

Bankers Life Insurance Company

Durham, North Carolina

Report on Examination

As of December 31, 2017

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May 30, 2019

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

Bankers Life Insurance Company

(hereinafter referred to as the “Company”), at its statutory home office located at 2327 Englert Drive, Durham, North Carolina, 27713. The Company’s prior main administrative office was located at 11101 Roosevelt Boulevard North, Saint Petersburg, Florida, 33716. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of the Company. This examination covers the period from January 1, 2013 to December 31, 2017, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The most recent prior examination of the Company was conducted by the State of Florida as of December 31, 2012. In 2016, the Company changed its state of domicile from Florida to North Carolina.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and the following key functional activities were identified:

Premium and Underwriting
Claims and Benefits
Actuarial
Reinsurance
Other Expenses
Investments
Capital and Surplus

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with Statutory Accounting Principles. This examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to the Company.

The Company's Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). Deloitte & Touche, LLP of Tampa, Florida, the designated independent public accountant of the Company, issued an unqualified opinion for each year subsequent to the prior examination through, and including, the year ended December 31, 2015. A notification of change in auditor was filed with the Department on December 31, 2016, appointing Rives & Associates, LLP as the independent auditor for the year ended December 31, 2016. Rives & Associates, LLP of Raleigh, North Carolina, issued an unqualified opinion for the years ended December 31, 2016 and December 31, 2017.

The statutory reserves and related items for 2017 were reviewed and certified by the Company's Appointed Actuary, Christopher Motta, FSA, MAAA, Vice President and Valuation Actuary of Global Bankers Insurance Group.

REPORT ACRONYMS

The following acronyms are used in this report:

Bankers Insurance Company	“BIC”
BLI Holdings, Inc.	“BLI”
Board of Directors	“Board”
Colorado Bankers Life Insurance Company	“CBL”
Global Bankers Insurance Group, LLC	“GBIG”
National Association of Insurance Commissioners	“NAIC”
North Carolina Administrative Code	“NCAC”
North Carolina Department of Insurance	“Department”
North Carolina General Statutes	“GS”
Southland National Holdings, Inc.	“SNH”
Southland National Insurance Corporation	“SNIC”
Standard Advisory Services Limited	“SASL”
Statements of Statutory Accounting Principles	“SSAP”

SUMMARY OF SIGNIFICANT FINDINGS

- a. The Company did not have conflict of interest statements signed by officers, directors and administrative personnel as required by Title 11 of the North Carolina Administrative Code (“NCAC”), Chapter 11C Section .0117, which requires conflict of interest statements to be executed annually. The Company is directed to comply with NCAC Title 11 Chapter 11C.0117 and to maintain complete records for all years under examination pursuant to the NCAC.
- b. The Company did not properly file its custodian agreements with the Department when the Company changed its state of domicile from Florida to North Carolina in accordance with GS § 58-34-10(a) and did not properly disclose the agreements pursuant to GS § 58-34-10(d). The Company subsequently filed its custodial agreements with Fifth Third Bank, Northern Trust and Regions Bank. The Company is directed to comply with GS § 58-34-10(a) and GS § 58-34-10(d) in future filings with the Department.
- c. The Company did not properly classify certain bonds as affiliated on its 2017 Annual Statement Schedule D Part 1 although each of the bonds meet the definition of affiliated as defined by the Statements of Statutory Accounting Principles (“SSAP”). SSAP No. 25 states that, “an affiliate is defined as an entity that is within the holding company system or a party that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the reporting entity.” The Company only reported a \$5 million bond as affiliated although approximately \$48.7 million in bonds reported at December 31, 2017 were affiliated. The Company is directed to comply with SSAP No. 25 in all future filings with the Department. (Refer to the Affiliated Investments in the Comments on Financial Statements)
- d. The Company did not comply with its bylaws which require an annual meeting of the shareholder be held at such date and time as may be designated by resolution of the Board of Directors (“Board”) from time to time, for the purpose of electing directors of the Company and for the transaction of such other business as may be properly brought before the meeting. The Company is directed to comply with its bylaws and maintain the minutes of its annual shareholder meetings.

- e. The Company reported incorrect amounts for the number of common and preferred shares authorized, issued and outstanding in the 2017 Annual Statement Note 13. The Company reported 540,449 shares of common stock authorized, however, 1,000,000 shares are authorized according to the Company's articles of incorporation effective December 15, 2016. For the number of shares issued and outstanding, the Company reported 540,449 common shares and 209,551 preferred shares, however, the Company had 544,126 common and 205,874 preferred shares issued and outstanding at December 31, 2017. The Company is directed to ensure accurate financial reporting in future filings pursuant to GS § 58-2-165(c).
- f. The Company did not have fidelity bond coverage in 2017. The Handbook's recommended minimum range for the Company's fidelity bond coverage is \$1,000,000 to \$1,250,000. The Company's parent, BLI Holdings, LLC ("BLI"), and BLH Capital, LLC were additional named insureds under a fidelity bond that provided coverage to SNA Capital, LLC totaling \$5,000,000 in aggregate; however, the policy did not provide coverage to the Company. We recommend that the Company obtain fidelity bond coverage for no less than the minimum recommended by the NAIC.

