

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

WAKE COUNTY

SUPERIOR COURT DIVISION

19 CV 008664

FILED

MIKE CAUSEY,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

2019 NOV 20 P 2:42

Petitioner,

REHABILITATOR'S
QUARTERLY REPORT

v.

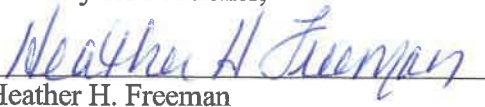
SOUTHLAND NATIONAL INSURANCE
CORPORATION, SOUTHLAND NATIONAL
REINSURANCE CORPORATION, BANKERS
LIFE INSURANCE COMPANY, COLORADO
BANKERS LIFE INSURANCE COMPNAY
North Carolina Domiciled Insurance Companies,

Respondents.

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

This the 20 day of November, 2019.

JOSH STEIN
ATTORNEY GENERAL
Attorney for Petitioner,


Heather H. Freeman

Assistant Attorney General
N. C. State Bar No. 28272
N. C. Department of Justice
P. O. Box 629
Raleigh, NC 27602-0629
(919) 716-6610
hfreeman@ncdoj.gov

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

Zachary H. Smith
Hillary B. Crabtree
Julia A. May
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003

Christopher J. Blake
Joseph W. Eason
Nelson Mullins Riley & Scarborough, LLP
Glenlake One, Suite 200
4140 Parklake Avenue
Raleigh, NC 27612

Mark A. Finkelstein
Stephen W. Petersen
Fox Rothschild LLP
434 Fayetteville St. Suite 2800
Raleigh, NC 27601-2943

Gregory M. Petrick
Cadwalader, Wickersham & Taft LLP
200 Liberty Street
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 20 day of November, 2019.

JOSH STEIN
ATTORNEY GENERAL
Attorney for Petitioner,



Heather H. Freeman
Assistant Attorney General
N. C. State Bar No. 28272
N. C. Department of Justice
P. O. Box 629
Raleigh, NC 27602-0629
(919) 716-6610
hfreeman@ncdoj.gov

SOUTHLAND NATIONAL INSURANCE CORPORATION
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF SEPTEMBER 30, 2019,
A BALANCE SHEET
AS OF SEPTEMBER 30, 2019
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH SEPTEMBER 30, 2019
AND
A SCHEDULE OF AFFILIATED INVESTMENTS
AS OF SEPTEMBER 30, 2019

INTRODUCTION

BACKGROUND

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

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

PURPOSE OF THIS REPORT

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

LIMITATIONS

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

SUMMARY

COMPANY PROPERTY

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

INVESTMENT PORTFOLIO

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

- The Company has approximately 65% of its assets invested in affiliated investments as of September 30, 2019.
- Affiliated assets represent 101% of surplus.
- As of September 30, 2019, the Company wrote off its investments and loans to the various Agera Energy, LLC entities as Agera Energy, LLC and its affiliates filed for chapter 11 bankruptcy in October. The investments and loans were made through various financing companies and asset management companies. Agera Energy, LLC was considered an affiliated investment. The total amount of the write off was \$3.4m.
- The Company received \$3.8m for one of its zero-coupon bonds. This bond was sold at a gain of \$326,000.
- As part of the initial proceeds from the sale of Pavonia Life Insurance Company of Michigan, the Company received \$6m.

REINSURANCE

The Company had assumed approximately \$34m of policy reserves from Investors Heritage Life Insurance Company that was recaptured effective July 1, 2019.

The Company had ceded approximately \$134m of policy reserves to Southland National Reinsurance Corporation, an affiliate, that was recaptured effective July 1, 2019.

EXPENSE REDUCTIONS

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

LITIGATION

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

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

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

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

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

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

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

A response was filed in early June 2019. The case remains pending.

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 November 6, 2019, 5 hardship cases have been received. 1 was approved and 4 were denied due to insufficient information.

CONTINUATION OF BUSINESS

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

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

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

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

On July 26, 2019, the Governor of North Carolina signed into law, House Bill 220. This bill amends N.C. Gen. Stat §58-19-10(b), which limits the amount of investments in affiliates and subsidiaries to the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent (50%) of the insurer's policyholders' surplus, provided that after those investments, the insurer's policyholders' surplus will be reasonable in relation to the insurers' outstanding liabilities and adequate to its financial needs. The excess amount of affiliated investments should be non-admitted. As of September 30, 2019, the Company has \$188m of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$190m.

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	174,205,856		174,205,856	256,201,649
2. Stocks:				
2.1 Preferred stocks	43,469,636		43,469,636	32,310,000
2.2 Common stocks	6,030	271	5,759	4,990
3. Mortgage loans on real estate:				
3.1 First liens	1,073,645		1,073,645	2,380,170
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)	170,930		170,930	376,913
5. Cash (\$ 37,556,313), cash equivalents (\$ 19,887,871) and short-term investments (\$)	57,444,184		57,444,184	37,252,738
6. Contract loans (including \$ premium notes)	5,311,491		5,311,491	364,213
7. Derivatives				
8. Other invested assets	9,000,000	9,000,000		9,000,000
9. Receivables for securities	315,303		315,303	5,690,080
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	290,997,075	9,000,271	281,996,804	343,580,752
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	4,929,513		4,929,513	3,170,301
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	370,892		370,892	80,815
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	1,845,561		1,845,561	610,244
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	28,159		28,159	3,037,144
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	353,946		353,946	961,232
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	661,004		661,004	1,547,515
18.2 Net deferred tax asset	9,874,321	9,874,321		872,246
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	1,858		1,858	250
24. Health care (\$) and other amounts receivable	6,716	6,716		550
25. Aggregate write-ins for other-than-invested assets	(2,783)		(2,783)	146,131
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	309,066,262	18,881,308	290,184,954	354,007,180
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	309,066,262	18,881,308	290,184,954	354,007,180
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Ceded Insurance Premium-Asset				
2502. Prepaid Expense Deposit & Returned Checks				
2503. Miscellaneous Receivable	57,066		57,066	83,013
2598. Summary of remaining write-ins for Line 25 from overflow page	(59,849)		(59,849)	63,118
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(2,783)		(2,783)	146,131

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ 278,591,592 less \$ included in Line 6.3 (including \$ Modco Reserve).....	278,591,592	184,078,945
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve).....	94,482	87,280
3. Liability for deposit-type contracts (including \$ Modco Reserve).....		
4. Contract claims:		
4.1 Life.....	2,776,094	1,227,266
4.2 Accident and health.....	581,450	573,103
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).....	177,574	92,349
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.....	371,246	289,742
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 \$ 46,139 assumed and \$ ceded.....	46,139	4,058,433
9.4 Interest Maintenance Reserve.....	7,336,229	3,307,086
10. Commissions to agents due or accrued-life and annuity contracts \$, accident and health \$ and deposit-type contract funds \$ 8		
11. Commissions and expense allowances payable on reinsurance assumed.....	338,179	428,933
12. General expenses due or accrued.....	181,700	59,613
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....		
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses).....		
15.2 Net deferred tax liability.....		
16. Unearned investment income.....	38,104	3,841
17. Amounts withheld or retained by reporting entity as agent or trustee.....	2,392	7,374
18. Amounts held for agents' account, including \$ agents' credit balances.....		
19. Remittances and items not allocated.....	190,937	364,589
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.....	217,904	2,057,080
24.02 Reinsurance in unauthorized and certified (\$) companies.....		749,364
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers.....		133,007,438
24.04 Payable to parent, subsidiaries and affiliates.....	538,802	1,345,457
24.05 Drafts outstanding.....		
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....		
24.08 Derivatives.....		
24.09 Payable for securities.....	200,254	
24.10 Payable for securities lending.....		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities.....	375,131	365,586
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	292,058,217	332,103,479
27. From Separate Accounts statement.....		
28. Total liabilities (Lines 26 and 27).....	292,058,217	332,103,479
29. Common capital stock.....	1,502,718	1,502,718
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	7,382,942	5,379,354
32. Surplus notes.....		
33. Gross paid in and contributed surplus.....	65,283,086	65,283,086
34. Aggregate write-ins for special surplus funds.....		
35. Unassigned funds (surplus).....	(76,042,009)	(47,075,257)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$).....		3,186,200
36.2 shares preferred (value included in Line 30 \$).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement).....	(3,375,981)	20,400,983
38. Totals of Lines 29, 30 and 37.....	(1,873,263)	21,903,701
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	290,184,954	354,007,180
DETAILS OF WRITE-INS		
2501. Deferred Compensation Liability.....	375,131	355,371
2502. Miscellaneous liabilities.....		10,215
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	375,131	365,586
3101. Deferred Reinsurance Gain.....	7,382,942	5,379,354
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page.....		
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above).....	7,382,942	5,379,354
3401. Common Stock Retired.....		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page.....		
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....		

