

CERTIFICATE OF SERVICE

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

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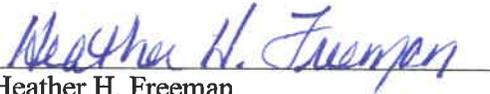
in the following manner:

(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 18 day of November 2020.

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SOUTHLAND NATIONAL INSURANCE CORPORATION
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF SEPTEMBER 30, 2020,
A BALANCE SHEET
AS OF SEPTEMBER 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH SEPTEMBER 30, 2020
AND
A SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS
AS OF SEPTEMBER 30, 2020

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 Global Growth (f/k/a Eli Global). Global Growth is owned by Greg Lindberg (hereinafter, “Lindberg”).

PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of Lindberg affiliated investments as of September 30, 2020, and a summary of operations and statement of cash flow through September 30, 2020.

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

On June 27, 2019, the Company entered into a Memorandum of Understanding (“MOU”) and Interim Amendment to Loan Agreements (“IALA”) with Greg E. Lindberg, Academy Association, Inc. and Edwards Mill Asset Management, LLC. The Parties executed this MOU to set forth their agreements, including but not limited to, (i) the immediate partial amendment of, among other

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

INVESTMENT PORTFOLIO

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

- The Company has approximately \$177MM of affiliated investments as of September 30, 2020. This represents 66% of the admitted assets.
- During the quarter, the Company received some interest payments on the affiliated investments. The Company is working with Global Growth on the allocation of the interest received. The amount received was not in accordance with the IALA. See the Litigation section for more information.

EXPENSE REDUCTIONS

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

LITIGATION

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

Non-Affiliated

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

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

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

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

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

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

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

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 on June 24, 2019 denying liability.

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

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

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

Affiliated

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

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

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

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

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

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

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

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27, 2019. SNIC filed this action in its capacity as agent of the loan, but is not a lender on this loan. Colorado Bankers Life Insurance Company ("CBL") is the only lender of this loan. The Defendant

defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$3,711,788, minus the partial payment of \$33,647,19, plus interest at a rate of \$988.23 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant removed the action to the Eastern District of North Carolina.

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

The Defendant answered the Complaint on August 10, 2020 and filed counterclaims against SNIC for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, SNIC moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

The Defendants answered the Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

On July 16, 2020, CBL filed a Motion for Entry of Default and default was entered against the Defendant later that day. Also, on July 16, 2020, and after CBL's entry of default was entered, Defendant filed a Motion to Dismiss the Complaint for alleged lack of personal jurisdiction,

insufficiency of process, insufficiency of service of process, and failure to state a claim. On July 22, 2020, Defendant filed a Motion to Set Aside the Entry of Default. The Defendant's motions remain pending.

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

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

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

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

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

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

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

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

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

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

This case was filed on August 10, 2020, alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and the Defendant Summerville Asset Management, LLC ("Defendant Borrower") on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and SNIC are lenders of the loan. The Defendant Borrower defaulted on its payment

obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$45,675,960 plus interest at a rate of \$12,160.80 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and SAM Holdings, LLC.

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

The Defendants answered the Complaint on September 9, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

On September 30, 2020, the Defendant answered the Complaint and filed a counterclaim against Plaintiffs seeking reformation of the IALA. On October 22, 2020, Plaintiffs were granted an extension of time through November 20, 2020 to respond to Defendant's counterclaim.

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

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

when required under the loan agreements, as modified. The Complaint seeks repayment to Plaintiffs in the amount of \$14,552,991 plus interest at a rate of \$3,874 per diem from May 1, 2020 until paid in full. The Complaint also seeks an order allowing foreclosure of the pledged property of Defendants iTech Funding, LLC and AAM Holdings, LLC. Finally, the Complaint alleges that Defendant New England Capital, LLC, the agent of the loan, breached the loan agreements by failing to enforce the loan agreements following Defendant Borrower's breach.

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 2, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants have not yet answered the Complaint.

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 October 31, 2020, 13 hardship cases have been received. 4 were approved, 6 were denied due to insufficient information, and 3 were denied due to not meeting the hardship qualifications.

CONTINUATION OF BUSINESS

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

REINSURANCE

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

Simultaneously with the execution and delivery of the Agreement, SNIC, NC Mutual and the Trustee entered into a Trust Agreement, pursuant to which the Trustee was to hold cash and/or investments of the type consistent with the requirements of the insurance laws of the State of North Carolina ("Eligible Assets") as security for the satisfaction of the obligations of SNIC. As part of the Agreement, SNIC was required to ensure that the Trust Account held Eligible Assets with a Statutory Book Value equal to the Required Balance at all times.

Effective September 15, 2020, SNIC and NC Mutual amended the Agreement (the "Amendment"). Per the Amendment, the prior Trustee notified the Company and NC Mutual of its intent to resign as trustee. As such, SNIC and NC Mutual decided to voluntarily terminate the Trust Agreement and discharge the prior Trustee. SNIC and NC Mutual instructed the prior Trustee, immediately upon termination of the Trust Agreement, to (a) transfer all Eligible Assets in the Trust Account to NC Mutual; and (b) transfer all other assets held in the Trust Account (the "Ineligible Assets") to SNIC. NC Mutual shall hold the Eligible Assets as a funds withheld liability and only use the

Eligible Assets as set forth in the Agreement. SNIC shall hold the Ineligible Assets as pledged or otherwise encumbered assets, to be used exclusively and only as set forth in the Agreement for the benefit of NC Mutual. These assets are identified on the Schedule of Lindberg Affiliated Investments as pledged to NC Mutual. The Ineligible Assets total \$81.7MM.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. During the quarter, the panel approved the replacement of various directors and managers for numerous Global Growth entities. In addition, the panel approved the purchase of an entity.

