss on December 10, 2020.

On December 8, 2020, Plaintiff filed a motion to consolidate the 26 federal IALA cases to promote efficiency and judicial economy. On December 29, 2020, Defendants filed a response in opposition to the motion to consolidate. On January 12, 2021, CBL filed its reply to Defendants' response. Plaintiff's Partial Motion to Dismiss Counterclaims and motion to consolidate remain pending before the Court.

***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 CBL. Later that same day, Conservatrix presented its arbitration demand to the Rehabilitator, and the following day - on December 23, 2019 - the Rehabilitator applied for and obtained a Temporary Restraining Order ("Conservatrix TRO") from the Wake County Superior Court ("Court"), restraining Conservatrix and the trustee for the trust account - Fifth Third Bank - from removing, disturbing, or otherwise interfering with any of the assets in the trust account and restraining Conservatrix from proceeding or acting upon its arbitration demand. The return date for the Conservatrix TRO, and the hearing date were extended by agreement of the parties several times - first until March 2,

2020, and again until April 6, 2020. In mid-March, because of the COVID-19 pandemic, the Chief Justice entered an order requiring all court proceedings to be rescheduled. The hearing was initially moved to May 4, 2020. In mid-April, the Chief Justice entered another order requiring that all court proceedings be rescheduled until after June 1, 2020. During this time, the Rehabilitator and Conservatrix continued to discuss a satisfactory resolution that encompassed the Rehabilitator's disavowal of the reinsurance agreement and related trust agreement, and terminated the arbitration proceeding and the Conservatrix TRO. On July 5, 2020, the Rehabilitator and Conservatrix entered into an agreement that resolved the issues related to the reinsurance agreement and the related trust agreement. Pursuant to the agreement, the Rehabilitator dismissed the Conservatrix TRO proceeding with prejudice and Conservatrix dismissed the arbitration proceeding.

**OTHER MATTERS**

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- In accordance with the Moratorium Order, the Rehabilitator has adopted and implemented a policy to provide substitute benefits in lieu of the contractual obligations of the Company for annuity benefits and cash withdrawals for policyholders who petition for payment under claims of legitimate hardship. As of April 30, 2021, 1,469 hardship cases have been received. 809 were approved, 483 were denied due to insufficient information, 145 were denied due to not meeting the hardship qualifications and 32 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.

**PARTIAL WITHDRAWAL PROGRAM**

On September 9, 2020, the North Carolina Rehabilitation Court modified the Moratorium to allow a partial withdrawal program that allows annuity contract owners to withdraw 10% of the account value up to a maximum of \$15,000 per contract owner. In addition, annuity owners with a current account value of less than \$1,000 will receive the account value unless the contract owner opts out and elects to retain their annuity with the Company. Annuity contract owners received a letter explaining that they are eligible for a one-time option for a limited withdrawal of funds.

As of April 30, 2021, CBL had received 40,903 requests totaling \$34.1MM. 40,510 checks totaling \$32.1MM have been processed. The remaining checks are in process. The program ended on April 30, 2021.

**REVIEW PANEL**

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



transactions, the panel makes recommendations to the Court to either approve or deny the proposed transactions. The review panel did not meet during the quarter.

### **COST SHARING AGREEMENT**

CBL, BLIC, SNIC, Southland National Reinsurance Corporation, Preferred Financial Corporation, LLC, GBIG Holdings, Inc., Pavonia Life Insurance Company of Michigan (“PLICMI”) and Global Bankers Insurance Group, LLC (“GBIG, LLC”) are participants in a cost sharing agreement (“CSA”) that preceded rehabilitation. All parties to the CSA are ultimately owned by Lindberg. The agreement provides for the costs of any services provided by one of the entities on behalf of other entities to be allocated among the appropriate entities. GBIG, LLC provides virtually all the services for CBL, BLIC, SNIC and PLICMI. PLICMI is also in rehabilitation and is under the control of the Michigan Rehabilitator. GBIG, LLC is a subsidiary of PLICMI and therefore is also under the control of the Michigan Rehabilitator. GBIG, LLC provided policyholder services related to claims, hardships, and premium collections as well as the necessary executive management, oversight review and administrative services to the Company. Under this CSA, management expenses, salaries and benefits, and facility charges were also allocated to the Company in accordance with this CSA. During the period, CBL paid GBIG, LLC \$4,952,439 for services rendered.