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	114,498,904	(38,259,114)	(36,050,690)
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	11,797,317	12,944,077	15,337,803
4. Amortization of Interest Maintenance Reserve (IMR)	716,178	552,893	728,807
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	(1,307,167)	5,253,711	7,321,170
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	5,502	3,054	18,074
9. Totals (Lines 1 to 8.3)	125,710,734	(19,505,379)	(12,644,836)
10. Death benefits	13,824,783	12,036,957	14,999,472
11. Matured endowments (excluding guaranteed annual pure endowments)	193		
12. Annuity benefits	2,004,899	3,600,973	4,715,768
13. Disability benefits and benefits under accident and health contracts	3,975,346	1,197,584	2,252,911
14. Coupons, guaranteed annual pure endowments and similar benefits		55	(98)
15. Surrender benefits and withdrawals for life contracts	617,881	649,670	914,532
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds		(16,287)	
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	94,519,848	(51,301,335)	(46,743,601)
20. Totals (Lines 10 to 19)	114,942,950	(33,830,402)	(23,861,016)
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	5,780	507,908	686,061
22. Commissions and expense allowances on reinsurance assumed	3,233,985	2,291,741	3,438,475
23. General insurance expenses and fraternal expenses	10,438,324	7,583,522	9,842,842
24. Insurance taxes, licenses and fees, excluding federal income taxes	491,845	337,246	681,386
25. Increase in loading on deferred and uncollected premiums	959,225	(56,571)	(125,809)
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	3,952,457	6,370,460	8,110,864
28. Totals (Lines 20 to 27)	134,024,566	(16,796,096)	(1,246,197)
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(8,313,832)	(2,709,282)	(11,396,639)
30. Dividends to policyholders and refunds to members	155,235	76,267	78,511
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(8,469,067)	(2,785,549)	(11,475,150)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		(793,100)	(1,543,694)
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(8,469,067)	(1,992,450)	(9,931,456)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (895,365) (excluding taxes of \$ (185,700) transferred to the IMR)	(3,404,249)	(90,408)	(450,210)
35. Net income (Line 33 plus Line 34)	(11,873,316)	(2,082,857)	(10,381,666)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	21,903,701	33,801,006	33,801,008
37. Net income (Line 35)	(11,873,316)	(2,082,857)	(10,381,666)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(70,857)	(57,618)	(101,221)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	4,271,855	1,777,349	3,182,529
41. Change in nonadmitted assets	(15,585,826)	(1,495,542)	(2,571,814)
42. Change in liability for reinsurance in unauthorized and certified companies	749,363		(749,363)
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	1,839,177	(258,969)	646,324
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	(5,110,848)		
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus	2,003,588	(1,318,170)	(1,922,096)
54. Net change in capital and surplus (Lines 37 through 53)	(23,776,964)	(3,435,807)	(11,897,307)
55. Capital and surplus as of statement date (Lines 36 + 54)	(1,873,263)	30,365,199	21,903,701
DETAILS OF WRITE-INS			
08.301. Other Income	5,502	3,054	18,074
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	5,502	3,054	18,074
2701. Investment Credits to Reinsurers	3,942,348	6,370,460	8,110,864
2702. Fines and Penalties	10,109		
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	3,952,457	6,370,460	8,110,864
5301. Initial Ceding Commission STD RE Less Amortization - SNRC/SNG/STD RE	2,003,588		(1,922,096)
5302. Adj to Surplus-Reinsurance Assumed-North Carolina Mutual Life Ins Company		(1,318,170)	
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	2,003,588	(1,318,170)	(1,922,096)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	112,703,075	5,870,220	(32,306,497)
2. Net investment income	9,772,415	16,556,652	17,836,506
3. Miscellaneous income	1,301,865	3,065	7,339,244
4. Total (Lines 1 to 3)	121,173,825	22,429,937	7,130,747
5. Benefit and loss related payments	19,869,235	16,746,576	(20,330,994)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions	18,091,050	12,488,987	22,753,695
8. Dividends paid to policyholders	70,010	76,267	94,810
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....			3,821
10. Total (Lines 5 through 9)	38,030,295	29,311,830	2,521,332
11. Net cash from operations (Line 4 minus Line 10)	83,143,530	6,881,893	9,652,079
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	130,303,474	157,593,161	209,182,302
12.2 Stocks	132,606		
12.3 Mortgage loans	1,292,064	863,628	882,799
12.4 Real estate	218,979	699,000	699,000
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1		(12,075)
12.7 Miscellaneous proceeds	5,593,264	494,645	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	137,540,388	159,650,434	210,752,026
13. Cost of investments acquired (long-term only):			
13.1 Bonds	53,800,846	200,109,406	229,388,032
13.2 Stocks	11,626,672		
13.3 Mortgage loans		29,014	29,014
13.4 Real estate		2,006	2,006
13.5 Other invested assets			
13.6 Miscellaneous applications		3,842,172	1,144,002
13.7 Total investments acquired (Lines 13.1 to 13.6)	65,427,518	196,298,254	230,563,053
14. Net increase (or decrease) in contract loans and premium notes		392,272	434,234
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	72,112,870	36,255,548	19,376,793
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders		(16,299)	
16.6 Other cash provided (applied)	(135,064,954)	1,148,422	(1,149,463)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(135,064,954)	(1,132,123)	(1,149,463)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	20,191,446	(44,269,564)	(30,178,335)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	37,252,738	67,431,072	67,431,073
19.2 End of period (Line 18 plus Line 19.1)	57,444,184	23,161,508	37,252,738

SOUTHLAND NATIONAL INSURANCE CORPORATION
SCHEDULE OF AFFILIATED INVESTMENTS
JUNE 30, 2019 AND SEPTEMBER 30, 2019 COMPARISON