COST SHARING AGREEMENT

CBL, BLIC, SNIC, Southland National Reinsurance Corporation, Preferred Financial Corporation, LLC, GBIG Holdings, Inc., Pavonia Life Insurance Company of Michigan ("PLICMI") and Global Bankers Insurance Group, LLC ("GBIG, LLC") are participants in a cost sharing agreement that preceded rehabilitation. All parties to the cost sharing agreement are ultimately owned by Lindberg. The agreement provides that any services provided by one of the entities on behalf of other entities allow for the costs to be allocated among the appropriate entities. GBIG, LLC provides virtually all the services for CBL, BLIC, SNIC and PLICMI. PLICMI is also in rehabilitation and is under the control of the Michigan Rehabilitator. GBIG, LLC is a subsidiary of PLICMI and therefore is also under the control of the Michigan Rehabilitator. GBIG, LLC provided policyholder services related to claims, hardships, and premium collections as well as the necessary executive management, oversight review and administrative services to the Company. Under this cost sharing agreement, management expenses, salaries and benefits, and facility charges were also allocated to the Company in accordance with this cost sharing agreement. During the period, SNIC paid GBIG, LLC \$1,426,624 for services rendered.

DISBURSEMENTS

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

- \$17,448 to Bryan Cave Leighton Paisner for legal services
- \$4,849 to Consilio for legal support services
- \$35,910 to Federal Arbitration, Inc. for services regarding the review panel
- \$64,925 to Gordian Group for investment advisory services
- \$171 to Kirsch & Niehaus for legal services
- \$228,573 to Noble Consulting Services, Inc. for rehabilitation services
- \$156,218 to Veris Consulting, Inc. for forensic accounting services
- \$236,845 to Williams Mullen for legal services

**INTRODUCTION TO SOUTHLAND NATIONAL INSURANCE CORPORATION
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020**

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 under the direct supervision of the Rehabilitator's staff as of September 30, 2020. 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, 2020, the Company has \$177MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$205MM.

As of September 30, 2020, \$98MM of the \$177MM in affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the IALA. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$98MM and the fair value of these loans could be less than the carrying value. Some interest is being received on these loans. The due and accrued interest on these loans was \$6.6MM of which \$2.9MM was non-admitted as of September 30, 2020.

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Southland National Insurance Corporation

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	144,081,095		144,081,095	162,280,018
2. Stocks:				
2.1 Preferred stocks	48,567,118		48,567,118	43,458,667
2.2 Common stocks	242,447	271	242,176	5,848
3. Mortgage loans on real estate:				
3.1 First liens	880,684		880,684	959,684
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	170,930
5. Cash (\$ 3,305,163), cash equivalents (\$ 5,235,311) and short-term investments (\$)	8,540,474		8,540,474	71,720,155
6. Contract loans (including \$ premium notes)	4,856,925		4,856,925	5,153,440
7. Derivatives				
8. Other invested assets	9,000,000	9,000,000		
9. Receivables for securities				303
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	218,339,673	9,000,271	207,339,402	283,749,044
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	6,919,934	2,901,230	4,018,704	815,033
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	175,073		175,073	363,232
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	1,614,587		1,614,587	1,741,922
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	42,152		42,152	18,145
16.2 Funds held by or deposited with reinsured companies	53,480,609		53,480,609	
16.3 Other amounts receivable under reinsurance contracts	428,922	347,410	81,512	43,968
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	2,477,835		2,477,835	2,477,835
18.2 Net deferred tax asset	13,319,002	13,319,001	1	1
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	3,000		3,000	25
24. Health care (\$) and other amounts receivable	(9,459)		(9,459)	
25. Aggregate write-ins for other-than-invested assets	209,792	117,758	92,034	87,420
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	295,001,120	25,685,670	269,315,450	289,296,625
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	295,001,120	25,685,670	269,315,450	289,296,625
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. Prepaid Expense Deposit & Returned Checks	117,758	117,758		
2502. Miscellaneous Receivable	102,045		102,045	67,496
2503. Premiums In Transit	(10,011)		(10,011)	19,924
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	209,792	117,758	92,034	87,420

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Southland National Insurance Corporation