COMPANY HISTORY

The Company was incorporated in Florida on April 24, 1973 and became licensed by the state of Florida as a life and health insurer on May 9, 1973.

As of December 31, 2015, the Company was a wholly owned subsidiary of Bankers Insurance Company ("BIC"), a Florida property and casualty insurer. On December 15, 2016, the Company was purchased from BIC pursuant to a stock purchase agreement and the Company changed its state of domicile from Florida to North Carolina. Effective December 15, 2016, Southland National Holdings, Inc. ("SNH") and Southland National Insurance Corporation ("SNIC") acquired BLH Capital, LLC, which included the Company and BLI. As a result of the acquisition, SNH owned 72.6% of the Company's outstanding common stock and SNIC owned the remaining 27.4%. Immediately after the acquisition, SNIC's common shares were converted to preferred shares and the common shares owned by SNH were transferred to BLI.

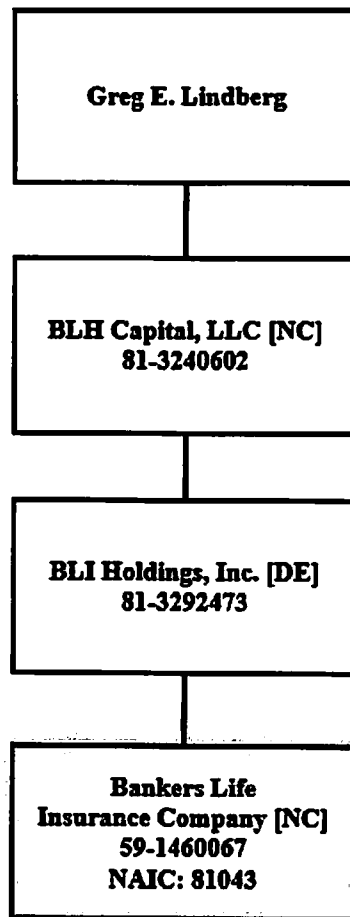
On December 15, 2016, the Company issued a \$3 million surplus note to BIC, the former parent, and BLI contributed additional capital of \$5 million to the Company. As of December 31, 2016, 100% of the Company's common stock was owned by BLI and 100% of the Company's nonvoting preferred stock was owned by SNIC.

CORPORATE ORGANIZATION

The Company is part of an insurance holding company system as defined in GS § 58-19. The Company is wholly owned by BLI, a Delaware corporation. BLI is wholly owned by BLH Capital, LLC, a North Carolina limited liability company. Greg E. Lindberg, a North Carolina resident, directly owns BLH Capital, LLC and is the ultimate controlling person.

ORGANIZATIONAL CHART

The Company's 2017 Annual Statement, Schedule Y contains a complete organizational chart. The following is a summarized organizational chart at December 31, 2017:



CAPITAL STOCK

As of December 31, 2017, the Company's capitalization consisted of the following:

Common Stock	Value
Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	544,126
Total common capital stock	\$2,176,504
Par value per share	\$4.00

No additional shares of common stock were issued during the examination period. At December 31, 2017, all outstanding shares of the Company's common stock are owned by BLI, a Delaware corporation, which is ultimately owned and controlled by Greg E. Lindberg.

Preferred Stock	Value
Number of authorized preferred capital shares	500,000
Number of shares issued and outstanding	205,874
Total preferred capital stock	\$823,496
Par value per share	\$4.00

The preferred shares are nonvoting and no additional shares of preferred stock were issued during the period under examination. At December 31, 2017, all outstanding shares of the Company's preferred stock are owned by SNIC, an affiliate, which is ultimately owned and controlled by Greg E. Lindberg.

The Company received additional paid in capital of \$12 million and \$5 million from BLH Capital, LLC in 2017 and 2016, respectively. At December 31, 2017, the Company reported \$31,623,795 in gross paid-in and contributed surplus and (\$2,170,097) in unassigned surplus.

SURPLUS NOTE

On December 15, 2016, the Company issued a \$3 million surplus note to BIC, the former parent, with an interest rate of 4% annually. Prior approval is required from the Department for any payment of principal or interest. Principal payments require prior approval by a majority of the Board.

DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of the Company. Dividends on preferred stock accrue daily from and after the date of issuance at a rate of \$3.43 per share, whether declared or not, and shall be cumulative but not compounding; however, the Company is under no obligation to pay accruing dividends. Under the insurance regulations of North Carolina, the maximum number of dividends which the Company may pay to shareholders is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. The Company paid a dividend totaling \$3,703,715 to BIC, its former parent, prior to the sale of the Company on December 15, 2016. The Company paid no dividends in 2017.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Shareholder

The Company's bylaws provide that an annual meeting of the shareholder be held at such date and time as may be designated by resolution of the Board from time to time, for the purpose of electing directors of the Company and for the transaction of such other business as may be properly brought before the meeting. Special meetings of the shareholder may be called at any time by the Chief Executive Officer, Secretary, or the Board. Special meetings of the shareholder may be called by the Chief Executive Officer or the Secretary pursuant to a written request of the stockholders owning 10% of the outstanding stock of the Company entitled to vote at such meeting.