Trust account	CUSIP		Description	Actual Cost	Book/ Adjusted	Book/ Adjusted	Change
	Identification				Carrying Value	Carrying Value	
				June 30, 2019	September 30, 2019		
NC Mutual	9941328T5		Academy Financial Assets, LLC	\$ 4,026,081	\$ 4,026,081	\$ 4,026,081	\$ -
NC Mutual	04686@AA9		Augusta Asset Management, LLC	5,125,769	5,125,769	5,125,769	-
N/A	05777@AA6		Baldwin Asset Management, LLC	8,561,868	8,656,221	8,561,868	(94,353)
NC Mutual	06367UAA5		BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 144	10,000,000	10,000,000	10,000,000	-
N/A	06625@I26		BANKERS LIFE INSURANCE COMPANY	8,310,000	8,310,000	8,310,000	-
N/A	06739FJM4		BARCLAYS BANK PLC	10,000,000	10,000,000	10,000,000	-
N/A	13973@AA2		CAPITAL ASSETS FUND I LLC	6,375,572	6,375,572	6,375,572	-
NC Mutual	9941317T1		CAPITAL ASSETS FUND II, LLC	5,258,038	5,592,468	5,258,038	(334,430)
NC Mutual	9941317V6		CAPITAL ASSETS FUND IV, LLC	5,236,750	6,436,517	5,236,750	(1,199,767)
NC Mutual	9941317U8		CAPITAL ASSETS FUND V, LLC	5,800,589	6,436,517	5,800,589	(635,928)
NC Mutual	9941318T3		Capital Assets Management II, LLC	1,775,937	1,775,937	1,775,937	(0)
N/A	9941318T3		Capital Assets Management II, LLC	1,775,938	1,775,937	1,775,938	1
N/A	19633@I29		COLORADO BANKERS LIFE INSURANCE COMPANY, INC.	24,000,000	24,000,000	24,000,000	-
N/A	19633@AA1		COLORADO BANKERS LIFE INSURANCE COMPANY, INC.	9,000,000	9,000,000	-	(9,000,000)
NC Mutual	9944639X1		CV Investments, LLC	2,055,028	2,055,028	2,055,028	-
NC Mutual	23570*AA0		Damascus Asset Management, LLC	5,020,727	5,020,728	5,020,727	(1)
N/A	23570*AA0		Damascus Asset Management, LLC	1,882,773	1,882,773	1,882,773	0
NC Mutual	29412#AA5		Ephesus Asset Management, LLC	3,261,153	3,278,858	3,261,153	(17,706)
N/A	29412#AA5		Ephesus Asset Management, LLC	6,179,026	6,212,574	6,179,026	(33,548)
NC Mutual	34610#AA5		Forest Park Asset Management, LLC	4,311,615	4,311,615	4,311,615	0
N/A	34610#AA5		Forest Park Asset Management, LLC	3,593,012	3,593,012	3,593,012	(0)
N/A	35472MAA4		FRANKLIN STR 2018-1 LLC	6,153,762	9,997,989	6,153,762	(3,844,227)
NC Mutual	84447*AA3		GBIG Holdings, Inc.	-	4,834,998	-	(4,834,998)
N/A	84447*AA4		GBIG Holdings, Inc.	-	1,208,776	-	(1,208,776)
NC Mutual	9942228W1		Gilford Asset Management, LLC	294,695	294,695	294,695	-
NC Mutual	40905#AA6		Hampton Asset Management, LLC	3,629,545	3,629,545	3,629,545	(0)
N/A	40905#AA6		Hampton Asset Management, LLC	3,484,364	3,484,364	3,484,364	0
N/A	HPCSP_SENIOR		HPCSP INVESTMENTS	1,084,395	1,084,395	1,084,395	-
NC Mutual	9941557U3		HPCSP Investments, LLC	1,168,035	1,168,035	1,168,035	-
NC Mutual	46275@AA7		Iron City Asset Management, LLC	2,964,896	3,423,272	2,964,896	(458,376)
NC Mutual	46563@AA8		ITECH FUNDING LLC	3,223,492	3,223,492	3,223,492	0
N/A	46563@AA8		ITECH FUNDING LLC	4,244,796	4,244,796	4,244,796	(0)
NC Mutual	46662#AA6		Jackson Asset Management, LLC	3,048,617	3,048,617	3,048,617	-
N/A	63873DAA1		NATIXIS SA	-	3,429,100	-	(3,429,100)
NC Mutual	9947669V1		NIH Capital, LLC	949,042	949,041	949,042	1
N/A	9947669V1		NIH Capital, LLC	949,042	949,041	949,042	1
NC Mutual	65532NAA7		NOM GB 2018 I LLC	9,472,165	9,467,816	9,466,965	(851)
N/A	G6846#AA2		PBX Bermuda Holdings, LTD.	200,203	200,308	200,335	27
NC Mutual	72083RAA7		PIERRE MENDES LLC	8,999,999	9,000,000	8,999,999	(1)
NC Mutual	78013GSS5		ROYAL BK CDA	1,627,500	1,627,500	1,627,500	-
N/A	78013GSS5		ROYAL BK CDA	3,797,500	3,797,500	3,797,500	-
N/A	86576#AA7		Summerville Asset Management, LLC	7,358,541	7,963,789	7,358,541	(605,248)
NC Mutual	87339#AA3		TAC INVESTMENTS LLC	3,233,263	3,233,263	3,233,263	-
Total Affiliated Investments				\$ 197,433,728	\$ 214,125,939	\$ 188,428,659	\$ (25,697,280)

Summary of activity (rounded to hundred-thousands)

OTTI write-off due to Agera exposure.	\$ (3,400,000)
Pavonia Life Insurance Company of Michigan proceeds	(6,000,000)
CBL Surplus note is non-admitted in the September Financials	(9,000,000)
Move Natixis SA zero-coupon bond to unaffiliated	(3,400,000)
Franklin St zero-coupon proceeds	(3,800,000)
Total	\$ (25,600,000)

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

INTRODUCTION

BACKGROUND

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

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

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

PURPOSE OF THIS REPORT

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

LIMITATIONS

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

SUMMARY

COMPANY PROPERTY

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

REINSURANCE

The Company had assumed approximately \$134m of policy reserves from Southland National Insurance Corporation, an affiliate, that was recaptured as of July 1, 2019.

The Company had assumed approximately \$200m of policy reserves from Colorado Bankers Life Insurance Company, an affiliate, that was recaptured as of July 1, 2019.

LITIGATION

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

OTHER MATTERS

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

CONTINUATION OF BUSINESS

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

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

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

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

Southland National Reinsurance Corporation
Balance Sheet
September 30, 2019

	<u>Sep-19</u>
ASSETS	
Current Assets	
Checking/Savings	
Regions- Trust- 3191	6,410
Regions- Trust- 3208	190
Regions Bank- Custodial Account	1,105
Fifth Third Bank - 5666	1,127,290
Wells Fargo	-
Total Checking/Savings	<u>1,134,995</u>
Other Current Assets	
Settlement Receivable- CBL	404,101
Settlement Receivable- NCM	293,048
Settlement Receivable-SNIC	<u>(276,507)</u>
Total Other Current Assets	<u>420,642</u>
Total Current Assets	1,555,637
Other Assets	
Deferred Acquisition Cost- NCM	-
Deferred Tax Asset	(186,305)
Funds Withheld- CBL	
Unrealized Gain/(Loss)	-
Funds Withheld- CBL - Other	<u>-</u>
Total Funds Withheld- CBL	-
Funds Withheld- NCM	
Unrealized Gain/(Loss)	-
Funds Withheld- NCM - Other	<u>-</u>
Total Funds Withheld- NCM	-
Funds Withheld- SNIC	
Unrealized Gain/(Loss)	-
Funds Withheld- SNIC - Other	<u>-</u>
Total Funds Withheld- SNIC	-
Total Other Assets	<u>(186,305)</u>
TOTAL ASSETS	<u>1,369,332</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	-
Total Accounts Payable	<u>-</u>
Other Current Liabilities	
Due to Affiliates	
Due to ELI Research LLC	7,005
Due to SNH	(0)
Due to GBIG	6,414,454
Due to Eli Global	<u>-</u>
Total Due to Affiliates	6,421,459
Accrued Expenses	-
Advance Premium- NCM	-
Advance Premium- SNIC	-
Federal Income Taxes Payable	(5,504,022)
Premium Taxes Payable	-
Reserve for Life Policies- CBL	-
Reserve for Life Policies- NCM	-
Reserve for Life Policies- SNIC	<u>-</u>
Total Other Current Liabilities	<u>917,437</u>
Total Current Liabilities	917,437
Long Term Liabilities	
Deferred Reinsurance Gain	<u>-</u>
Total Long Term Liabilities	<u>-</u>
Total Liabilities	917,437
Equity	
Capital Stock	100
Additional Paid in Capital	18,851,565
Retained Earnings	(5,990,168)
Net Income	<u>(12,409,602)</u>
Total Equity	<u>451,895</u>
TOTAL LIABILITIES & EQUITY	<u>1,369,332</u>

Southland National Reinsurance Corporation
Income Statement
Nine months ended Septmeber 30, 2019