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ _____ less \$ _____ included in Line 6.3 (including \$ _____ Modco Reserve)	267,872,089	276,819,757
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve)	79,914	87,539
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve)		
4. Contract claims:		
4.1 Life	3,259,520	2,958,129
4.2 Accident and health	51,093	279,032
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)	78,275	83,057
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	207,393	260,874
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 \$ _____ 125,372 assumed and \$ _____ ceded	125,372	27,151
9.4 Interest Maintenance Reserve	7,814,996	8,347,834
10. Commissions to agents due or accrued-life and annuity contracts \$ _____, accident and health \$ _____ and deposit-type contract funds \$ _____		
11. Commissions and expense allowances payable on reinsurance assumed	324,915	335,077
12. General expenses due or accrued	531,777	392,807
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	35,501	36,004
17. Amounts withheld or retained by reporting entity as agent or trustee	852,707	60,078
18. Amounts held for agents' account, including \$ _____ agents' credit balances		
19. Remittances and items not allocated	31,824	64,602
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	12,462,807	8,190,901
24.02 Reinsurance in unauthorized and certified (\$ _____) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	3,520,464	1,409,887
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		
24.10 Payable for securities lending	4,631	238,801
24.11 Capital notes \$ _____ and interest thereon \$ _____		
25. Aggregate write-ins for liabilities	88,782	443,566
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	297,342,060	300,035,095
27. From Separate Accounts statement		
28. Total liabilities (Lines 26 and 27)	297,342,060	300,035,095
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
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)	(94,812,414)	(84,899,049)
36. Less treasury stock, at cost:		
36.1 _____ shares common (value included in Line 29 \$ _____)		
36.2 _____ shares preferred (value included in Line 30 \$ _____)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ _____ in Separate Accounts Statement)	(29,529,328)	(12,233,021)
38. Totals of Lines 29, 30 and 37	(28,026,610)	(10,730,303)
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	269,315,450	289,304,793
DETAILS OF WRITE-INS		
2501. Deferred Compensation Liability	20,000	381,719
2502. Miscellaneous liabilities		
2503. Escheat	68,782	61,847
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	88,782	443,566
3101. Deferred Reinsurance Gain		7,382,942
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
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	6,140,098	114,498,904	117,994,495
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	7,576,958	11,797,317	13,457,058
4. Amortization of Interest Maintenance Reserve (IMR)	895,229	716,178	1,122,313
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	34,277	(1,307,167)	(1,296,487)
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	1,607	5,502	36,897
9. Totals (Lines 1 to 8.3)	14,648,169	125,710,734	131,314,276
10. Death benefits	18,667,406	13,824,783	18,875,455
11. Matured endowments (excluding guaranteed annual pure endowments)	17,919	193	10,588
12. Annuity benefits	80,537	2,004,899	2,004,899
13. Disability benefits and benefits under accident and health contracts	489,765	3,975,345	4,695,983
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	329,415	617,881	822,498
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds			
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	(8,955,293)	94,519,848	92,741,069
20. Totals (Lines 10 to 19)	10,649,749	114,942,950	119,150,592
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	7,402	5,780	5,985
22. Commissions and expense allowances on reinsurance assumed	2,964,457	3,233,985	4,242,126
23. General insurance expenses and fraternal expenses	8,422,580	10,438,324	13,684,859
24. Insurance taxes, licenses and fees, excluding federal income taxes	528,915	491,845	598,234
25. Increase in loading on deferred and uncollected premiums	(85,903)	959,225	847,289
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	964	3,952,457	3,953,262
28. Totals (Lines 20 to 27)	22,488,164	134,024,566	142,482,347
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(7,839,995)	(8,313,832)	(11,168,071)
30. Dividends to policyholders and refunds to members	61,260	155,235	81,377
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(7,901,255)	(8,469,067)	(11,249,448)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)			930,320
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)	(7,901,255)	(8,469,067)	(10,319,128)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR)			
less capital gains tax of \$			
transferred to the IMR	(1,958,714)	(3,404,249)	(3,385,949)
35. Net income (Line 33 plus Line 34)	(9,859,969)	(11,873,316)	(13,705,077)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	10,730,303	21,903,701	21,903,701
37. Net income (Line 35)	(9,859,969)	(11,873,316)	(13,705,077)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	7,064	(1,783)	2,335
39. Change in net unrealized foreign exchange capital gain (loss)		28,356	52,015
40. Change in net deferred income tax	3,694,244	4,271,855	5,493,195
41. Change in nonadmitted assets	(6,405,434)	(15,585,826)	(15,984,754)
42. Change in liability for reinsurance in unauthorized and certified companies		749,363	749,364
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(4,271,905)	1,839,177	(6,133,821)
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	(479,817)		
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)	(5,110,849)
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus		2,003,588	2,003,588
54. Net change in capital and surplus (Lines 37 through 53)	(17,296,308)	(23,776,964)	(32,634,004)
55. Capital and surplus as of statement date (Lines 36 + 54)	(28,026,611)	(1,873,263)	(10,730,303)
DETAILS OF WRITE-INS			
08.301. Other Income	1,607	5,502	36,897
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)	1,607	5,502	36,897
2701. Investment Credits to Reinsurers		3,942,348	3,942,348
2702. Fines and Penalties	964	10,109	10,914
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	964	3,952,457	3,953,262
5301. Initial Ceding Commission STD RE Less Amortization - SNRC/SNG/STD RE		2,003,588	
5302. Reinsurance recapture			2,003,588
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	2,003,588

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Southland National Insurance Corporation

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	(47,030,139)	112,703,075	116,621,507
2. Net investment income	1,542,515	9,772,415	10,578,329
3. Miscellaneous income	35,884	(1,301,665)	(1,259,590)
4. Total (Lines 1 to 3)	(45,451,740)	121,173,825	125,940,246
5. Benefit and loss related payments	19,457,376	19,869,235	25,985,012
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	11,795,509	18,091,050	22,245,128
8. Dividends paid to policyholders	66,042	70,010	90,669
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)			14,448
10. Total (Lines 5 through 9)	31,318,927	38,030,295	48,335,257
11. Net cash from operations (Line 4 minus Line 10)	(76,770,667)	83,143,530	77,604,989
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	34,256,660	130,303,474	168,549,802
12.2 Stocks		132,606	132,606
12.3 Mortgage loans	30,064	1,292,064	1,319,943
12.4 Real estate		218,979	218,976
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		1	5,527,429
12.7 Miscellaneous proceeds		5,593,264	5,943,026
12.8 Total investment proceeds (Lines 12.1 to 12.7)	34,286,724	137,540,388	181,691,782
13. Cost of investments acquired (long-term only):			
13.1 Bonds	18,120,769	53,800,846	72,915,799
13.2 Stocks	5,331,295	11,626,672	11,626,672
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	245,512		5,013,758
13.7 Total investments acquired (Lines 13.1 to 13.6)	23,697,576	65,427,518	89,556,229
14. Net increase (or decrease) in contract loans and premium notes	(296,515)		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	10,885,663	72,112,870	92,135,553
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			
16.6 Other cash provided (applied)	2,705,324	(135,064,954)	(135,273,125)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,705,324	(135,064,954)	(135,273,125)
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)	(63,179,680)	20,191,446	34,467,417
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	71,720,155	37,252,738	37,252,739
19.2 End of period (Line 18 plus Line 19.1)	8,540,475	57,444,184	71,720,155