Board of Directors

The business of the Company is conducted by its management team, and subject to review by the Board. The bylaws specify that the number of directors shall be not less than one nor more than ten. Directors are elected annually, at the annual meeting of shareholders or by the written consent of the stockholders, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors at December 31, 2017:

Name	Location	Principal Occupation
Greg Evan Lindberg	Durham, NC	Chairman
Thomas Wayne Crawford	Gainesville, GA	Chief Executive Officer of Crawford Corporate Coaching
Bruce Adolph Cromartie	Raleigh, NC	Insurance Consultant
Christopher Erich Herwig	Raleigh, NC	Chief Investment Officer
Raymond Martinez	Raleigh, NC	Vice President of Regulatory and Strategic Affairs

The Board had no established committees as of December 31, 2017; however, two committees were subsequently established in 2018. (Refer to Subsequent Events)

Officers

The bylaws provide that the officers of the Company shall be appointed by the Board. The officers of the Company shall consist of a Chief Executive Officer, a Secretary, a Chief Financial Officer and such Vice Presidents, Assistant Secretaries and other officers as the Board may from time to time appoint. Any number of offices may be held by the same person. In no event, however, may an officer act in more than one capacity where action of two or more officers is required. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is appointed and qualifies.

The following individuals served as officers of the Company at December 31, 2017:

Name	Title
Lou Everett Hensley	Chief Executive Officer
Brian Christopher Stewart	Chief Financial Officer
John Domenic Muscolino	President
Sandra Lee White	Secretary
Christopher Erich Herwig	Chief Investment Officer
Michael William Farley	Chief Actuary
Raymond Martinez	Vice President, Regulatory and Strategic Affairs
Louis O'Briant Belo	Chief Compliance and Audit Officer
Tamre Farid Edwards	Chief Legal Officer

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Company has established policies and procedures to identify existing or potential conflicts of interest and to report the same to the Board; however, the Company did not have any signed conflict of interest statements from its officers or directors for the year ended December 31, 2017. (Refer to Summary of Significant Findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings held by the Board in 2017 and, based on our review, the recorded minutes did not provide sufficient documented evidence of the Board's oversight of the Company's significant transactions and events in terms of the business of the Company as conducted by its management team. We noted no evidence of an annual shareholder meeting being held in 2017. (Refer to Significant Examination Findings)

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. On December 15, 2016, the Company amended its bylaws to state that there will be a Chairman of the Board elected by the directors from their members at any meeting of the Board. The Chairman shall preside at all meetings of the Board and of shareholders and perform such other duties as directed by the Board. Greg E. Lindberg, the ultimate controlling person of the Company, served as Chairman of the Board.

On September 7, 2017, the Company amended its articles of incorporation to decrease the dividend rate on its preferred stock from \$3.43 to \$3.37 per share, to change the original issue price of its preferred stock

from \$40.36 to \$39.66 per share, and to change the address of the Company's principal office to 2327 Englert Drive in Durham, North Carolina.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2017 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state.

ACCOUNTS AND RECORDS

The Company's books and records as of the examination date were maintained at the main administrative office at 11101 Roosevelt Boulevard North, St. Petersburg, Florida 33716.

The Company's financially significant applications include SunGard, QuickLife, ImageRight, and Clearwater Analytics. The Company maintains its general ledger in SunGard software and utilizes QuickLife for its policy administration system to process all insurance policy related data, including premiums, commissions, claims and benefits. The Company utilizes Clearwater Analytics software for investment management and valuation and ImageRight for scanning and saving documents.

FIDELITY BONDS AND OTHER INSURANCE

The Company is not a named insured under a fidelity bond issued to SNA Capital, LLC totaling \$5,000,000 in aggregate. The fidelity bond extends coverage to BLI and BLH Capital, LLC; however, the Company is not listed as an additional insured on the policy. The coverage exceeded the minimum amount of fidelity bond coverage recommended by the Handbook for the Company on a consolidated basis. The Handbook's recommended minimum range for the Company's fidelity bond coverage is \$1,000,000 to \$1,250,000. (Refer to the Summary of Significant Findings)

The Company is a named insured under an Errors and Omissions policy issued to SNA Capital, LLC totaling \$5,000,000 in aggregate which extends coverage to the Company as of December 15, 2016 under an endorsement effective November 13, 2017 listing additional insureds and their respective continuity dates.

RELATED PARTY AGREEMENTS

The Company has a cost sharing agreement with GBIG, effective January 1, 2017, whereby GBIG provides a variety of shared services for related insurance entities. Under this agreement, the Company paid \$4,834,282 in 2017.