Jan - Sep 19

Ordinary Income/Expense	
Income	
Change in Due & Deferred- NCM	(41,965.85)
Change in Due & Deferred- SNIC	13,580.65
Change in Policy Loans- NCM	236,552.65
Gain on Reinsurance	5,115,816.70
Premium- CBL	(189,308,344.03)
Premium- NCM	
Policy Loans Assumed	-
Premium- NCM - Other	(97,894,984.59)
Total Premium- NCM	(97,894,984.59)
Premium- SNIC	(30,453,933.04)
Total Income	(312,333,277.51)
Expense	
Bank Service Charges	225.03
Benefit Payments- CBL	13,162,671.54
Benefit Payments- NCM	4,069,442.35
Benefit Payments- SNIC	2,426,902.25
Board of Director Fees	-
Change in Agg Reserves- CBL	(195,774,138.00)
Change in Agg Reserves- NCM	(90,585,065.00)
Change in Agg. Reserves- SNIC	(30,311,445.00)
Change in DAC- NCM	4,684,074.20
Change in DAC- SNIC	-
Commission Allowance	-
Expense Allowance- CBL	2,285,509.30
Expense Allowance- SNIC	3,213,559.50
Premium Tax Expense	3,101.54
Admin Fee- GBIG	3,241,867.91
Professional Fees	
Accounting	(80,000.03)
Actuarial	-
Consulting	-
Legal	-
Professional Fees - Other	-
Total Professional Fees	(80,000.03)
Travel Expense	-
Total Expense	(283,663,294.41)
Net Ordinary Income	(28,669,983.10)
Other Income/Expense	
Other Income	
Investment Income	
Unrealized Gain on Funds Held	4,686,619.56
Income- Funds Withheld- CBL	8,826,851.78
Income- Funds Withheld- NCM	3,630,181.83
Income-Funds Withheld-SNIC	1,060,534.81
Interest Income	498.61
Management Fees- GBIG	(446,521.87)
Management Fees- SNH	-
Total Investment Income	17,758,164.72
Total Other Income	17,758,164.72
Other Expense	
Federal Income Taxes- Current	-
Federal Income Taxes- Deferred	1,497,784.00
Total Other Expense	1,497,784.00
Net Other Income	16,260,380.72
Net Income	(12,409,602.38)

Southland National Reinsurance Corporation
Statement of Cash Flows
Nine months ended Septmeber 30, 2019

	Nine Months Ended 30-Sep-19
Cash flows from operating activities:	
Net income	(12,409,602)
Adjustments to reconcile net income to net cash	
Deferred tax	1,497,784
Deferred gain on reinsurance	(5,750,555)
Unrealized Gain on Funds Held	(55,300)
Cash flows from changes in:	
Receivables from affiliates	270,958
Deferred acquisition costs	4,684,074
Future policy benefits	(316,670,648)
Unearned premium	(143,473)
Accrued expenses	(85,000)
Federal income tax receivable	1,900,000
Net cash provided by operating expenses	<u>(326,761,761)</u>
Cash flows from investing activities:	
Funds held by affiliates	321,958,944
Policy loans	5,076,599
Net cash used in investing activities	<u>327,035,543</u>
Net decrease in cash	273,782
Cash beginning of year	<u>861,213</u>
Cash end of period	<u><u>1,134,995</u></u>

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

INTRODUCTION

BACKGROUND

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

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

PURPOSE OF THIS REPORT

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

LIMITATIONS

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

SUMMARY

COMPANY PROPERTY

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

INVESTMENT PORTFOLIO

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

- The Company has approximately 17% of its assets invested in affiliated investments as of September 30, 2019.

- Affiliated assets represent 236% of surplus.
- As of September 30, 2019, the Company wrote off its investments and loans to the various Agera Energy, LLC entities as Agera Energy, LLC and its affiliates filed for chapter 11 bankruptcy in October. The investments and loans were made through various financing companies and asset management companies. Agera Energy, LLC was considered an affiliated investment. The total amount of the write off was \$1.6m.
- The Company received \$2m for one of its zero-coupon bonds. This bond was sold at a gain of \$172,000.

EXPENSE REDUCTIONS

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

LITIGATION

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

OTHER MATTERS

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- In accordance with the Moratorium Order, the Rehabilitator has adopted and implemented a policy to provide substitute benefits in lieu of the contractual obligations of the Company for annuity benefits and cash withdrawals for policyholders who petition for payment under claims of legitimate hardship. As of November 6, 2019, 77 hardship cases have been received. 18 were approved, 13 were denied due to insufficient information, 22 were denied due to not meeting the hardship qualifications and 24 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.

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

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

The accompanying unaudited financial statements were prepared by the Company's staff for the period of April 1, 2019 to June 26, 2019, and subsequent to the Order under the direct supervision of the Rehabilitator's staff, as of September 30, 2019. 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 September 30, 2019, the Company has \$52m of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$24m.

ASSETS

	Current Statement Date			December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	277,297,114		277,297,114	296,024,422
2. Stocks:				
2.1 Preferred stocks	5,243,409		5,243,409	0
2.2 Common stocks	357,700		357,700	402,700
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$6,427,166), cash equivalents (\$73,383,771) and short-term investments (\$3,999,660)	83,810,597		83,810,597	78,316,450
6. Contract loans (including \$ premium notes)	891		891	41,759
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities	24,897		24,897	13
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	366,734,608	0	366,734,608	374,785,344
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	4,362,868		4,362,868	3,515,345
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	470
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	10,272,627		10,272,627	16,108,622
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	7,209,802	3,823,641	3,386,161	2,973,336
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	24,988		24,988	0
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	1,257,558	1,237,452	20,106	20,111
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	389,862,451	5,061,093	384,801,358	397,403,227
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	389,862,451	5,061,093	384,801,358	397,403,227
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Miscellaneous Receivables	20,106		20,106	20,111
2502. Negative Interest Maintenance Reserve	1,237,452	1,237,452	0	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,257,558	1,237,452	20,106	20,111

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ less \$ included in Line 6.3 (including \$ Modco Reserve)	346,960,170	356,702,874
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	0	0
3. Liability for deposit-type contracts (including \$ Modco Reserve)	5,241,377	4,730,744
4. Contract claims:		
4.1 Life	384,005	242,728
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	27,379	25,612
9.4 Interest Maintenance Reserve	0	144,227
10. Commissions to agents due or accrued-life and annuity contracts \$, accident and health \$ and deposit-type contract funds \$	0	0
11. Commissions and expense allowances payable on reinsurance assumed	0	0
12. General expenses due or accrued	45,769	39,794
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)	452,650	437,662
15.2 Net deferred tax liability	0	0
16. Unearned investment income	0	304
17. Amounts withheld or retained by reporting entity as agent or trustee	340,528	292,714
18. Amounts held for agents' account, including \$ agents' credit balances	0	0
19. Remittances and items not allocated	327,671	158,455
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	1,079,743	1,939,775
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	74,484	109,015
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	1,714,952	0
24.10 Payable for securities lending	0	0
24.11 Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	120
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	356,648,728	364,824,024
27. From Separate Accounts statement	0	0
28. Total liabilities (Lines 26 and 27)	356,648,728	364,824,024
29. Common capital stock	2,176,504	2,176,504
30. Preferred capital stock	823,496	823,496
31. Aggregate write-ins for other than special surplus funds	6,071	24,541
32. Surplus notes	3,000,000	3,000,000
33. Gross paid in and contributed surplus	41,623,795	41,623,795
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(19,477,236)	(15,069,133)
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)	25,152,630	29,579,203
38. Totals of Lines 29, 30 and 37	28,152,630	32,579,203
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	384,801,358	397,403,227
DETAILS OF WRITE-INS		
2501. Unclaimed Property	0	120
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)	0	120
3101. Deferred Gain on Ceded Reinsurance	6,071	24,541
3102.	0	0
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)	6,071	24,541
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