SOUTHLAND NATIONAL INSURANCE CORPORATION
SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS
JUNE 30 AND SEPTEMBER 30, 2020 COMPARISON

Pledged	CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value June 30, 2020	Book/ Adjusted Carrying Value September 30, 2020	Change
N/A	99439FJM4	AAPC HOLDINGS, LLC	\$ 5,097,482	\$ -	\$ 5,097,482	\$ 5,097,482
NC MUTUAL	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	4,331,696	4,026,081	4,331,696	305,615
N/A	9941328T5	ACADEMY FINANCIAL ASSETS, LLC	1,787,880	1,661,739	1,787,880	126,141
N/A	9941327T4	AFA FKA AFI TERM	1,237,495	1,239,746	1,237,495	(2,251)
NC MUTUAL	9941329T6	AFA FKA GIC SR. NOTE	1,746,322	1,748,169	1,746,322	(1,847)
N/A	9941329T6	AFA FKA GIC SR. NOTE	4,074,751	4,079,061	4,074,751	(4,310)
NC MUTUAL	04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	5,271,410	5,303,356	5,271,410	(31,946)
N/A	05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	8,825,889	8,854,050	8,825,889	(28,162)
N/A	06625@126	BANKERS LIFE INSURANCE COMPANY	8,310,000	8,310,000	8,310,000	-
N/A	13973@AA2	CAPITAL ASSETS FUND I LLC	6,898,873	6,882,532	6,898,873	16,340
NC MUTUAL	9941317T1	CAPITAL ASSETS FUND II, LLC	5,258,038	5,258,038	5,258,038	-
NC MUTUAL	9941317V6	CAPITAL ASSETS FUND IV, LLC	5,236,750	5,236,750	5,236,750	-
NC MUTUAL	9941317U8	CAPITAL ASSETS FUND V, LLC	5,995,234	6,025,818	5,995,234	(30,584)
NC MUTUAL	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,775,937	1,775,937	1,775,937	-
N/A	9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,775,937	1,775,937	1,775,937	-
N/A	19633@129	COLORADO BANKERS LIFE INSURANCE COM	24,000,000	24,000,000	24,000,000	-
NC MUTUAL	99467UAA5	CV INVESTMENTS	6,021,241	6,008,500	6,021,241	12,741
NC MUTUAL	9944639X1	CV INVESTMENTS, LLC	2,055,028	2,055,028	2,055,028	-
NC MUTUAL	23570*AA0	DAMASCUS ASSET MANAGEMENT, LLC	5,161,248	5,178,859	5,161,248	(17,611)
N/A	23570*AA0	DAMASCUS ASSET MANAGEMENT, LLC	1,935,468	1,942,072	1,935,468	(6,604)
NC MUTUAL	29412#AA5	EPHESUS ASSET MANAGEMENT, LLC	3,356,472	3,363,976	3,356,472	(7,504)
N/A	29412#AA5	EPHESUS ASSET MANAGEMENT, LLC	6,359,631	6,373,849	6,359,631	(14,218)
NC MUTUAL	34610#AA5	FOREST PARK ASSET MANAGEMENT, LLC	4,450,080	4,446,149	4,450,080	3,931
N/A	34610#AA5	FOREST PARK ASSET MANAGEMENT, LLC	3,708,400	3,705,124	3,708,400	3,276
N/A	35472MAA4	FRANKLIN STR 2018-1 LLC	3,400,000	3,400,000	3,400,000	-
NC MUTUAL	9942228W1	GILFORD ASSET MANAGEMENT, LLC	294,695	294,695	294,695	-
NC MUTUAL	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	3,730,966	3,757,053	3,730,966	(26,086)
N/A	40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	3,581,728	3,606,771	3,581,728	(25,043)
N/A	9941556V4	HPCSP INVESTMENTS	1,135,418	1,133,486	1,135,418	1,931
NC MUTUAL	9941557U3	HPCSP INVESTMENTS, LLC	1,266,469	1,168,035	1,266,469	98,434
NC MUTUAL	46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	3,072,502	3,085,198	3,072,502	(12,696)
NC MUTUAL	46563@AA8	ITECH FUNDING LLC	3,398,113	3,392,882	3,398,113	5,231
N/A	46563@AA8	ITECH FUNDING LLC	4,474,743	4,467,854	4,474,743	6,889
NC MUTUAL	46662#AA6	JACKSON ASSET MANAGEMENT, LLC	3,146,993	3,155,671	3,146,993	(8,678)
NC MUTUAL	9947669V1	NIH CAPITAL, LLC	1,005,250	949,041	1,005,250	56,209
N/A	9947669V1	NIH CAPITAL, LLC	1,005,250	949,041	1,005,250	56,209
NC MUTUAL	65532NAA7	NOM GB 2018 I LLC	5,497,646	5,493,161	5,492,671	(489)
N/A	G6846#AA2	PBX BERMUDA HOLDINGS, LTD.	212,978	200,379	213,149	12,770
NC MUTUAL	72083RAA7	PIERRE MENDES LLC	6,275,253	6,275,253	6,275,253	-
N/A	86576#AA7	SUMMERVILLE ASSET MANAGEMENT, LLC	7,773,313	7,814,273	7,773,313	(40,959)
NC MUTUAL	87339#AA3	TAC INVESTMENTS LLC	3,365,035	3,360,141	3,365,035	4,895
N/A	06739FJM4	BARCLAYS BANK PLC	5,577,299	5,577,299	-	(5,577,299)
Total			\$ 182,884,914	\$ 177,331,006	\$ 177,302,811	\$ (28,195)

Summary of activity (rounded to hundred-thousands)

Decrease in PPN positions due to Barclay unwinding	\$ (5,577,299)
Increase in AAPC Preferred Stock due to Barclays underlying assignments	5,097,482
Reconciliation due to capitalized interest	451,622
Total	\$ (28,195)

SOUTHLAND NATIONAL REINSURANCE CORPORATION
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF SEPTEMBER 30, 2020,
A BALANCE SHEET
AS OF SEPTEMBER 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH SEPTEMBER 30, 2020

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 Global Growth (f/k/a Eli Global). Global Growth is owned by Greg Lindberg.

