

North Carolina Insurance Companies' Small Annuity Automatic Surrender FAQs

Why did I receive a letter stating that my annuity will be surrendered?

- The Rehabilitator has determined that small annuities issued by Colorado Bankers Life Insurance Company (“CBL”) and Bankers Life Insurance Company (“BLIC”) (collectively the “Companies”) with a value of \$1,334 or less (the “Small Annuities”) are operating at a loss due to the high amount of non-performing affiliated assets in the Companies and the cost to administer the annuities. It is therefore in the interest of all policyholders that the Small Annuities be fully surrendered. There will not be an option to keep your annuity in force.

Who is Kroll and how did they get involved?

- The Rehabilitator has hired Kroll to assist with these surrenders. Kroll is a third-party administrator with experience in processing large volumes of payments.

Does this mean the moratorium has been lifted (removed)?

- No, the surrender of the Small Annuities was approved by the Court as a one-time exception to the moratorium, after petition by the Rehabilitator. It does not mean that the moratorium has been lifted.

How soon do I have to make elections about the surrender?

- **You must make all of your elections by September 30, 2023.**
- There will be a default withholding of 10% from your taxable distribution for Federal income taxes. Applicable default withholding may be higher for Individual Retirement Accounts (IRAs) under certain circumstances. If you wish to change the withholding for Federal income taxes, you must make that election by September 30, 2023. Please visit the website www.NCRehabSurrender.com to make that election.
- If you would like to have the funds disbursed to you through ACH instead of check, you must make that election by September 30, 2023. Please visit the website www.NCRehabSurrender.com to make that election.
- If you would like to exchange or transfer the distribution amount to another company, please contact that company as soon as possible for assistance with submitting an exchange or transfer form to Colorado Bankers Life Insurance Company (“CBL”) or Bankers Life Insurance Company (“BLIC”). CBL or BLIC must receive the completed form no later than September 30, 2023.
- If no action is taken by you, then you will receive a check in the amount indicated in your letter, adjusted for the value at time of distribution, less the applicable default tax withholding, fees and surrender charges as outlined in your annuity contract after September 30, 2023.
- Consult with your tax and financial advisors before making any decision.

How long after I submit my election before I receive my funds?

- For online election submissions, your distribution should be processed within about three (3) weeks of your elections. For manual election submissions, your distribution should be processed within about six (6) weeks of your elections.

Does this affect my other policies at CBL or BLIC?

- No, this surrender of Small Annuities does not impact any other policies at CBL or BLIC. You must continue paying your premium on your other policies, as you are billed, to have your life or health insurance coverage continue. Annuity contributions are not being accepted.

Are taxes withheld from my distribution?

- Unless you elect otherwise, Federal income taxes will be withheld on your taxable distribution at a rate of 10% along with any required state tax withholding. Applicable default withholding may be higher for Individual Retirement

Accounts (IRAs) under certain circumstances. If you wish to change the withholding for Federal income taxes, you must make that election by September 30, 2023. Please visit the website www.NCRehabSurrender.com to make that election. Consult with your tax and financial advisors before making any decision.

What surrender charges and/or withdrawal fees will apply?

- Surrender charges and withdrawal fees will apply as outlined in your contract.

My balance is different from what is stated in the letter. Does that mean the amount I am eligible for is different?

- The balance stated in your letter was the account balance as of May 31, 2023. We are aware that your balance may be different today. Your distribution amount will be based on the balance as of the day the distribution is processed, within the total maximum limit, less surrender charges and fees.

I do not have internet access/do not wish to submit elections to my surrender online?

- If you do not have internet access, please call Kroll at (888) 507-0441 to request a manual election form. You can transmit the form via secure facsimile; however, the Companies shall not be responsible for any unintended disclosure or breach of such facsimile transmission. If you choose to send it by secured fax and accept responsibility for any unintended disclosure or breach of such facsimile transmission, the fax number is (888) 706-5062.
- **Do not** send the form by unsecured email.
- CBL and BLIC are not responsible for undelivered mail. To protect your personal information, CBL and BLIC recommend certified or priority U.S. mail. The form can be mailed to:

Colorado Bankers Life Insurance Company
P.O. 11609
Winston-Salem, NC, 27116
or
Bankers Life Insurance Company
P. O. 11948
Winston-Salem, NC, 27116

What is a Community Property state and how does that affect my distribution?

- In a Community Property state, community property is all property acquired during marriage that is not established to be separate property. Community property is the default characterization of all marital assets. Community property typically includes salary, wages and other compensation for work performed during marriage, the fruits resulting from the labor and skills of each spouse, income derived from community property assets, and separate property that has been changed ("transmuted") into community property. The following states recognize community property: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

If you live in a community property state, you must complete a Community Property Attestation form, included with your letter. The Community Property Attestation form is also available at www.NCRehabSurrender.com.