### **DISBURSEMENTS**

During the period, the following expenses related to the rehabilitation and litigation to recover the affiliated investments were incurred and allocated in a manner consistent with the CSA, even though these costs are not part of the CSA:

- \$33,751 to Bryan Cave Leighton Paisner for legal services
- \$40,204 to Consilio for legal services
- \$110,880 to Federal Arbitration, Inc. for services regarding the review panel
- \$293,294 to Gordian Group for investment advisory services
- \$62,092 to KCC Class Action Group, LLC for assistance with the partial withdrawal program
- \$804,368 to Noble Consulting Services, Inc. for rehabilitation services
- \$3,230 to Tharrington Smith for legal services
- \$837,738 to Veris Consulting, Inc. for forensic accounting services
- \$1,261,794 to Williams Mullen for legal services

**SETTLED REHABILITATION MATTERS**  
**Litigation**

During rehabilitation, the following cases have been settled.

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

**Liquidity**

One of the goals of the rehabilitation is to increase liquidity. As of June 27, 2019, CBL held \$248MM of private loans. The private loans have no readily available market. The Company was able to liquidate \$165MM of the private loans. The Company realized losses of \$17MM.

**INTRODUCTION TO COLORADO BANKERS LIFE INSURANCE COMPANY  
FINANCIAL STATEMENTS  
AS OF MARCH 31, 2021**

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 GBIG, LLC's staff under the direct supervision of the Rehabilitator's staff as of March 31, 2021. 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, 2021, the Company has \$970MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$989MM.

As of March 31, 2021, \$751.5MM of the \$970MM in affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the IALA. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$751.5MM and the fair value of these loans could be less than the carrying value. Some interest is being received on these loans. The due and accrued interest on these loans was \$61.8MM of which \$36.9MM was non-admitted as of March 31, 2021.

STATEMENT AS OF MARCH 31, 2021 OF THE Colorado Bankers Life Insurance Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	2,076,826,499		2,076,826,499	2,186,449,632
2. Stocks:				
2.1 Preferred stocks .....	121,429,384		121,429,384	106,513,399
2.2 Common stocks .....	1,240,700		1,240,700	2,345,300
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) .....	5,711,200		5,711,200	5,754,400
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 (\$ .....41,419,059 ), cash equivalents (\$ .....144,067,429 ) and short-term investments (\$ .....197,564 ) .....	185,684,052		185,684,052	105,809,069
6. Contract loans (including \$ ..... premium notes) .....	8,608,753		8,608,753	8,535,408
7. Derivatives .....	0		0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....	185,588		185,588	0
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) .....	2,399,686,176	0	2,399,686,176	2,415,407,208
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	72,810,180	39,037,619	33,772,561	43,601,471
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	2,962,024	1,637,763	1,324,261	980,092
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	7,575,254		7,575,254	7,973,937
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	143,185	7,574	135,611	52,578
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....	49,448		49,448	46,374
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	5,737,481	5,737,481	0	13,040,786
18.2 Net deferred tax asset .....	60,381,038	60,381,038	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 .....	407,688		407,688	116,328
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other-than-invested assets .....	1,993,807	1,951,755	42,052	38,080
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,551,746,281	108,753,230	2,442,993,051	2,481,256,854
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	2,551,746,281	108,753,230	2,442,993,051	2,481,256,854
<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 .....	315,374	273,322	42,052	38,080
2502. Negative Interest Maintenance Reserve .....	1,678,433	1,678,433	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) .....	1,993,807	1,951,755	42,052	38,080

STATEMENT AS OF MARCH 31, 2021 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) .....	2,307,233,593	2,320,042,281
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	1,061,075	869,091
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....	10,122,290	10,474,405
4. Contract claims:		
4.1 Life .....	6,669,722	9,891,654
4.2 Accident and health .....	231,639	170,100
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 .....	853,915	1,010,008
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 .....	7,257,988	7,767,389
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 \$ .....	16,798	13,696
11. Commissions and expense allowances payable on reinsurance assumed .....		0
12. General expenses due or accrued .....	1,845,769	1,319,148
13. Transfers to Separate Accounts due or accrued (net) (including \$ ..... accrued for expense allowances recognized in reserves, net of reinsured allowances) .....		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes .....	222	(4,002)
15.1 Current federal and foreign income taxes, including \$ ..... on realized capital gains (losses) .....		0
15.2 Net deferred tax liability .....		0
16. Unearned investment income .....		0
17. Amounts withheld or retained by reporting entity as agent or trustee .....	6,877,919	20,548,012
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....		0
19. Remittances and items not allocated .....	5,826,369	6,960,535
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 .....	85,989,936	71,396,174
24.02 Reinsurance in unauthorized and certified (\$ ..... ) companies .....		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ..... ) reinsurers .....		0
24.04 Payable to parent, subsidiaries and affiliates .....	17,089,757	13,961,661
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 .....	5,846,903	0
24.10 Payable for securities lending .....		0
24.11 Capital notes \$ ..... and interest thereon \$ .....		0
25. Aggregate write-ins for liabilities .....	2,431,460	1,651,134
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	2,459,355,355	2,466,071,286
27. From Separate Accounts statement .....		0
28. Total liabilities (Lines 26 and 27) .....	2,459,355,355	2,466,071,286
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 .....	0	(6,508,543)
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	0
35. Unassigned funds (surplus) .....	(232,838,324)	(194,781,909)
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) .....	(18,862,304)	12,685,568
38. Totals of Lines 29, 30 and 37 .....	(16,362,304)	15,185,568
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	2,442,993,051	2,481,256,854
DETAILS OF WRITE-INS		
2501. Unclaimed Property .....	2,431,460	1,651,134
2502. ....		0
2503. ....		0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,431,460	1,651,134
3101. Deferred Gain on Reinsurance .....		(1,446,688)
3102. Prior Period Adjustment - Investment income .....		(5,061,855)
3103. ....		0
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) .....	0	(6,508,543)
3401. ....		0
3402. ....		0
3403. ....		0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0