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	261,177	218,346,841	267,922,351
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	14,250,082	8,640,705	13,036,213
4. Amortization of Interest Maintenance Reserve (IMR)	(31,653)	89,716	100,537
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	71,009	1,932,862	1,941,191
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts	42,334	120,642	123,336
8.3 Aggregate write-ins for miscellaneous income	15,749	19,952	28,639
9. Totals (Lines 1 to 8.3)	14,608,698	229,150,718	283,152,267
10. Death benefits	124,128	144,124	238,564
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	181,046	27,522	43,524
13. Disability benefits and benefits under accident and health contracts		0	0
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	18,721,104	12,333,576	20,573,519
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	153,296	201,143	249,571
18. Payments on supplementary contracts with life contingencies	168,010	184,211	294,349
19. Increase in aggregate reserves for life and accident and health contracts	(9,742,704)	212,500,686	257,752,188
20. Totals (Lines 10 to 19)	9,604,880	225,391,262	279,151,715
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	2,441	7,747,323	9,250,504
22. Commissions and expense allowances on reinsurance assumed		0	0
23. General insurance expenses and fraternal expenses	5,750,948	3,696,353	6,327,869
24. Insurance taxes, licenses and fees, excluding federal income taxes	498,917	875,791	691,412
25. Increase in loading on deferred and uncollected premiums	(630)		0
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	63,908	1,014,115	1,140,270
28. Totals (Lines 20 to 27)	15,920,464	238,724,844	296,581,770
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(1,311,766)	(9,574,126)	(13,409,503)
30. Dividends to policyholders and refunds to members	0	0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(1,311,766)	(9,574,126)	(13,409,503)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		269,035	524,766
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(1,311,766)	(9,843,161)	(13,934,269)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 375,696 (excluding taxes of \$ 0 transferred to the IMR)	2,374,781	24,517	34,202
35. Net income (Line 33 plus Line 34)	(3,686,547)	(9,818,644)	(13,900,068)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	32,579,202	35,728,324	35,728,324
37. Net income (Line 35)	(3,686,547)	(9,818,644)	(13,900,068)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ (367,176)		(63,555)	11,203
39. Change in net unrealized foreign exchange capital gain (loss)		0	(390,784)
40. Change in net deferred income tax	368,391	2,096,827	3,584,125
41. Change in nonadmitted assets	(1,582,803)	(331,591)	(1,528,482)
42. Change in liability for reinsurance in unauthorized and certified companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease		0	0
44. Change in asset valuation reserve	860,033	(526,335)	(675,031)
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		10,000,000	10,000,000
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	(18,470)	(241,765)	(250,085)
54. Net change in capital and surplus (Lines 37 through 53)	(4,426,572)	1,114,937	(3,149,122)
55. Capital and surplus as of statement date (Lines 36 + 54)	28,152,630	36,843,261	32,579,202
DETAILS OF WRITE-INS			
08.301. Administrative and Service Fee Income	15,749	19,952	28,639
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	15,749	19,952	28,639
2701. Reinsurance Funds Withheld Investment Income		1,014,115	1,140,270
2702.			
2703. Miscellaneous Expenses	62,280		
2798. Summary of remaining write-ins for Line 27 from overflow page	1,628	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	63,908	1,014,115	1,140,270
5301. Deferred Gain on Ceded Reinsurance	(18,470)	(241,765)	(250,085)
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(18,470)	(241,765)	(250,085)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	262,277	218,354,540	267,929,580
2. Net investment income.....	13,104,051	6,747,173	10,609,368
3. Miscellaneous income.....	129,092	2,073,456	2,093,166
4. Total (Lines 1 to 3).....	13,495,421	227,175,169	280,632,113
5. Benefit and loss related payments.....	13,368,545	34,621,173	59,936,646
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	6,356,008	13,299,529	17,490,280
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses).....	0	(4,578)	0
10. Total (Lines 5 through 9).....	19,724,553	47,916,124	77,426,926
11. Net cash from operations (Line 4 minus Line 10).....	6,229,132	179,259,045	203,205,187
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	75,534,931	137,034,253	148,809,301
12.2 Stocks.....	111,303	0	0
12.3 Mortgage loans.....	0	14,754,982	14,754,982
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	810	(18,246)	(18,164)
12.7 Miscellaneous proceeds.....	5,080,103	5,970,749	4,623,211
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	80,727,147	157,741,738	168,169,330
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	61,059,048	269,374,969	329,596,380
13.2 Stocks.....	5,477,963	0	0
13.3 Mortgage loans.....	0	14,754,982	14,754,982
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	3,203,052	13,611	262,611
13.7 Total investments acquired (Lines 13.1 to 13.6).....	69,740,064	284,143,562	344,613,972
14. Net increase (or decrease) in contract loans and premium notes.....	40,868	(1,669)	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	11,027,952	(126,400,155)	(176,444,642)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	10,000,000	10,000,000
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	510,633	1,241,162	1,294,600
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	184,695	(31,802,506)	(58,224,264)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	695,329	(20,561,344)	(46,929,664)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	5,494,148	32,297,546	(20,169,120)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	78,316,451	98,485,571	98,485,571
19.2 End of period (Line 18 plus Line 19.1).....	83,810,599	130,783,117	78,316,451

OVERFLOW PAGE FOR WRITE-INS

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

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
2704. Fines & Penalties.....	1,628		
2797. Summary of remaining write-ins for Line 27 from Page 04	1,628	0	0

BANKERS LIFE INSURANCE COMPANY
SCHEDULE OF AFFILIATED INVESTMENTS
JUNE 30, 2019 AND SEPTEMBER 30, 2019 COMPARISON

Trust Account	CUSIP Identification	Description	Actual Cost	Book/ Adjusted	Book/ Adjusted	Change
				Carrying Value June 30, 2019	Carrying Value September 30, 2019	
N/A	9947669V1	NIH CAPITAL, LLC	759,233	759,233	759,233	-
N/A	9944639X1	CV INVESTMENTS, LLC	1,102,461	1,102,461	1,102,461	-
N/A	9942228W1	GILFORD ASSET MANAGEMENT, LLC	147,347	147,347	147,347	-
N/A	9941557U3	HPCSP INVESTMENTS, LLC	584,018	584,018	584,018	-
N/A	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	2,013,040	2,013,040	2,013,040	-
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,365,633	1,365,633	1,365,633	-
N/A	9941317V6	CAPITAL ASSETS FUND IV, LLC	3,491,012	4,291,011	3,491,012	(799,999)
N/A	9941317U8	CAPITAL ASSETS FUND V, LLC	3,867,012	4,291,011	3,867,012	(423,999)
N/A	9941317T1	CAPITAL ASSETS FUND II, LLC	2,627,968	2,796,219	2,627,968	(168,251)
N/A	87339#AA3	TAC INVESTMENTS LLC	5,444,304	5,444,304	5,444,304	-
N/A	86576#AA7	SUMMERVILLE ASSET MANAGEMENT, LLC	1,005,189	1,089,065	1,005,189	(83,877)
N/A	78013GSS5	ROYAL BK CDA	2,170,000	2,170,000	2,170,000	-
N/A	72083RAA7	PIERRE MENDES LLC	5,999,999	6,000,000	5,999,999	(1)
N/A	65532NAA7	NOM GB 2018 I LLC	1,819,285	1,818,471	1,818,308	(163)
N/A	46662#AA6	JACKSON ASSET MANAGEMENT, LLC	762,154	762,154	762,154	0
N/A	46563@AA8	ITECH FUNDING LLC	1,021,304	1,021,304	1,021,304	-
N/A	46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	741,186	855,818	741,186	(114,632)
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	871,091	871,091	871,091	-
N/A	37940*AA3	Academy Financial Assets, LLC	3,136,069	3,146,257	3,136,069	(10,188)
N/A	37562#AA6	Gilford Asset Management, LLC	4,495,895	4,495,895	4,495,895	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	3,073,128	4,992,897	3,073,128	(1,919,769)
N/A	13973@AA2	CAPITAL ASSETS FUND I LLC	3,187,786	3,187,786	3,187,786	-
N/A	06739FJM4	BARCLAYS BANK PLC	6,022,186	6,021,984	6,022,138	154
N/A	06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOK ENTRY 14-	5,000,000	5,000,000	5,000,000	-
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	1,051,309	1,062,928	1,051,309	(11,619)
N/A	04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	4,271,474	4,271,474	4,271,474	-
Total Affiliated Investments			66,030,084	69,561,402	66,029,059	(3,532,343)

Summary of activity (rounded to hundred-thousands)

OTTI write-off due to Agera exposure.	\$ (1,600,000)
Franklin St zero-coupon proceeds	(2,000,000)
Total	\$ (3,600,000)

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

INTRODUCTION

BACKGROUND

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

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

PURPOSE OF THIS REPORT

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

LIMITATIONS

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

SUMMARY

COMPANY PROPERTY

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

INVESTMENT PORTFOLIO

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

- The Company has approximately 40% of its assets invested in affiliated investments as of September 30, 2019.