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

PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of affiliated investments as of September 30, 2020, and a summary of operations and statement of cash flow through September 30, 2020.

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

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

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

LITIGATION

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

Affiliated

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

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

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

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

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

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

OTHER MATTERS

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.

- Since all reinsurance agreements were recaptured as of July 1, 2019, the Company no longer has any business on its books. Remaining assets and liabilities are in the process of being liquidated.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. During the quarter, the panel approved the replacement of various directors and managers for numerous Global Growth entities. In addition, the panel approved the purchase of an entity.

CONTINUATION OF BUSINESS

All business for the Company has been recaptured and the Company no longer has any operations and will be dissolved at a future date.

INTRODUCTION TO SOUTHLAND NATIONAL REINSURANCE CORPORATION
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020

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 under the direct supervision of the Rehabilitator's staff as of September 30, 2020. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

Southland National Reinsurance Corporation
Balance Sheet
30-Sep-20

	<u>Dec-19</u>	<u>Sep-20</u>
ASSETS		
Current Assets		
Checking/Savings		
Fifth Third Bank - 5666	256,599	255,852
Total Checking/Savings	<u>256,599</u>	<u>255,852</u>
Other Current Assets		
Total Other Current Assets	<u>-</u>	<u>-</u>
Total Current Assets	<u>256,599</u>	<u>255,852</u>
Other Assets		
Deferred Tax Asset	(186,305)	1,709,096
Total Other Assets	<u>(186,305)</u>	<u>1,709,096</u>
TOTAL ASSETS	<u><u>70,294</u></u>	<u><u>1,964,948</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Due to Affiliates		
Due to ELI Research LLC	7,005	-
Due to SNIC	-	-
Due to GBIG	5,116,522	-
Due to EII Global	-	-
Total Due to Affiliates	<u>5,123,527</u>	<u>-</u>
Accrued Expenses	9,596	-
Federal Income Taxes Payable	(5,504,022)	-
Total Other Current Liabilities	<u>(370,899)</u>	<u>-</u>
Total Current Liabilities	<u>(370,899)</u>	<u>-</u>
Total Liabilities	<u>(370,899)</u>	<u>-</u>
Equity		
Capital Stock	100	100
Additional Paid in Capital	18,851,565	18,851,565
Retained Earnings	(5,990,168)	(18,410,472)
Net Income	(12,420,304)	1,523,755
Total Equity	<u>441,193</u>	<u>1,964,948</u>
TOTAL LIABILITIES & EQUITY	<u><u>70,294</u></u>	<u><u>1,964,948</u></u>

Southland National Reinsurance Corporation
Income Statement
Nine Months ended 9/30/2020

	<u>Jan - Dec 19</u>	<u>Jan - Sep 20</u>
Ordinary Income/Expense		
Income		
Change in Due & Deferred- NCM	(41,966)	-
Change in Due & Deferred- SNIC	13,581	-
Change in Policy Loans- NCM	236,553	-
Gain on Reinsurance	5,115,817	-
Premium- CBL	(189,308,344)	-
Premium- NCM		
Policy Loans Assumed	-	-
Premium- NCM - Other	(97,894,985)	-
Total Premium- NCM	(97,894,985)	-
Premium- SNIC	(30,453,933)	-
Total Income	(312,333,277)	-
Expense		
Bank Service Charges	1,345	747
Benefit Payments- CBL	13,162,672	-
Benefit Payments- NCM	4,069,442	-
Benefit Payments- SNIC	2,426,902	-
Board of Director Fees	-	-
Change in Agg Reserves- CBL	(195,774,138)	-
Change in Agg Reserves- NCM	(90,585,065)	-
Change in Agg. Reserves- SNIC	(30,311,445)	-
Change in DAC- NCM	4,684,074	-
Expense Allowance- CBL	2,285,509	-
Expense Allowance- SNIC	3,213,560	-
Premium Tax Expense	3,102	-
Admin Fee- GBIG	3,241,868	-
Professional Fees		
Accounting	(80,000)	-
Audit	9,596	-
Professional Fees - Other	-	(5,133,123)
Total Professional Fees	(70,404)	(5,133,123)
Travel Expense	-	-
Total Expense	(283,652,579)	(5,132,376)
Net Ordinary Income	(28,680,699)	5,132,376
Other Income/Expense		
Other Income		
Investment Income		
Unrealized Gain on Funds Held	4,686,620	-
Income- Funds Withheld- CBL	8,826,852	-
Income- Funds Withheld- NCM	3,630,182	-
Income-Funds Withheld-SNIC	1,060,535	-
Interest Income	512	-
Management Fees- GBIG	(446,522)	-
Management Fees- SNH	-	-
Total Investment Income	17,758,178	-
Total Other Income	17,758,178	-
Other Expense		
Federal Income Taxes- Current	-	-
Federal Income Taxes- Deferred	1,497,784	3,608,621
Total Other Expense	1,497,784	3,608,621
Net Other Income	16,260,394	(3,608,621)
Net Income	<u>(12,420,304)</u>	<u>1,523,755</u>

Southland National Reinsurance Corporation
Statement of Cash Flows
Nine Months ended 9/30/2020