TERRITORY AND PLAN OF OPERATION

While domiciled in the state of Florida, the Company was licensed to write life insurance, annuities and accident and health insurance. On September 4, 2013, the Company became licensed in North Carolina to write annuities and accident and health insurance only. Upon its re-domestication to North Carolina effective December 15, 2016, the Company did not indicate a change was needed to its original certificate of authority. On March 28, 2017, the Company requested the authority to write life insurance in order to maintain life insurance business written in other states and to comply with the laws in those jurisdictions. The Department approved the Company's request authorizing the Company to write life business retroactively to the date of re-domestication.

The Company primarily writes individual annuities but is also authorized to write credit life and accident insurance, health insurance, and ordinary life insurance. The majority of the Company's 2017 written premiums are concentrated in Florida, Tennessee, Texas, Utah and Washington.

At December 31, 2017, the Company was licensed in the following thirty-eight (38) states and the District of Columbia:

Alabama	Alaska	Arizona	Arkansas	Colorado
Delaware	District of Columbia	Florida	Georgia	Hawaii
Idaho	Illinois	Indiana	Kansas	Kentucky
Louisiana	Maryland	Michigan	Minnesota	Mississippi
Missouri	Montana	Nebraska	Nevada	New Mexico
North Carolina	North Dakota	Ohio	Oklahoma	Pennsylvania
South Carolina	South Dakota	Tennessee	Texas	Utah
Virginia	Washington	West Virginia	Wyoming	

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ended 2017:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income(Loss)
2013	\$251,072,173	\$25,969,030	\$68,285,878	\$(84,994,189)	\$4,171,354
2014	\$345,740,944	\$23,031,541	\$98,959,869	\$98,953,254	\$1,315,628
2015	\$418,790,016	\$22,550,467	\$77,464,794	\$77,459,958	\$1,390,875
2016	\$447,366,520	\$27,378,031	\$57,469,205	\$57,463,930	\$631,842
2017	\$234,289,393	\$35,728,324	\$185,902,152	\$(176,570,941)	\$(4,019,145)

ACTUARIAL OPINION

Every life insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of a qualified actuary and an actuarial opinion summary in accordance with GS § 58-58-50.

The statutory reserves and related items for 2017 were reviewed and certified by the Company's Appointed Actuary, Christopher Motta, FSA, MAAA, Vice President and Valuation Actuary. Actuarial opinions regarding the Company's policy reserves were issued by an appointed actuary for all years in the examination period. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the policy reserve. According to the actuarial opinions, the Company's aggregate reserve met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all actuarial reserves and related items that ought to be established.

REINSURANCE PROGRAM OVERVIEW

REINSURANCE CEDED

Effective July 1, 2010, the Company entered into a reinsurance agreement with Guggenheim Life and Annuity Company of Wilmington, Delaware, whereby the Company cedes a quota share percentage of 100% of the statutory value of covered liabilities. Under this agreement, the Company ceded premiums totaling \$167,936,923 and reported ceded commission income totaling \$3,190,802 in 2017.

On December 16, 2013, with the approval of the Florida Office of Insurance Regulation, the Company entered into a funds-withheld coinsurance agreement with Front Street Re (Cayman), Ltd., a Cayman Islands insurance company, to cede an in-force block of selected annuity policies with a statutory basis reserve value of \$153,272,270. Pursuant to the terms of this coinsurance agreement, the Company ceded \$153,272,270 of premium. As part of the agreement, the Company is required to withhold certain assets on behalf of the overseas reinsurer equal to the statutory basis reserves associated with the ceded annuity policies. Additionally, pursuant to the agreement, the Company has beneficial interest in over-collateralization trust maintained by the overseas reinsurer, which is required to be equal to or exceed six percent of the statutory basis reserve value. (Refer to Subsequent Events)

On June 30, 2017, the Company entered into a reinsurance agreement with Colorado Bankers Life Insurance Company ("CBL"), an affiliate. CBL assumed, on a co-insurance basis, the retained annuity contracts of the Company issued in all states except for the State of Florida with a statutory reserve of \$269,806,176 and deposit type contract liability of \$9,965,246. (Refer to Subsequent Events)

REINSURANCE ASSUMED

Effective February 1, 2017, the Company entered into a reinsurance agreement with SNIC, an affiliate. Under this agreement, the Company assumes from SNIC, on a co-insurance basis, the risk on all of SNIC's Florida life policies with a statutory reserve of \$1,050,554 and effective October 1st, 2017, further assumed the recapture business of SNIC with a statutory reserve of \$866,000. A trust agreement to this effect has been entered between the Company, SNIC and Regions Bank.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2017. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2016, are unexamined and are presented for comparative purposes only.

Bankers Life Insurance Company
Statutory Statement of Admitted Assets
December 31,

	2017	2016 <i>(unexamined)</i>
Bonds	\$115,403,084	\$312,295,644
Preferred stocks	-	9,237,186
Common stocks	402,700	377,000
Cash and short-term investments	98,485,571	93,246,541
Contract loans	41,689	39,797
Receivable for securities	4,919,443	13,537,573
Total Cash and Invested Assets	219,252,487	428,733,741
Investment income due and accrued	1,306,718	3,321,680
Uncollected premiums and agents' balances in the course of collection	7,699	4,830
Amounts recoverable from reinsurers	12,784,566	14,555,673
Current federal and foreign income tax recoverable and interest thereon	20,231	-
Net deferred tax asset	917,692	750,596
Total Admitted Assets	\$234,289,393	\$447,366,520

Bankers Life Insurance Company
Statutory Statement of Liabilities, Capital and Surplus
December 31,

	2017	2016 <i>(unexamined)</i>
Aggregate reserve for life contracts	\$98,925,150	\$276,978,116
Liability for deposit-type contracts	3,436,144	15,878,076
Contract claims:		
Life	305,579	394,251
Contract liabilities not included elsewhere:		
Other amounts payable on reinsurance	35,201,360	14,535,543
Interest Maintenance Reserve	496,334	462,854
General expenses due or accrued	22,612	8,640
Taxes, licenses and fees due or accrued, excluding federal income taxes	97,407	102,142
Unearned investment income	1,061	1,061
Amounts withheld or retained by company as agent or trustee	29,299	27,202
Remittances and items not allocated	7,232,832	1,630,208
Miscellaneous liabilities:		
Asset valuation reserve	1,264,743	2,222,021
Funds held under reinsurance treaties with unauthorized and certified reinsurers	51,192,928	107,201,445
Payable to parent, subsidiaries and affiliates	-	3,505
Payable for securities	355,620	543,425
Total Liabilities	198,561,069	419,988,489
Common capital stock	2,176,504	2,176,504
Preferred capital stock	823,496	823,496
Deferred gain on ceded reinsurance	274,626	793,805
Surplus notes	3,000,000	3,000,000
Gross paid in and contributed surplus	31,623,795	19,623,795
Unassigned funds (surplus)	(2,170,097)	960,431
Total Capital and Surplus	35,728,324	27,378,031
Total Liabilities, Capital and Surplus	\$234,289,393	\$447,366,520

Bankers Life Insurance Company
Statutory Statement of Operations
December 31,

	2017	2016 <i>(unexamined)</i>
Revenues		
Premiums and annuity considerations for life and accident and health contracts	\$(176,570,941)	\$57,463,930
Considerations for supplementary contracts with life contingencies	459,781	(137,764)
Net investment income	10,353,999	17,706,800
Amortization of Interest Maintenance Reserve	73,235	14,013
Commissions and expense allowances on reinsurance ceded	4,285,970	918,606
Charges and fees for deposit-type contracts	35,188	130,795
Administrative and service fee income	32,241	35,819
Total revenues	(161,330,527)	76,132,199
Deductions		
Death benefits	128,310	-
Annuity benefits	58,634	58,866
Surrender benefits and withdrawals for life contracts	5,801,878	6,296,033
Interest and adjustments on contract or deposit-type contract funds	446,832	981,967
Payments on supplementary contracts with life contingencies	331,391	237,701
Increase in aggregate reserves for life and accident and health contracts	(178,052,963)	56,901,777
Total deductions	(171,285,918)	64,476,344
Expenses and Other Deductions		
Commissions on premiums, annuity considerations and deposit-type contract-type contract funds (direct business only)	5,479,782	1,611,864
Commission and expense allowances on reinsurance assumed	150,000	-
General insurance expenses	4,385,606	1,974,217
Insurance taxes, licenses and fees, excluding federal income taxes	354,042	212,726
Reinsurance funds withheld investment income	3,832,067	6,318,053
Total expenses and other deduction	(157,084,421)	74,593,204
Net gain from operations after dividends and before taxes	(4,246,106)	1,538,995
Federal and foreign income taxes incurred	(226,961)	823,636
Net (loss) gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	(4,019,145)	715,359
Net realized capital (losses)	-	(83,517)
Net Income (Loss)	\$(4,019,145)	\$631,842

Bankers Life Insurance Company
Statutory Statement of Capital and Surplus
December 31,

	2017	2016 <i>(unexamined)</i>
Capital and surplus, beginning of year	\$27,378,031	\$22,550,467
Capital and surplus increases(decreases):		
Net Income (Loss)	(4,019,145)	631,842
Change in net unrealized capital gains or (losses)	(8,801)	584,390
Change in net deferred income tax	(1,522,378)	2,947,670
Change in non-admitted assets	1,462,515	(2,704,759)
Change in asset valuation reserve	957,279	(277,411)
Change in surplus notes	-	3,000,000
Surplus adjustment: Paid in	12,000,000	5,000,000
Dividends to stockholders	-	(3,703,715)
Deferred gain on ceded reinsurance	(519,177)	(650,453)
Change in capital and surplus as regards policyholders for the year	8,350,293	4,827,564
Capital and Surplus, end of year	\$35,728,324	\$27,378,031

Bankers Life Insurance Company
Statutory Statement of Cash Flow
December 31,

	2017	2016 <i>(unexamined)</i>
Cash From (Used By) Operations		
Premiums collected net of reinsurance	\$(176,114,029)	\$57,326,166
Net investment income	13,108,721	16,758,633
Miscellaneous income	4,353,399	1,085,220
Total	(158,651,909)	75,170,019
Benefit and loss related payments	(3,368,525)	5,922,616
Commissions, expenses paid and aggregate write-ins for deductions	14,312,258	10,295,123
Federal and foreign income taxes paid	-	403,488
Total	10,943,733	16,621,227
Net Cash From (Used By) Operations	(169,595,642)	58,548,792
Cash From Investments		
Proceeds from investments sold, matured, or repaid	330,602,769	177,246,351
Cost of investments acquired	112,393,022	108,538,436
Net increase (decrease) in contract loans and premium notes	1,892	(20,000)
Net Cash From Investments	218,207,855	68,727,915
Cash From (Used By) Financing and Miscellaneous Sources		
Surplus notes, capital notes	-	3,000,000
Capital and paid-in surplus, less treasury stock	12,000,000	5,000,000
Net deposits on deposit-type contracts and other insurance liabilities	(12,441,934)	(4,592,595)
Dividends to stockholders	-	3,703,715
Other cash (applied)provided	(42,931,251)	(39,058,493)
Net Cash (Used By) Financing and Miscellaneous Sources	(43,373,185)	(39,354,803)
Reconciliation of Cash and Short-Term Investment		
Net change in cash and short-term investments	5,239,028	87,921,904
Cash and short-term investments, beginning of year	93,246,543	5,324,637
Cash and short-term investments, end of year	\$98,485,571	\$93,246,541

COMMENTS ON FINANCIAL STATEMENTS

Basis of Presentation and Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

Bonds: are carried at amortized cost or fair value based on their NAIC ratings.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

Common stocks: are recorded at fair market value.

Loan-backed securities: are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities. Securities with NAIC designation of 6 are stated at the lower of amortized value or fair value.

Premiums: Life insurance premiums are recognized as income over the premium paying period. Annuity considerations are recognized as revenue when received. Accident and Health premiums are earned ratably over the terms of the policies.

Reserves: Life, annuity, and accident and health benefit reserves are developed by actuarial methods and are determined based on published tables using statutorily specified interest rates and valuation methods that provide, in the aggregate, reserves. Substandard reserves are based on appropriate multiples of standard rates of mortality. The liabilities for future policy benefits are based on mortality or morbidity and interest rates permitted by the NAIC.

Analysis of Assets:

The Company reported deferred tax assets totaling \$1,519,963 as not admitted at December 31, 2017.

Affiliated Investments:

The Company made a \$5 million loan to Standard Financial Limited, an affiliate, on November 3, 2017, and reported the loan as an affiliated bond at December 31, 2017. During our examination, we noted that the Company owns other affiliated bonds which were not reported as such on the Company's 2017 Schedule D Part 1.

Based on our review, the Company owned the following affiliated bonds at December 31, 2017:

Description	Amount Reported on Schedule D Part 1
Standard Financial Limited	\$5,000,000
Global Insurance Capital LLC	3,264,145
Policy Services Company, LLC	9,745,301
ID SPV LLC - TERM	6,392,450
ID SPV Revolver	3,673,157
LX SPV Revolver	827,292
NB SPV	7,838,861
SS SPV	4,026,477
SS SPV Revolver	298,252
LX SPV	7,671,054
Total affiliated investments	\$48,736,989

Reinsurance Activity:

The Company has coinsurance and quota-share reinsurance contracts to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Company.

Direct, assumed, and ceded premiums written and earned are as follows:

	2017	2016
Direct and assumed written	\$187,845,502	\$57,469,206
Ceded written	364,416,443	5,276
Net written	(176,570,941)	57,463,930
Direct and assumed earned	187,845,502	57,469,206
Ceded earned	(364,416,443)	5,276
Net earned	\$(176,570,941)	\$57,463,930

The reinsurers share in the risks at different levels as specified in the reinsurance contracts. The types of reinsurance contracts and retention limits are described under the Reinsurance Program Overview.

Summary of Reserves:

Policy Reserves

Reserves are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2017, and 2016, the reserve credit taken from ceded life insurance and annuities was \$479 million and \$178 million, respectively.

The composition of policy reserves as of December 31 is as follows:

	2017	2016
Ordinary life contracts	\$1,808,762	\$-
Annuities - Ordinary	97,704,464	282,053,863
Supplementary contracts	2,847,976	10,802,329
Total Life and Annuities	102,361,202	292,856,192
Accidental death benefits	328	309
Total Policy Reserves	\$102,361,530	\$292,856,192

Claims Reserves

Liability for Unpaid Life and Annuity Benefits	2017	2016
Balance at January 1	\$394,251	\$295,397
Reinsurance Recoverable at 12/31 current year	12,784,566	14,555,673
Incurred during the year		
Life Benefits	459,701	237,701
Annuity Benefits	58,634	58,866
Total Incurred during the year	518,335	296,567
Reinsurance Recoverable at 12/31 prior year	14,555,673	6,161,764
Paid during the year	(1,164,100)	8,591,622
Balance at December 31	\$305,579	\$394,251