STATEMENT AS OF MARCH 31, 2021 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	8,448,143	10,280,017	38,951,091
2. Considerations for supplementary contracts with life contingencies		104,754	158,700
3. Net investment income	25,924,249	22,539,508	106,526,632
4. Amortization of Interest Maintenance Reserve (IMR)	367,484	113,406	(6,031,746)
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	47,226	181,280	10,026,236
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts		0	0
8.3 Aggregate write-ins for miscellaneous income	197,362	164,173	252,136
9. Totals (Lines 1 to 8.3)	34,984,464	33,383,138	149,883,049
10. Death benefits	2,254,711	1,160,667	6,893,783
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	401,709	2,359,794	7,957,808
13. Disability benefits and benefits under accident and health contracts	963,307	1,700,597	4,310,307
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	31,936,818	12,623,462	80,226,518
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	91,732	67,424	385,471
18. Payments on supplementary contracts with life contingencies		0	0
19. Increase in aggregate reserves for life and accident and health contracts	(12,616,704)	7,722,647	(7,583,944)
20. Totals (Lines 10 to 19)	23,031,573	25,634,591	92,189,943
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	1,180,706	2,206,222	6,420,924
22. Commissions and expense allowances on reinsurance assumed	133,937	167,813	584,400
23. General insurance expenses and fraternal expenses	10,357,713	7,406,400	39,592,441
24. Insurance taxes, licenses and fees, excluding federal income taxes	438,611	727,133	1,949,499
25. Increase in loading on deferred and uncollected premiums	(1,387,903)	(624,972)	(985,500)
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	(48,859)	269,224	441,579
28. Totals (Lines 20 to 27)	33,705,778	35,786,411	140,193,286
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,278,686	(2,403,273)	9,689,763
30. Dividends to policyholders and refunds to members		0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	1,278,686	(2,403,273)	9,689,763
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	46,472	(11,423,850)	(10,236,064)
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)	1,232,214	9,020,577	19,925,827
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)	29,711	(1,492,177)	(15,794,012)
35. Net Income (Line 33 plus Line 34)	1,261,925	7,528,400	4,131,815
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	15,185,568	88,362,847	88,362,847
37. Net Income (Line 35)	1,261,925	7,528,400	4,131,815
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(583,080)	(725,222)	(2,705,882)
39. Change in net unrealized foreign exchange capital gain (loss)	(3,592,641)	(1,190,129)	14,526,053
40. Change in net deferred income tax	5,219,768	(10,117,154)	3,822,269
41. Change in nonadmitted assets	(19,260,082)	7,479,221	(31,461,954)
42. Change in liability for reinsurance in unauthorized and certified companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease		0	0
44. Change in asset valuation reserve	(14,593,762)	(13,962,085)	(46,555,159)
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		0	0
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	0	(163,464)	(14,934,421)
54. Net change in capital and surplus (Lines 37 through 53)	(31,547,872)	(11,150,433)	(73,177,279)
55. Capital and surplus as of statement date (Lines 36 + 54)	(16,362,304)	77,212,414	15,185,568
<b>DETAILS OF WRITE-INS</b>			
08.301. Commissions, Service & Issue Fees and Other	197,362	20,263	252,136
08.302. Amortization of Surplus due to IMR		143,910	0
08.303.		0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	197,362	164,173	252,136
2701. Modified Coinsurance Expense	(49,448)	(14,862)	(15,373)
2702. Reinsurance funds withheld Investment Income		263,420	381,655
2703. Fines and penalties	589	666	30,545
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	44,752
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	(48,859)	269,224	441,579
5301. Deferred Gain on Reinsurance		(143,910)	(9,872,566)
5302. Prior Period Adjustment - Investment Income		(19,554)	(5,061,855)
5303.		0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	0	(163,464)	(14,934,421)