Cash flows from operating activities:	
Net income	1,523,755
Adjustments to reconcile net income to net cash	
Deferred tax	3,608,621
Deferred gain on reinsurance	-
Unrealized Gain on Funds Held	-
Cash flows from changes in:	
Receivables from affiliates	(5,123,527)
Deferred acquisition costs	-
Future policy benefits	-
Unearned premium	-
Accrued expenses	(9,596)
Federal income tax receivable	-
Net cash provided by operating expenses	<u>(747)</u>
Cash flows from investing activities:	
Funds held by affiliates	-
Policy loans	-
Net cash used in investing activities	<u>-</u>
Net decrease in cash	(747)
Cash beginning of year	<u>256,599</u>
Cash end of period	<u><u>255,852</u></u>

BANKERS LIFE INSURANCE COMPANY
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF SEPTEMBER 30, 2020,
A BALANCE SHEET
AS OF SEPTEMBER 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH SEPTEMBER 30, 2020
AND
A SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS
AS OF SEPTEMBER 30, 2020

INTRODUCTION

BACKGROUND

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

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

PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of Lindberg affiliated investments as of September 30, 2020, and a summary of operations and statement of cash flow through September 30, 2020.

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

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

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

INVESTMENT PORTFOLIO

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

- The Company has approximately \$60MM of affiliated investments as of September 30, 2020. This represents 17% of the admitted assets.
- During the quarter, the Company received some interest payments on the affiliated investments. The Company is working with Global Growth on the allocation of the interest received. The amount received was not in accordance with the IALA. See the Litigation section for more information.

EXPENSE REDUCTIONS

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

LITIGATION

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

Affiliated

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

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

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

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

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

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

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and Defendant Iron City Asset Management, LLC (“Defendant Borrower”) on June 27, 2019. CBL filed this action in its capacity as agent of the loan. CBL, BLIC, and Southland National Insurance Corporation (“SNIC”) are lenders on the loan. The Defendant Borrower defaulted on its payment obligations

by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$31,482,147 plus interest at a rate of \$8,381.82 per diem from May 1, 2020 until paid in full. On July 13, 2020, the Defendant Borrower removed the action to the Eastern District of North Carolina.

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

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

The Defendants answered the Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

This case was filed on June 15, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by CBL and

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

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

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

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

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

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

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on September 9, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

On September 30, 2020, the Defendant answered the Complaint and filed a counterclaim against Plaintiffs seeking reformation of the IALA. On October 22, 2020, Plaintiffs were granted an extension of time through November 20, 2020 to respond to Defendant's counterclaim.

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

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

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 5, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants have not yet answered the Complaint.

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

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

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 2, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants have not yet answered the Complaint.

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 October 31, 2020, 246 hardship cases have been received. 96 were approved, 83 were denied due to insufficient information, 49 were denied due to not meeting the hardship qualifications and 18 are in process.

CONTINUATION OF BUSINESS

The Company reduced writing the majority of new business in October 2018 and ceased all new business as of the date of the Order. A final decision as to the course of action to take with the Company has not yet been determined.

PARTIAL WITHDRAWAL PROGRAM

On September 9, 2020, the North Carolina Rehabilitation Court modified the Moratorium to allow a partial withdrawal program that allows annuity contract owners to withdraw 10% of the account value up to a maximum of \$15,000 per contract owner. In addition, annuity owners with a current account value of less than \$1,000 will receive the account value unless the contract owner opts out and elects to retain their annuity with the Company. Annuity contract owners will receive a letter explaining that they are eligible for a one-time option for a limited withdrawal of funds. These letters will be sent out over a four-week period. The first group of letters were mailed October 30, 2020.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. During the quarter, the panel approved the replacement of various directors and managers for numerous Global Growth entities. In addition, the panel approved the purchase of an entity.

COST SHARING AGREEMENT

CBL, BLIC, SNIC, Southland National Reinsurance Corporation, Preferred Financial Corporation, LLC, GBIG Holdings, Inc., Pavonia Life Insurance Company of Michigan ("PLICMI") and Global Bankers Insurance Group, LLC ("GBIG, LLC") are participants in a cost sharing agreement that preceded rehabilitation. All parties to the cost sharing agreement are ultimately owned by Lindberg. The agreement provides that any services provided by one of the entities on behalf of other entities allow for the costs to be allocated among the appropriate entities. GBIG, LLC provides virtually all the services for CBL, BLIC, SNIC and PLICMI. PLICMI is also in rehabilitation and is under the control of the Michigan Rehabilitator. GBIG, LLC is a subsidiary of PLICMI and therefore is also under the control of the Michigan Rehabilitator. GBIG, LLC provided policyholder services related to claims, hardships, and premium collections as well as the necessary executive management, oversight review and administrative services to the Company. Under this cost sharing agreement, management expenses, salaries and benefits, and facility charges were also allocated to the Company in accordance with this cost sharing agreement. During the period, BLIC paid GBIG, LLC \$681,435 for services rendered.

DISBURSEMENTS

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

- \$9,140 to Bryan Cave Leighton Paisner for legal services
- \$2,540 to Consilio for legal support services
- \$18,810 to Federal Arbitration, Inc. for services regarding the review panel
- \$34,008 to Gordian Group for investment advisory services
- \$90 to Kirsch & Niehaus for legal services
- \$119,729 to Noble Consulting Services, Inc. for rehabilitation services
- \$81,828 to Veris Consulting, Inc. for forensic accounting services
- \$113,165 to Williams Mullen for legal services

**INTRODUCTION TO BANKERS LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020**

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 under the direct supervision of the Rehabilitator's staff as of September 30, 2020. 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, 2020, the Company has \$60MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$70MM.