- Affiliated assets represent 918% of surplus.
- As of September 30, 2019, the Company wrote off its investments and loans to the various Agera Energy, LLC entities as Agera Energy, LLC and its affiliates filed for bankruptcy in October. The investments and loans were made through various financing companies and asset management companies. Agera Energy, LLC was considered an affiliated investment. The total amount of the write off was \$43.4m.
- The Company received \$41.8m in proceeds from sale of affiliated investments, Medical Physics and Finanzen.
- The Company received \$18.5m for one of its zero-coupon bonds. This bond was sold at a gain of \$1.6m.
- As part of the initial proceeds from the sale of Pavonia Life Insurance Company of Michigan, the Company received approximately \$15m.
- In June 2019, the Company extended a \$40m line of credit (LOC) to American Financial Academy, LLC, an affiliate, for liquidity purposes. As of September 30, 2019, \$39.9m had been advanced. The LOC requires monthly interest payments and matures on June 27, 2020.

REINSURANCE

The Company had ceded approximately \$200m of policy reserves to Southland National Reinsurance Corporation, an affiliate, that was recaptured effective July 1, 2019.

EXPENSE REDUCTIONS

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

LITIGATION

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

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

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

Plaintiff filed a second amended complaint on February 7, 2019, along with written discovery. The complaint joined new party defendants. Those new defendants were Greg Lindberg; Southland National Holdings, Inc.; Global Bankers Insurance Group, LLC; SNA Capital, LLC; and Bankers Reinsurance Company Ltd. The newly joined defendants, including Southland National Holdings, Inc., moved to dismiss the complaint on March 18. This motion remains pending.

On September 4, 2019, the Court entered an order staying the action and moving it to the Administrative docket.

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

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

Plaintiff filed a second amended complaint on February 7, 2019, along with written discovery. The complaint joined new party defendants. Those new defendants were Greg Lindberg; Southland National Holdings, Inc.; Global Bankers Insurance Group, LLC; SNA Capital, LLC; and Bankers Reinsurance Company Ltd. The newly joined defendants, including Southland National Holdings, Inc., moved to dismiss the complaint on March 18. This motion was denied on April 2, 2019.

On September 9, 2019, the Court entered an order staying the action and setting a status conference for September 15, 2020.

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

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

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

On October 3, 2019, the Court held a status conference and ordered the parties to show cause as to why the case was not yet dismissed. CBLI and the appointed receiver requested an extension of time for the receiver to maximize value and sell the facility. A status conference and hearing Order to Show Cause will be held on January 16, 2020.

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

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

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

Plaintiff's counsel agreed to stay the action as it relates to GBIG, LLC because GBIG, LLC is in rehabilitation under the control of the Michigan Department of Insurance.

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 November 6, 2019, 447 hardship cases have been received. 191 were approved, 109 were denied due to insufficient information, 43 were denied due to not meeting the hardship qualifications and 104 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.

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

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

The accompanying unaudited financial statements were prepared by the Company's staff for the period of April 1, 2019, to June 26, 2019, and subsequent to the Order under the direct supervision of the Rehabilitator's staff, as of September 30, 2019. 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 September 30, 2019, the Company has \$973m of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$860m.

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	1,972,016,999		1,972,016,999	2,206,581,762
2. Stocks:				
2.1 Preferred stocks	67,412,313		67,412,313	0
2.2 Common stocks	2,409,400		2,409,400	1,186,700
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	5,970,400		5,970,400	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 (\$30,827,530), cash equivalents (\$366,683,474) and short-term investments (\$46,181,055)	454,936,575		454,936,575	403,894,420
6. Contract loans (including \$ premium notes)	8,076,746		8,076,746	7,591,174
7. Derivatives	1,300,438		1,300,438	287,827
8. Other invested assets	0		0	0
9. Receivables for securities	24,362,789		24,362,789	6,100,000
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,536,485,660	0	2,536,485,660	2,625,641,883
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	43,568,818		43,568,818	26,409,206
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	485,870	11,437	474,433	628,065
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	9,087,111		9,087,111	9,653,509
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	316,244	84,622	231,622	56,989
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	158,662		158,662	2,345,475
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	3,238,239		3,238,239	905,067
18.2 Net deferred tax asset	52,677,877	41,597,022	11,080,855	11,168,457
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	129,255		129,255	312
24. Health care (\$) and other amounts receivable	(120,807)		(120,807)	5,485
25. Aggregate write-ins for other-than-invested assets	10,989,795	10,489,795	500,000	290,988
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,657,016,724	52,182,876	2,604,833,848	2,677,105,437
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	2,657,016,724	52,182,876	2,604,833,848	2,677,105,437
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Miscellaneous Receivables	500,000		500,000	290,988
2502. Negative Interest Maintenance Reserve	10,489,795	10,489,795	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)	10,989,795	10,489,795	500,000	290,988