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	8,326,263	11,404,055	40,525,217
2. Net investment income .....	29,165,377	13,170,608	54,049,370
3. Miscellaneous income .....	244,588	345,453	623,758
4. Total (Lines 1 to 3) .....	37,736,228	24,920,116	95,198,345
5. Benefit and loss related payments .....	39,408,678	20,604,945	97,608,286
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 .....	11,528,161	11,929,983	48,950,401
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	(7,210,361)	0	0
10. Total (Lines 5 through 9) .....	43,726,478	32,534,928	146,558,687
11. Net cash from operations (Line 4 minus Line 10) .....	(5,990,250)	(7,614,812)	(51,360,342)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	188,519,730	139,264,325	614,307,777
12.2 Stocks .....	1,104,600	64,100	64,100
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 .....	(35)	(6,069)	(6,097)
12.7 Miscellaneous proceeds .....	5,661,350	6,470,360	24,457,026
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	195,285,645	145,792,717	638,822,806
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	83,090,643	105,319,555	412,161,367
13.2 Stocks .....	14,915,985	0	39,101,150
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 .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	98,006,628	105,319,555	451,262,517
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) .....	97,279,017	40,473,161	187,560,289
<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 .....	(352,115)	(527,644)	(1,353,020)
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	(11,061,669)	(9,221,571)	(110,661,160)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(11,413,784)	(9,749,215)	(112,014,180)
<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) .....	79,874,983	23,109,134	24,185,767
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	105,809,069	46,274,583	81,623,302
19.2 End of period (Line 18 plus Line 19.1) .....	185,684,052	69,383,717	105,809,069

COLORADO BANKERS LIFE INSURANCE COMPANY  
SCHEDULE OF AFFILIATED INVESTMENTS  
DECEMBER 31, 2020 AND MARCH 31, 2021 COMPARISON