Capital and Surplus:

The following, in conjunction with the Statutory Statement of Capital and Surplus, represents the changes in the Company's capital and surplus since the Company's last examination as of December 31, 2012:

	2015	2014	2013
Capital and surplus, beginning of year	\$23,031,543	\$25,969,031	\$21,013,451
Capital and surplus increases (decreases):			
Net income	1,390,875	1,315,628	4,171,354
Change in net unrealized capital gain (loss)	(818,805)	370,030	(102,594)
Change in net deferred income tax	(91,698)	114,761	355,566
Change in nonadmitted assets	60,631	5,418	(337,155)
Change in asset valuation reserve	(673,068)	(809,350)	(163,812)
Change in surplus notes		(1,000,000)	
Dividends to stockholders		(2,500,000)	
Deferred gain on ceded reinsurance	(349,010)	(433,975)	1,032,221
Change in surplus as regards policyholders for the year	(481,076)	(2,937,488)	4,955,580
Capital and surplus, end of year	\$22,550,467	\$23,031,543	\$25,969,031

Contingencies and Commitments:

The Company is involved in routine legal and administrative proceedings incidental to the conduct of its business. While the outcome of these matters cannot be estimated with certainty, it is the opinion of management that the resolution of these matters will not have a material effect on the financial position of the Company.

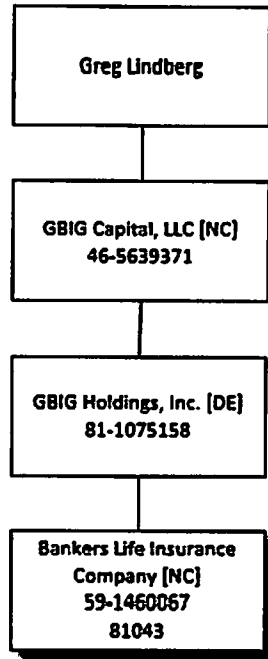
SUBSEQUENT EVENTS

Organizational Restructuring

In April 2018, the Department approved a Form A exemption for the merger of BLI with and into GBIG Holdings, Inc., formerly known as Southland National Holdings, Inc., with the intention of consolidating all of Greg E. Lindberg's U.S. insurance companies under one insurance holding company system. Due to the organizational restructuring, the Company became a direct subsidiary of GBIG Holdings, Inc. effective June 30, 2018. GBIG Holdings, Inc. is owned by GBIG Capital, LLC. and remains ultimately controlled by Greg Lindberg. GBIG Holdings, Inc. includes the group of life and annuity insurance companies which maintains the overall management structure for the group's insurance operations.

Organizational Chart

The Company's 2018 Annual Statement, Schedule Y contains a complete organizational chart. The following is a summarized organizational chart at May 30, 2019:



Operations

Effective April 1, 2018, the Company no longer cedes new business to its affiliate, CBL, under the reinsurance contract effective June 30, 2017.

In June 2018, the Company received \$10 million in cash as additional paid in capital from GBIG Holdings, Inc.

Effective July 1, 2018, the Company recaptured \$25,453,613 in coinsurance reserves from Front Street Re in relation to its reinsurance contract effective December 16, 2016.

In August 2018, the Company's main administrative office moved from St. Petersburg, Florida to 2327 Englert Drive, Durham, North Carolina, 27713. There was no change to the statutory home office or mailing address.

As of October 1, 2018, the Company ceased writing new business and was put into run off.

On April 26, 2019, the Department directed the Company to file an amended 2018 Annual Statement to accurately report its affiliated investments on Schedule D Part 1.

Board of Directors

In 2018, the Board established an Audit, Risk and Compliance Committee and an Investment Committee to act on behalf of the Company. We reviewed the 2018 meeting minutes of the newly formed Board's

committees and based on our review, it appears that the minutes documented the Company's significant transactions and events, and that the Board approved these transactions and events.

On February 7, 2018, John Gray was appointed to the Company's Board.

As of December 31, 2018, directors served on committees established by the Board as follows:

Audit, Risk and Compliance Committee

Raymond Martinez, Chair
John D. Gray
Thomas W. Crawford
Bruce A. Cromartie

Investment Committee

Christopher Herwig, Chair
Greg E. Lindberg
Thomas W. Crawford
Bruce A. Cromartie

Effective February 22, 2019, Raymond Martinez resigned from the Board.

The following individuals served as directors at May 30, 2019:

Name	Location	Principal Occupation
Greg Evan Lindberg	Durham, NC	Chairman
Thomas Wayne Crawford	Gainesville, GA	Chief Executive Officer of Crawford Corporate Coaching
Bruce Adolph Cromartie	Raleigh, NC	Insurance Consultant
Christopher Erich Herwig	Raleigh, NC	Chief Investment Officer
Lou Hensley	Charlotte, NC	President
John Duncan Gray	Chapel Hill, NC	Consultant

Officers

On March 20, 2018, Christopher Herwig was appointed as the Company's Treasurer.