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ less \$ included in Line 6.3 (including \$ Modco Reserve)	2,327,193,471	2,112,238,757
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	917,401	1,034,240
3. Liability for deposit-type contracts (including \$ Modco Reserve)	12,139,032	13,910,151
4. Contract claims:		
4.1 Life	9,397,555	21,276,062
4.2 Accident and health	159,766	287,206
5. Policyholders' dividends/refunds to members \$ and coupons \$ due and unpaid		0
6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year—estimated amounts:		
6.1 Policyholders' dividends and refunds to members apportioned for payment (including \$ Modco)		0
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ Modco)		0
6.3 Coupons and similar benefits (including \$ Modco)		0
7. Amount provisionally held for deferred dividend policies not included in Line 6		0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums	869,841	1,569,822
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		0
9.2 Provision for experience rating refunds, including the liability of \$ accident and health experience rating refunds of which \$ is for medical loss ratio rebate per the Public Health Service Act		0
9.3 Other amounts payable on reinsurance, including \$ assumed and \$ ceded	10,743,800	571,164
9.4 Interest Maintenance Reserve	0	3,161,888
10. Commissions to agents due or accrued-life and annuity contracts \$ accident and health \$ and deposit-type contract funds \$	10,470	8,438
11. Commissions and expense allowances payable on reinsurance assumed		0
12. General expenses due or accrued	37,494	139,464
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	1,173,116	2,238,141
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)		0
15.2 Net deferred tax liability		0
16. Unearned investment income		0
17. Amounts withheld or retained by reporting entity as agent or trustee	65,062	0
18. Amounts held for agents' account, including \$ agents' credit balances		0
19. Remittances and items not allocated	2,589,995	1,179,638
20. Net adjustment in assets and liabilities due to foreign exchange rates		0
21. Liability for benefits for employees and agents if not included above		0
22. Borrowed money \$ and interest thereon \$		0
23. Dividends to stockholders declared and unpaid		0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	85,510	8,610,198
24.02 Reinsurance in unauthorized and certified (\$) companies		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	114,350,011	313,331,261
24.04 Payable to parent, subsidiaries and affiliates	3,479,382	2,604,674
24.05 Drafts outstanding		0
24.06 Liability for amounts held under uninsured plans		0
24.07 Funds held under coinsurance		0
24.08 Derivatives	0	0
24.09 Payable for securities	8,418,858	0
24.10 Payable for securities lending		0
24.11 Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	291,512	360,084
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	2,491,922,276	2,482,521,209
27. From Separate Accounts statement		0
28. Total liabilities (Lines 26 and 27)	2,491,922,276	2,482,521,209
29. Common capital stock	1,500,000	1,500,000
30. Preferred capital stock	1,000,000	1,000,000
31. Aggregate write-ins for other than special surplus funds	8,589,513	9,417,399
32. Surplus notes	9,000,000	9,000,000
33. Gross paid in and contributed surplus	204,976,021	204,976,020
34. Aggregate write-ins for special surplus funds		0
35. Unassigned funds (surplus)	(112,153,962)	(31,309,191)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		0
36.2 shares preferred (value included in Line 30 \$)		0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)	110,411,572	192,084,228
38. Totals of Lines 29, 30 and 37	112,911,572	194,584,228
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	2,604,833,848	2,677,105,437
DETAILS OF WRITE-INS		
2501. Unclaimed Property	291,512	360,084
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page		0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	291,512	360,084
3101. Deferred Gain on Reinsurance	8,589,513	9,417,399
3102.		0
3103.		0
3198. Summary of remaining write-ins for Line 31 from overflow page		0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)	8,589,513	9,417,399
3401.		0
3402.		0
3403.		0
3498. Summary of remaining write-ins for Line 34 from overflow page		0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	262,614,070	1,206,476,156	1,333,935,404
2. Considerations for supplementary contracts with life contingencies	112,190	0	0
3. Net investment income	97,553,457	67,449,000	92,304,865
4. Amortization of Interest Maintenance Reserve (IMR)	69,020	1,256,025	1,608,632
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0
6. Commissions and expense allowances on reinsurance ceded	2,173,529	3,773,414	5,426,617
7. Reserve adjustments on reinsurance ceded	0	0	0
8. Miscellaneous income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0	0
8.2 Charges and fees for deposit-type contracts	0	50,776	54,848
8.3 Aggregate write-ins for miscellaneous income	1,025,468	1,203,338	1,624,826
9. Totals (Lines 1 to 8.3)	363,547,734	1,280,208,709	1,434,955,192
10. Death benefits	8,438,282	8,196,715	13,168,739
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0
12. Annuity benefits	2,878,172	3,202,766	6,681,952
13. Disability benefits and benefits under accident and health contracts	4,886,138	2,327,047	3,085,446
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0
15. Surrender benefits and withdrawals for life contracts	70,049,461	48,161,413	65,189,448
16. Group conversions	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	366,532	488,485	630,682
18. Payments on supplementary contracts with life contingencies	60,509	124,083	166,454
19. Increase in aggregate reserves for life and accident and health contracts	214,872,768	1,159,973,712	1,273,096,361
20. Totals (Lines 10 to 19)	301,351,862	1,222,474,221	1,362,029,082
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	10,892,645	48,750,090	61,867,833
22. Commissions and expense allowances on reinsurance assumed	457,219	1,919,793	(1,508,866)
23. General insurance expenses and fraternal expenses	27,507,423	15,324,603	25,659,886
24. Insurance taxes, licenses and fees, excluding federal income taxes	2,849,714	2,321,424	4,270,179
25. Increase in loading on deferred and uncollected premiums	(1,130,036)	923,829	1,165,396
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	0
27. Aggregate write-ins for deductions	7,948,081	9,397,586	9,982,340
28. Totals (Lines 20 to 27)	349,876,908	1,301,111,546	1,463,485,850
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	13,670,826	(20,902,837)	(28,510,658)
30. Dividends to policyholders and refunds to members	0	0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	13,670,826	(20,902,837)	(28,510,658)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	0	18,958,312	21,035,654
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	13,670,826	(39,861,149)	(49,546,312)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ (4,631,558) transferred to the IMR)	(80,169,507)	(2,570,049)	(2,872,152)
35. Net Income (Line 33 plus Line 34)	(66,498,681)	(42,431,198)	(52,418,464)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	194,584,228	121,737,730	121,737,730
37. Net income (Line 35)	(66,498,681)	(42,431,198)	(52,418,464)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	1,596,620	0	(385,642)
39. Change in net unrealized foreign exchange capital gain (loss)	(4,744,211)	(4,001,112)	(5,835,349)
40. Change in net deferred income tax	12,704,572	24,875,371	28,676,030
41. Change in nonadmitted assets	(28,389,981)	(16,199,239)	(19,174,192)
42. Change in liability for reinsurance in unauthorized and certified companies	0	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease	0	0	0
44. Change in asset valuation reserve	8,524,687	(3,662,628)	(6,531,125)
45. Change in treasury stock	0	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period	0	0	0
47. Other changes in surplus in Separate Accounts Statement	0	0	0
48. Change in surplus notes	0	0	0
49. Cumulative effect of changes in accounting principles	0	0	0
50. Capital changes:			
50.1 Paid in	0	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0	0
50.3 Transferred to surplus	0	0	0
51. Surplus adjustment:			
51.1 Paid in	0	76,526,317	130,184,854
51.2 Transferred to capital (Stock Dividend)	0	0	0
51.3 Transferred from capital	0	0	0
51.4 Change in surplus as a result of reinsurance	(4,037,777)	0	0
52. Dividends to stockholders	0	0	0
53. Aggregate write-ins for gains and losses in surplus	(827,885)	(1,252,286)	(1,669,714)
54. Net change in capital and surplus (Lines 37 through 53)	(81,572,656)	33,855,225	72,846,498
55. Capital and surplus as of statement date (Lines 36 + 54)	112,911,572	155,592,955	194,584,228
DETAILS OF WRITE-INS			
08.301. Commissions, Service & Issue Fees and Other	434,591	455,825	628,142
08.302. Amortization of Surplus due to IMR	590,877	747,513	896,684
08.303.	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	1,025,468	1,203,338	1,624,826
2701. Modified Coinsurance Expense	(211,406)	(308,789)	(90,467)
2702. Reinsurance funds withheld Investment Income	8,117,359	9,706,375	10,072,169
2703. Fines and penalties	22,091	0	638
2798. Summary of remaining write-ins for Line 27 from overflow page	20,037	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	7,948,081	9,397,586	9,982,340
5301. Deferred Gain on Reinsurance	(590,877)	(747,513)	(1,669,714)
5302. Deferred Gain on Reinsurance	(237,008)	(504,773)	0
5303.	0	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(827,885)	(1,252,286)	(1,669,714)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	64,524,497	1,236,971,064	1,373,434,134
2. Net investment income	80,100,391	53,025,577	78,645,994
3. Miscellaneous income	3,196,997	6,281,555	7,106,291
4. Total (Lines 1 to 3)	147,823,885	1,296,278,196	1,459,186,419
5. Benefit and loss related payments	88,525,319	61,825,533	72,716,389
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	50,820,086	77,256,536	98,260,815
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	2,800,000	0	10,000,000
10. Total (Lines 5 through 9)	142,145,385	139,082,069	180,977,204
11. Net cash from operations (Line 4 minus Line 10)	5,678,500	1,157,196,127	1,278,209,214
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	752,333,105	824,477,680	967,408,963
12.2 Stocks	17,125,229	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(177,288)	189,644	2,957,045
12.7 Miscellaneous proceeds	5,706,308	4,040,920	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	774,987,354	828,708,244	970,366,008
13. Cost of investments acquired (long-term only):			
13.1 Bonds	621,507,415	2,241,906,868	2,498,867,439
13.2 Stocks	93,282,020	868,000	868,000
13.3 Mortgage loans	0	0	0
13.4 Real estate	6,100,000	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	10,226,552	11,753,012	19,461,632
13.7 Total investments acquired (Lines 13.1 to 13.6)	731,115,987	2,254,527,881	2,519,197,071
14. Net increase (or decrease) in contract loans and premium notes	0	704,478	878,766
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	43,871,367	(1,426,524,115)	(1,549,709,829)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	64,000,000	90,800,000
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(1,771,119)	(1,376,324)	(1,859,799)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	3,263,407	59,087,681	5,013,603
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,492,288	121,711,357	93,953,804
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	51,042,155	(147,616,631)	(177,546,811)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	403,894,420	581,441,231	581,441,231
19.2 End of period (Line 18 plus Line 19.1)	454,936,575	433,824,600	403,894,420

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

20.0001. Settlement of PY FIT payable through surplus contribution		0	0
20.0002. Settlement of CY FIT payable through surplus contribution		12,526,317	12,526,317
20.0003. Capital Contribution in the form of bonds		0	26,858,537
20.0004. Transfer of premiums related to affiliated reinsurance recapture	201,532,461	0	0
20.0005.		0	0
20.0006.		0	0
20.0007.		0	0
20.0008.		0	0
20.0009.		0	0
20.0010.		0	0

OVERFLOW PAGE FOR WRITE-INS

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

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
2704. Other miscellaneous expenses	20,037		
2797. Summary of remaining write-ins for Line 27 from Page 04	20,037	0	0

COLORADO BANKERS LIFE INSURANCE COMPANY
SCHEDULE OF AFFILIATED INVESTMENTS
JUNE 30, 2019 AND SEPTEMBER 30, 2019 COMPARISON

Trust Account	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value June 30, 2019	Book/ Adjusted Carrying Value September 30, 2019	Change
N/A	00405@AA7	ACADEMY FINANCIAL ASSETS	\$ 19,698,000	\$ 19,698,000	\$ 19,634,178	\$ (63,822)
N/A	37940*AA3	ACADEMY FINANCIAL ASSETS	8,462,891	8,463,093	8,435,725	(27,368)
N/A	AFAREVOLVER	ACADEMY FINANCIAL ASSETS - REVOLVER	39,905,524	15,000,000	39,905,524	24,905,524
N/A	9941328T5	ACADEMY FINANCIAL ASSETS FKA AFI PROMISSO	24,196,820	24,196,820	24,196,820	-
N/A	00856#AD3	AGERA ENERGY LLC	35,000,000	1	1	-
N/A	9941268Z6	ALPHARETTA - ABS	2,097,465	2,097,465	1,979,348	(118,117)
N/A	00224#AA4	AR PURCHASING SOLUTIONS 2, LLC	2,841,811	2,841,811	2,841,811	-
N/A	00223@AA7	AR PURCHASING SOLUTIONS, LLC	2,140,418	2,179,478	2,182,589	3,111
N/A	K0004@AA0	AT DENMARK INVESTMENTS	8,534,551	8,534,551	8,534,551	-
N/A	04686@AA9	AUGUSTA ASSET MANAGEMENT, INC	4,271,474	4,271,474	4,271,474	-
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, INC	21,225,457	25,817,756	20,943,243	(4,874,513)
N/A	06367UAA5	BANK MONTREAL MEDIUM TERM SR BK NTS BOOF	62,212,661	62,212,980	62,212,926	(54)
N/A	06739FJM4	BARCLAYS BANK PLC	76,399,342	76,395,730	76,398,455	2,725
N/A	L0770#AA9	BEAUFORT HOLDINGS S.A.	6,009,693	5,918,358	5,666,850	(251,508)
N/A	09606#AA3	BLUE VIOLET LLC	15,605,469	16,056,762	-	(16,056,762)
N/A	13972#AA1	CAPITAL ASSET MANAGEMENT III, LLC	29,625,000	29,625,000	28,272,026	(1,352,974)
N/A	13973@AA2	CAPITAL ASSETS FUND I, LLC	60,007,146	60,007,542	60,007,581	39
N/A	9941317T1	CAPITAL ASSETS FUND II, LLC	33,555,104	33,555,104	31,703,735	(1,851,369)
N/A	9941317V6	CAPITAL ASSETS FUND IV, LLC	42,910,111	42,910,111	34,910,113	(7,999,998)
N/A	9941317U8	CAPITAL ASSETS FUND V, LLC	41,443,522	42,910,111	37,203,522	(5,706,589)
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	21,346,767	21,346,767	21,346,767	-
N/A	16230#AA2	CHATWORTH ASSET MANAGEMENT, INC.	22,384,145	22,384,145	22,384,145	-
N/A	20465#AA0	COMPLYSMART, LLC	3,002,000	3,002,000	3,002,000	-
N/A	9944639X1	CV INVESTMENTS, LLC	12,590,691	12,590,691	12,590,691	-
N/A	23570*AA0	DAMASCUS ASSET MANAGEMENT, INC.	18,791,160	18,791,160	18,791,160	-
N/A	29412#AA5	EPHESUS ASSET MANAGEMENT, INC.	21,139,806	25,185,032	21,026,497	(4,158,535)
N/A	FINANZENPFRD	FINANZEN HOLDING	22,000,000	22,000,000	-	(22,000,000)
N/A	34610#AA5	FOREST PARK ASSET MANAGEMENT, INC.	17,246,459	17,246,459	17,246,459	-
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC - ABS	47,990,349	47,990,349	29,538,060	(18,452,289)
N/A	9942228W1	GILFORD ASSET MANAGEMENT, LLC	1,771,121	1,771,121	1,771,121	-
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, INC	22,097,474	22,097,630	22,097,661	32
N/A	9941557U3	HPCSP INVESTMENTS PROMISORY NOTE	4,051,293	7,019,912	4,051,293	(2,968,620)
N/A	HPCSP_SENIOR	HPCSP INVESTMENTS SENIOR NOTE	7,016,140	7,016,140	7,016,140	-
N/A	G4919@AA1	INTRALAN INVESTMENTS LIMITED	4,152,310	4,152,310	4,152,310	-
N/A	46275@AA7	IRON CITY ASSET MANAGEMENT, INC.	25,275,943	25,276,098	21,890,569	(3,385,529)
N/A	46563@AA8	ITECH FUNDING LLC	19,281,368	19,281,368	19,281,368	-
N/A	46662#AA6	JACKSON ASSET MANAGEMENT, INC.	20,725,423	22,509,812	20,725,610	(1,784,202)
N/A	49803@AA2	KITE ASSET MANAGEMENT INC	34,622,923	34,624,066	34,624,363	297.43
N/A	51703#AA7	LADES, LLC	4,489,111	4,489,111	4,489,111	-
N/A	53250#AA0	LILY ASSET MANAGEMENT INC	33,084,925	33,084,925	32,684,928	(399,997)
N/A	57187#AA9	MARSHALLA ASSET MANAGEMENT, LLC	31,082,941	31,082,941	31,082,941	-
N/A	MEDPHYSREVOI	MEDICAL PHYSICS	900,000	900,000	-	(900,000)
N/A	MEDPHYSTERM	MEDICAL PHYSICS	2,882,151	2,882,151	-	(2,882,151)
N/A	63873DAA1	NATIXIS SA	20,415,040	20,574,779	-	(20,574,779)
N/A	9947669V1	NIH CAPITAL, LLC	11,407,477	11,407,477	11,407,477	-
N/A	65532NAA7	NOM GB 2018 I LLC - ABS	2,213,899	2,212,906	2,212,709	(196)
N/A	69902#AA8	PARADISE ASSET MANAGEMENT INC	39,700,000	39,700,000	28,574,289	(11,125,711)
N/A	69322@AA2	PCF LLC	3,196,289	3,196,289	3,196,289	-
N/A	72083RAA7	PIERRE MENDES LLC - ABS	59,999,993	60,000,000	59,999,993	(7)
N/A	77294@AA9	ROCKDALE ASSET MANAGEMENT INC	39,700,000	39,700,000	29,003,704	(10,696,296)
N/A	78013GSS5	ROYAL BK CDA	21,700,000	21,700,000	21,700,000	-
N/A	X7552#AC1	STANDARD FINANCIAL LIMITED	3,819,822	3,819,822	3,819,822	-
N/A	86576#AA7	SUMMERVILLE ASSET MANAGEMENT, INC.	23,752,824	23,752,824	21,939,073	(1,813,751)
N/A	90225@AA6	TYBEE ISLAND ASSET MANAGEMENT, INC.	28,743,436	28,735,045	28,733,301	(1,743)
Total Affiliated Investments			\$ 1,188,715,739	\$ 1,144,215,476	\$ 1,029,680,326	\$ (114,535,150)

NORTH CAROLINA

DURHAM COUNTY

VERIFICATION

MICHAEL DINTUS, 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 September 30, 2019, and a balance sheet, summary of operations, statement of cash flow, and schedule of affiliated investments as of September 30, 2019, of Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company for the period from June 27, 2019, the date of rehabilitation, through September 30, 2019, and that the contents of same are true and correct to the best of his knowledge and belief, based on the books and records of the Companies.

This the 13 day of November, 2019.



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

NORTH CAROLINA

DURHAM COUNTY

Sworn to and subscribed before me this

The 13th day of November, 2019.
(Official Seal)



Notary Public

My Commission Expires: 3/16/22