CUSIP Identification	Description	Actual Cost	Book/Adjusted Carrying Value December 31, 2020	Book/Adjusted Carrying Value March 31, 2021	Change
00405@AA7	ACADEMY FINANCIAL ASSETS	\$ 19,698,000	\$ 20,411,338	\$ 20,411,338	\$ -
37940*AA3	ACADEMY FINANCIAL ASSETS	8,462,891	8,843,691	8,843,691	-
9941326T3	ACADEMY FINANCIAL ASSETS - REVOLVER **	33,905,524	39,905,524	39,905,524	-
9941328T5	ACADEMY FINANCIAL ASSETS FKA AFI PROMISSORY NOTE	24,196,820	34,615,398	34,615,398	-
9941327T4	AFA FKA AFI TERM	5,674,149	5,930,115	5,930,115	-
9941329T6	AFA FKA GIC SR. NOTE	21,700,000	23,245,663	23,245,663	-
00856#AD3	AGERA ENERGY LLC	35,000,000	1	1	-
9941268Z6	ALPHARETTA	2,097,465	1,979,348	1,979,348	-
00224#AA4	AR PURCHASING SOLUTIONS 2, LLC	2,841,811	3,121,473	3,121,473	-
00223@AA7	AR PURCHASING SOLUTIONS, LLC	2,140,418	2,606,179	2,609,903	3,723
K0004@AA0	AT DENMARK INVESTMENTS	8,534,551	8,945,186	8,945,186	-
04686@AA9	AUGUSTA ASSET MANAGEMENT, INC	4,271,474	4,392,842	4,392,842	-
05777@AA6	BALDWIN ASSET MANAGEMENT, INC	21,225,457	21,588,272	21,588,272	-
06739FJM4	BARCLAYS BANK PLC	76,399,342	-	-	-
13972#AA1	CAPITAL ASSET MANAGEMENT III, LLC	29,625,000	29,460,269	29,460,269	-
13973@AA2	CAPITAL ASSETS FUND I, LLC	60,007,146	64,932,595	64,932,590	(5)
9941317V6	CAPITAL ASSETS FUND IV, LLC	42,910,111	34,910,113	34,910,113	-
9941317U8	CAPITAL ASSETS FUND V, LLC	41,443,522	38,416,981	38,416,981	-
16230#AA2	CHATWORTH ASSET MANAGEMENT, INC.	22,384,145	23,069,903	23,069,903	-
20465#AA0	COMPLYSMART, LLC	3,002,000	3,166,666	3,166,666	-
99467UAA5	CV INVESTMENTS	37,372,872	37,464,681	37,464,418	(263)
23570*AA0	DAMASCUS ASSET MANAGEMENT, INC.	18,791,160	19,317,088	19,317,088	-
29412#AA5	EPHESUS ASSET MANAGEMENT, INC.	21,139,806	21,639,902	21,639,902	-
34610#AA5	FOREST PARK ASSET MANAGEMENT, INC.	17,246,459	17,800,319	17,800,319	-
35472MAA4	FRANKLIN STR 2018-1 LLC	14,915,985	14,915,985	-	(14,915,985)
40905#AA6	HAMPTON ASSET MANAGEMENT, INC	22,097,474	22,715,022	22,715,022	-
9941557U3	HPCSP INVESTMENTS PROMISSORY NOTE	4,051,293	4,392,707	4,392,707	-
9941556V4	HPCSP INVESTMENTS SENIOR NOTE	7,016,140	7,346,260	7,346,260	-
G4919@AA1	INTRALAN INVESTMENTS LIMITED	4,152,310	4,352,443	4,352,443	-
46275@AA7	IRON CITY ASSET MANAGEMENT, INC.	25,275,943	22,685,091	22,685,091	-
46563@AA8	ITECH FUNDING LLC	19,281,368	20,345,616	20,345,616	-
46662#AA6	JACKSON ASSET MANAGEMENT, INC.	20,725,423	21,393,480	21,393,480	-
49803@AA2	KITE ASSET MANAGEMENT INC	34,622,923	36,075,692	36,076,026	334
51703#AA7	LARES, LLC	4,489,111	4,667,256	4,667,256	-
53250#AA0	LILY ASSET MANAGEMENT INC	33,084,925	34,072,077	34,072,077	-
57187#AA9	MARSHALLA ASSET MANAGEMENT, LLC	31,082,941	32,207,679	32,207,679	-
9947669V1	NIH CAPITAL, LLC	11,407,477	12,083,106	12,083,106	-
65532NAA7	NOM GB 2018 I LLC	2,213,899	1,283,684	1,283,570	(114)
69902#AA8	PARADISE ASSET MANAGEMENT INC	39,700,000	30,124,766	30,124,766	-
72083RAA7	PIERRE MENDES LLC	59,999,993	41,966,523	41,966,523	-
77294@AA9	ROCKDALE ASSET MANAGEMENT INC	39,700,000	30,531,298	30,531,298	-
X7552#AC1	STANDARD FINANCIAL LIMITED	3,819,822	4,078,559	4,078,559	-
86576#AA7	SUMMERVILLE ASSET MANAGEMENT, INC.	23,752,824	23,173,597	23,173,597	-
90225@AA6	TYBEE ISLAND ASSET MANAGEMENT, INC.	28,743,436	29,461,810	29,459,887	(1,923)
99439FJM4	AAPC HOLDINGS, LLC	39,101,150	39,101,150	54,017,135	14,915,985
9941317T1	CAPITAL ASSETS FUND II, LLC	33,555,104	31,703,735	31,703,735	-
9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	21,346,767	21,346,767	21,346,767	-
9944639X1	CV INVESTMENTS, LLC	12,590,691	12,590,627	12,590,627	-
9942228W1	GILFORD ASSET MANAGEMENT, LLC	1,771,121	1,771,121	1,771,121	-
Total Affiliated Investments		\$ 1,098,568,244	\$ 970,149,595	\$ 970,151,347	\$ 1,752

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

Decrease in PPN positions due to Franklin Street unwinding	\$ (14,916,000)
Increase in AAPC Preferred Stock due to Franklin Street underlying assignment	14,916,000
Total	\$ -



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, 2021, and a balance sheet, summary of operations, statement of cash flow, and schedule of affiliated investments as of March 31, 2021, 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, 2021, 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 7 day of May 2021.



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

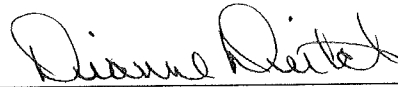
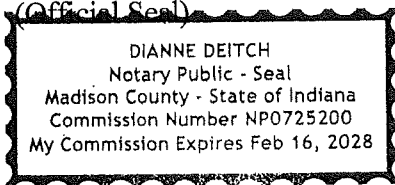
INDIANA

MARION COUNTY

Sworn to and subscribed before me:

The 7 day of May 2021.

(Official Seal)



Notary Public

My Commission Expires: