

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

WAKE COUNTY

FILED SUPERIOR COURT DIVISION
FILE NO.

2019 JUN 27 P 1:45

19 CV 008664

MIKE CAUSEY,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

Petitioner,

v.

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

Respondents.

ORDER OF REHABILITATION,
ORDER APPOINTING
RECEIVER, AND ORDER
GRANTING INJUNCTIVE RELIEF

THIS CAUSE came to be heard and was heard on June 27, 2019, before the undersigned Judge presiding over the Superior Court of Wake County, North Carolina, upon the Verified Petition filed by Petitioner Mike Causey, Commissioner of Insurance of the State of North Carolina ("Petitioner"), seeking the entry of an Order of Rehabilitation against Southland National Insurance Corporation ("SNIC"), Southland National Reinsurance Corporation ("SNRC"), Bankers Life Insurance Company ("BLIC"), and Colorado Bankers Life Insurance Company ("CBL"), (collectively the "Companies" and hereinafter "Respondents"), appointment of a Receiver and injunctive relief. Based upon the verified Petition presented, the arguments and representations of counsel, and other representations of the parties, the Court makes the following:

FINDINGS OF FACT

1. The Petitioner is the Commissioner of Insurance of the state of North Carolina.
2. SNIC is a licensed North Carolina domestic life and accident and health insurer subject to regulation by the Commissioner, pursuant to Chapter 58 of the North Carolina General Statutes.
3. SNRC is licensed as a North Carolina captive insurance company subject to regulation by the Commissioner, pursuant to Chapter 58 of the North Carolina General Statutes. SNRC is engaged in the business of reinsurance.
4. BLIC is a licensed North Carolina domestic life and accident and health insurer subject to regulation by the Commissioner, pursuant to Chapter 58 of the North Carolina General Statutes.
5. CBL is a licensed North Carolina domestic life and accident and health insurer subject to regulation by the Commissioner, pursuant to Chapter 58 of the North Carolina General Statutes.
6. Respondents' principal place of business is located at 2327 Englert Drive, Durham, Durham County, North Carolina.
7. Greg E. Lindberg is the controlling shareholder of Respondents ("Controlling Shareholder").
8. Based upon the facts set forth in the Petition, grounds for the appointment of a Rehabilitator have been shown under N.C. Gen. Stat. § 58-30-75.
9. Respondents consent to being placed into rehabilitation, the appointment of Petitioner as receiver, and the entry of injunctive relief. The Consent of Respondents' Board of

Directors and the Controlling Shareholder for the Respondents is attached to the verified Petition.

CONCLUSIONS OF LAW

1. The Petitioner is the Commissioner of Insurance of the State of North Carolina, and the Petitioner has initiated this action in his official capacity on behalf of the State of North Carolina pursuant to N.C. Gen. Stat. §§ 58-30-15, 58-30-20, 58-30-22, 58-30-25, 58-30-71, 58-30-75, 58-30-80, 58-30-85 and Article 38 of Chapter 1 of the North Carolina General Statutes by filing a Petition and summons with the Clerk of Superior Court of Wake County.

2. Respondents are now subject to the provisions of the Article 30 of Chapter 58 of the North Carolina General Statutes.

3. Grounds for the entry of an Order of Rehabilitation and injunctive relief have been demonstrated by the Petitioner.

4. The Petitioner is entitled to appointment as Rehabilitator under the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED as follows:

1. Mike Causey, Commissioner of Insurance of the State of North Carolina, is HEREBY APPOINTED as Rehabilitator of Southland National Insurance Corporation (“SNIC”), Southland National Reinsurance Corporation (“SNRC”), Bankers Life Insurance Company (“BLIC”), and Colorado Bankers Life Insurance Company (“CBL”), pursuant to the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

2. Pursuant to Article 30 of Chapter 58 of the North Carolina General Statutes, title to all assets of the Respondents are hereby vested in the Rehabilitator; and the filing or recording of this Order with the Clerk of the Superior Court and the Register of Deeds of the County in which

the Respondents' principal office or place of business is located; or, in the case of real estate, with the Register of Deeds of the county where the real property is located, shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed or recorded with that Register of Deeds, would have imparted.

3. The Rehabilitator is hereby authorized, empowered and directed to take into his possession and control all property, stocks, bonds, securities, bank accounts, savings accounts, monies, accounts receivable, books, papers, records, data bases, printouts and computations, whether stored by microfilm, electronic, optical, magnetic or other means, whether stored in tapes, disks, or other media, and all other assets of any and all kinds and nature whatsoever belonging to the Respondents, wherever located, and to conduct Respondents' business and administer Respondents' assets and affairs under the general supervision of this Court.

4. The Rehabilitator is hereby vested with all other powers, authority, and duties provided by Article 30 of Chapter 58 of the North Carolina General Statutes.

5. Pursuant to N.C. Gen. Stat. § 58-30-85, the Rehabilitator is hereby authorized to appoint a Special Deputy Rehabilitator to act for the Rehabilitator in connection with this delinquency proceeding against the Respondents and that said Special Deputy Rehabilitator is authorized to employ at the prevailing customary rates such counsel, clerks or assistants as the Rehabilitator or said Special Deputy Rehabilitator shall deem to be necessary, or to utilize State employees for said purposes if he has determined that the use of State employees to conduct certain aspects of the rehabilitation is the most cost effective method of administering this delinquency proceeding and that this action benefits the estate and its creditors; and the said Rehabilitator or Special Deputy Rehabilitator are further authorized to obtain such bonds, errors and omissions type insurance, or excess liability insurance in addition to any such insurance that

may be already provided for employees of the North Carolina Department of Insurance, as a reasonably prudent person charged with the Rehabilitator's duties would deem to be appropriate; and that all expenses of taking possession of Respondents and of conducting the delinquency proceedings against Respondents, shall be paid out of the funds of the Respondents pursuant to N.C. Gen. Stat. § 58-30-85.

6. Pursuant to N.C. Gen. Stat. § 58-30-85, the Rehabilitator is hereby authorized to contract with an independent third-party paid from the assets of Respondents in order to assist in carrying out the duties of rehabilitation. It is expressly ordered that the Rehabilitator is hereby authorized to contract with the same consultant hired by the Commissioner of Insurance for the purposes of the administrative supervision of Respondents. The independent third-party shall act on behalf of the Commissioner and shall have the full authority of the Commissioner.

7. The Rehabilitator is authorized, empowered and directed to incur such expenses for communication and traveling expenses for himself, his agents or attorneys as may be necessary in the proper administration of his duties as Rehabilitator and also to incur such other expenses as the Rehabilitator may deem advisable or necessary in order to properly conduct and perform his duties as Rehabilitator.

8. The Rehabilitator is authorized to accept renewals on behalf of the Respondents, in the discretion of the Rehabilitator.

9. The Rehabilitator is authorized to notify state or federal regulators of this action.

APPOINTMENT OF RECEIVER

10. Mike Causey, Commissioner of Insurance of the State of North Carolina, is HEREBY APPOINTED as Receiver of the Respondents, pursuant to the provisions of Article 38 of Chapter 1 of the North Carolina General Statutes. Said Receiver is hereby vested with such

other powers, authority, and duties as are provided by Article 38 of Chapter 1 of the North Carolina General Statutes.

INJUNCTION AGAINST INTERFERENCE WITH REHABILITATION

11. Injunctive relief pursuant to N.C. Gen. Stat. § 58-30-20 is HEREBY GRANTED prohibiting any person from interfering in any manner with the property or assets of Respondents or with said Rehabilitator in the performance of his duties, and further enjoining and restraining any person from instituting or prosecuting any suit or other action against the Rehabilitator or the Respondents' property except by the prior permission of this Court first had and obtained; a stay is hereby granted prohibiting all persons, firms and corporations with notice of this Court's Order from obtaining preferences, judgments, attachments, garnishments, or liens against Respondents or their assets, or the levying of execution or foreclosure against Respondents or their assets, until further order of the Court; Respondents, their trustees, officers, directors, agents, employees, or third party administrators, and all other persons are enjoined or restrained from the disposition, waste or impairment of any of Respondents' property, assets, or records; the transaction of further business of Respondents is enjoined unless supervised and approved by the Rehabilitator or his agents or deputies, until further order of the Court; all such persons are ordered to transfer to the Rehabilitator any and all property of Respondents wheresoever situated, and Respondents, their trustees, officers, agents, servants, employees, third party administrators, directors or attorneys are enjoined and restrained from doing or permitting to be done anything which may allow or suffer the obtainment of preferences, judgments, attachments or other liens, or the initiation of levying against Respondents, without permission of this Court.

ACCOUNTING AND REPORTING

12. Until further order of this Court, Pursuant to N.C. Gen. Stat. § 58-30-80(b), the Rehabilitator shall make quarterly reports to the undersigned Judge of Wake County Superior Court; the Rehabilitator shall include in said report a statement of receipts and disbursements to date and a balance sheet; that this report shall be filed in duplicate; one copy shall be filed with the Clerk of Superior Court and one copy shall be submitted to the Judge presiding over the rehabilitation.

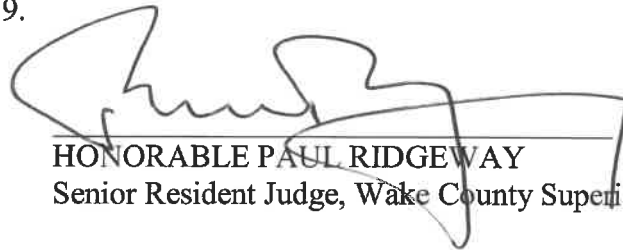
COMMISSIONER'S BOND

13. The official bond of the Petitioner, the Commissioner of Insurance of the State of North Carolina, shall be sufficient to serve for the faithful performance of his duties and obligations herein imposed.

14. This Order shall be effective as of the date it is filed.

15. This cause is retained for further orders.

This 27 day of June, 2019.



HONORABLE PAUL RIDGEWAY
Senior Resident Judge, Wake County Superior Court

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this date I served the foregoing ORDER on Respondents by mailing copies thereof by first class U.S. Mail, addressed as follows:

Tamre Edwards
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Global Bankers Insurance Group
2327 Englert Drive
Durham, NC 27713

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This the 27 day of June, 2019.



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