On July 31, 2018, Anthony Grandolfo was appointed Chief Investment Officer, replacing Christopher Herwig.

On November 9, 2018, Paul Brown was appointed Chief Investment Officer, replacing Anthony Grandolfo and Tamre Edwards was appointed as the Company's Corporate Secretary, replacing Sandra White.

On December 4, 2018, Brian Stewart was appointed as Treasurer, replacing Christopher Herwig.

On February 21, 2019, Lou Hensley was appointed as the Company's President, replacing John Muscolino.

Effective February 22, 2019, Raymond Martinez resigned from his position as the Company's Vice President of Regulatory and Strategic Affairs.

The following individuals served as officers of the Company at May 30, 2019:

Name	Title
Lou Everett Hensley	President and Chief Executive Officer
Brian Christopher Stewart	Chief Financial Officer and Treasurer
Paul Brown	Chief Investment Officer
Michael William Farley	Chief Actuary
Louis O'Briant Belo	Chief Compliance and Audit Officer
Tamre Farid Edwards	Chief Legal Officer and Secretary

Related Party Agreements

The Company was not included in a Tax Sharing Agreement between GBIG Holdings, Inc. and its subsidiaries, effective January 1, 2017; however, the Company executed a Joinder Agreement Effective June 30, 2018, thereby including the Company as a party to the original tax sharing agreement. The tax sharing agreement sets forth the parties' obligations in connection with their filing as a consolidated tax filing group. Each party shall remit to GBIG Holdings, Inc. any amount determined to be due in accordance with the agreement no more than 30 days after the taxes are due. Refunds received by GBIG Holdings, Inc. resulting from tax savings shall be remitted to the applicable party on or before the 30th of each month following the calendar quarter in which that part of the tax refund was received. Refunds received by GBIG Holdings, Inc. resulting from adjustments to previously filed tax returns shall be remitted to the applicable party no more than 30 days after such payments are received.

Other

On March 18, 2019, Greg E. Lindberg, the Company's ultimate controlling person, and John D. Gray, who was appointed to the Company's Board on February 7, 2018, were indicted by a Grand Jury on the following two (2) violations: 18 U.S. Code § 1349 Conspiracy to Commit Honest Services Wire Fraud and 18 U.S. Code § 666(a)(2) and 2 Bribery Concerning Programs Receiving Federal Funds and Aiding and Abetting. The charges were filed with the United States District Court Western District of North Carolina Statesville Division.

On April 5, 2019, GBIG announced its intention to pursue a sale of its United States insurance companies.

On April 10, 2019, AM Best placed the Company's financial strength rating of "B" and its long-term issuer credit rating of "bb+" under review with negative implications. The ratings will remain under review pending an announcement of an acquisition candidate at which time AM Best will review the terms and intentions for GBIG going forward.

Bankers Life Insurance Company
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2017

Lou Hensley, President and Chief Executive Officer
2327 Englert Drive
Durham, North Carolina 27713

Tamre Edwards, Chief Legal Officer and Secretary
2327 Englert Drive
Durham, North Carolina 27713

Brian Stewart, Chief Financial Officer and Treasurer
2327 Englert Drive
Durham, North Carolina 27713

Rod Perkins, Government Relations Leader
2327 Englert Drive
Durham, North Carolina 27713

Louis Belo, Chief Compliance and Audit Officer
2327 Englert Drive
Durham, North Carolina 27713

CONCLUSION

The examination procedures, described, herein, revealed no material adverse findings or adjustments to surplus.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$1,500,000.

The courteous cooperation and assistance extended by the officers and employees of the Company during the examination is hereby acknowledged.

Respectfully submitted,



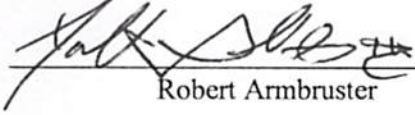
Ke Xu, CPA, CFE
Chief Financial Examiner
North Carolina Department of Insurance

May 30, 2019

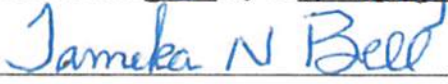
STATE OF NORTH CAROLINA

COUNTY OF WAKE

Robert Armbruster, Examination Supervisor, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature:  Date: 5/30/19
Robert Armbruster

Sworn and subscribed before me this 30th day of May, 2019.

Notary Public Signature:  Notary Public Seal:



STATE OF OHIO

COUNTY OF PORTAGE

Paul Ellis, CPA, CFE, Examiner-In-Charge, Noble Consulting Services, Inc., representing the North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him is true and correct to the best of his knowledge and belief.

Signature: Paul Ellis Date: 5-30-2019
Paul Ellis

Sworn and subscribed before me this 30th day of May, 2019.

Notary Public Signature: Samuel Patton Notary Public Seal:



SAMUEL PATTON
Notary Public, State of Ohio
My Commission Expires
September 1, 2021