As of September 30, 2020, \$38MM of the \$60MM in affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the IALA. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$38MM and the fair value of these loans could be less than the carrying value. Some interest is being received on these loans. The due and accrued interest on these loans was \$2.7MM of which \$1.3MM was non-admitted as of September 30, 2020.

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Bankers Life Insurance Company

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	276,498,587		276,498,587	348,362,818
2. Stocks:				
2.1 Preferred stocks	8,321,914		8,321,914	5,243,408
2.2 Common stocks	1,070,924		1,070,924	357,700
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 (\$8,480,656), cash equivalents (\$12,634,740) and short-term investments (\$35,041,544)	56,156,939		56,156,939	20,948,547
6. Contract loans (including \$ premium notes)	6,194		6,194	5,116
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities	22,670		22,670	24,897
10. Securities lending reinvested collateral assets	0		0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	342,077,228	0	342,077,228	374,942,587
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	5,774,157	1,267,192	4,506,965	2,187,139
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	472
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	4,025,101		4,025,101	5,318,621
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	15,124,936	15,124,936	0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	100,578		100,578	107,523
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	471,485	471,485	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	367,573,485	16,863,613	350,709,872	382,556,342
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	367,573,485	16,863,613	350,709,872	382,556,342
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	91,776	91,776	0	0
2502. Negative Interest Maintenance Reserve	379,709	379,709	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	471,485	471,485	0	0

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) _____	349,227,203	346,671,162
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve) _____		0
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve) _____	4,842,103	5,028,193
4. Contract claims:		
4.1 Life _____	183,716	212,063
4.2 Accident and health _____		0
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 _____		0
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 _____	17,007	17,660
9.4 Interest Maintenance Reserve _____	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$ _____, accident and health \$ _____ and deposit-type contract funds \$ _____		0
11. Commissions and expense allowances payable on reinsurance assumed _____		0
12. General expenses due or accrued _____	30,795	271,390
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 _____		0
15.1 Current federal and foreign income taxes, including \$ _____ on realized capital gains (losses) _____	694,120	694,120
15.2 Net deferred tax liability _____		0
16. Unearned investment income _____		0
17. Amounts withheld or retained by reporting entity as agent or trustee _____	917,533	238,430
18. Amounts held for agents' account, including \$ _____ agents' credit balances _____		0
19. Remittances and items not allocated _____	47,910	213,840
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 _____	23,909	4,483,482
24.02 Reinsurance in unauthorized and certified (\$ _____) companies _____		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers _____		0
24.04 Payable to parent, subsidiaries and affiliates _____	1,777,055	1,023,920
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 _____		1,549,998
24.10 Payable for securities lending _____		0
24.11 Capital notes \$ _____ and interest thereon \$ _____		0
25. Aggregate write-ins for liabilities _____		0
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) _____	357,761,351	360,404,258
27. From Separate Accounts statement _____		0
28. Total liabilities (Lines 26 and 27) _____	357,761,351	360,404,258
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 _____	(289,775)	(1)
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
35. Unassigned funds (surplus) _____	(54,385,498)	(25,471,710)
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) _____	(10,051,479)	19,152,084
38. Totals of Lines 29, 30 and 37 _____	(7,051,479)	22,152,084
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) _____	350,709,872	382,556,342
DETAILS OF WRITE-INS		
2501. Unclaimed Property _____		0
2502. _____		0
2503. _____		0
2598. Summary of remaining write-ins for Line 25 from overflow page _____	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) _____	0	0
3101. Deferred Gain on Ceded Reinsurance _____		(1)
3102. Prior Period Adjustment - Investment Income _____	(289,775)	
3103. _____		0
3198. Summary of remaining write-ins for Line 31 from overflow page _____	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) _____	(289,775)	(1)
3401. _____		0
3402. _____		0
3403. _____		0
3498. Summary of remaining write-ins for Line 34 from overflow page _____	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) _____	0	0

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	87,000	261,177	263,354
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	10,928,394	14,250,082	18,448,829
4. Amortization of Interest Maintenance Reserve (IMR)	94,023	(31,653)	(13,364)
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	48,360	71,009	93,671
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	35,766	0	0
8.2 Charges and fees for deposit-type contracts		42,334	44,280
8.3 Aggregate write-ins for miscellaneous income	(6,540)	15,749	22,564
9. Totals (Lines 1 to 8.3)	11,187,003	14,608,898	18,859,334
10. Death benefits	154,667	124,128	147,593
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits	79,580	181,046	197,002
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	6,386,876	18,721,104	21,813,671
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	124,242	153,296	199,509
18. Payments on supplementary contracts with life contingencies	161,996	168,010	205,432
19. Increase in aggregate reserves for life and accident and health contracts	2,556,041	(9,742,704)	(10,031,712)
20. Totals (Lines 10 to 19)	9,463,402	9,604,880	12,531,495
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)		2,441	22,547
22. Commissions and expense allowances on reinsurance assumed		0	0
23. General insurance expenses and fraternal expenses	3,877,829	5,750,948	7,560,554
24. Insurance taxes, licenses and fees, excluding federal income taxes	241,409	498,917	530,297
25. Increase in loading on deferred and uncollected premiums	(629)	(630)	(4)
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	1,489	62,280	65,011
28. Totals (Lines 20 to 27)	13,583,500	15,818,836	20,709,900
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(2,396,497)	(1,310,138)	(1,850,566)
30. Dividends to policyholders and refunds to members		0	0
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(2,396,497)	(1,310,138)	(1,850,566)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		0	256,458
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)	(2,396,497)	(1,310,138)	(2,107,024)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ _____ (excluding taxes of \$ _____ transferred to the IMR)	(30,421,779)	(2,374,781)	(2,289,117)
35. Net income (Line 33 plus Line 34)	(32,818,276)	(3,684,919)	(4,396,141)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	22,152,084	32,579,202	32,579,203
37. Net income (Line 35)	(32,818,276)	(3,684,919)	(4,396,141)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ _____	116,494	354,247	110,000
39. Change in net unrealized foreign exchange capital gain (loss)		83,320	0
40. Change in net deferred income tax	7,506,946	368,391	1,741,945
41. Change in nonadmitted assets	(8,499,598)	(1,582,803)	(5,314,675)
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	4,459,573	880,033	(2,543,706)
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		0	0
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	(289,775)	(18,470)	(24,542)
54. Net change in capital and surplus (Lines 37 through 53)	(29,203,563)	(4,424,944)	(10,427,119)
55. Capital and surplus as of statement date (Lines 36 + 54)	(7,051,479)	28,154,258	22,152,084
DETAILS OF WRITE-INS			
08.301. Administrative and Service Fee Income	(6,540)	15,749	22,564
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)	(6,540)	15,749	22,564
2701. Reinsurance Funds Withheld Investment Income		0	0
2702. Miscellaneous Expenses	(203)	0	63,383
2703. Fines & Penalties	1,692	62,280	1,628
2788. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2788) (Line 27 above)	1,489	62,280	65,011
5301. Prior Period Adjustment - Investment Income	(289,775)	0	0
5302. Deferred Gain on Reinsurance		(18,470)	(24,542)
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)	(289,775)	(18,470)	(24,542)

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	88,101	262,277	263,356
2. Net investment income	7,945,435	13,104,051	17,286,978
3. Miscellaneous income	77,586	129,092	160,515
4. Total (Lines 1 to 3)	8,111,122	13,495,421	17,710,849
5. Benefit and loss related payments	5,642,841	13,368,545	11,811,823
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	4,392,117	6,356,008	7,946,813
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	10,034,958	19,724,553	19,758,636
11. Net cash from operations (Line 4 minus Line 10)	(1,923,836)	(6,229,132)	(2,047,786)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	65,650,608	75,534,931	110,916,444
12.2 Stocks	13,300	111,303	111,303
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	810	810
12.7 Miscellaneous proceeds	29,939,385	5,080,103	4,709,698
12.8 Total investment proceeds (Lines 12.1 to 12.7)	95,603,293	80,727,147	115,738,254
13. Cost of investments acquired (long-term only):			
13.1 Bonds	24,431,619	61,059,048	163,322,448
13.2 Stocks	3,779,379	5,477,963	5,477,963
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	30,536,957	3,203,052	3,371,438
13.7 Total investments acquired (Lines 13.1 to 13.6)	58,747,955	69,740,064	172,171,849
14. Net increase (or decrease) in contract loans and premium notes	0	(40,868)	(36,643)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	36,855,338	11,027,952	(56,396,952)
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	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(186,090)	510,633	297,449
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	462,980	184,695	779,385
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	276,890	695,329	1,076,835
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)	35,208,392	5,494,148	(57,367,904)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	20,948,547	78,316,451	78,316,451
19.2 End of period (Line 18 plus Line 19.1)	56,156,939	83,810,599	20,948,547

BANKERS LIFE INSURANCE COMPANY
SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS
JUNE 30 AND SEPTEMBER 30, 2020 COMPARISON

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value June 30, 2020	Book/ Adjusted Carrying Value September 30, 2020	Change
35472MAA4	FRANKLIN STR 2018-1 LLC	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ -
65532NAA7	NOM GB 2018 I LLC	1,055,913	1,055,064	1,054,970	(94)
72083RAA7	PIERRE MENDES LLC	4,183,502	4,183,502	4,183,502	(0)
40905#AA6	HAMPTON ASSET MANAGEMENT, LLC	895,432	901,693	895,432	(6,261)
46275@AA7	IRON CITY ASSET MANAGEMENT, LLC	768,088	771,262	768,088	(3,174)
9941557U3	HPCSP INVESTMENTS, LLC	633,234	584,018	633,234	49,217
13973@AA2	CAPITAL ASSETS FUND I LLC	3,449,436	3,441,266	3,449,436	8,170
04686@AA9	AUGUSTA ASSET MANAGEMENT, LLC	4,392,842	4,419,464	4,392,842	(26,622)
9947669V1	NIH CAPITAL, LLC	804,200	759,233	804,200	44,967
87339#AA3	TAC INVESTMENTS LLC	5,666,188	5,657,946	5,666,188	8,242
9941317V6	CAPITAL ASSETS FUND IV, LLC	3,491,012	3,491,012	3,491,012	-
46563@AA8	ITECH FUNDING LLC	1,076,630	1,074,972	1,076,630	1,657
37940*AA3	ACADEMY FINANCIAL ASSETS, LLC	3,296,783	3,298,955	3,296,783	(2,173)
86576#AA7	SUMMERSVILLE ASSET MANAGEMENT, LLC	1,061,006	1,067,498	1,061,006	(6,492)
9941317U8	CAPITAL ASSETS FUND V, LLC	3,996,776	4,017,619	3,996,776	(20,843)
9941328T5	ACADEMY FINANCIAL ASSETS, LLC	3,058,698	2,842,897	3,058,698	215,801
37562#AA6	GILFORD ASSET MANAGEMENT, LLC	4,662,737	4,657,319	4,662,737	5,418
05777@AA6	BALDWIN ASSET MANAGEMENT, LLC	1,083,727	1,087,187	1,083,727	(3,460)
46662#AA6	JACKSON ASSET MANAGEMENT, LLC	786,748	788,918	786,748	(2,169)
9941327T4	AFA FKA AFI TERM	618,664	619,117	618,664	(453)
9941329T6	AFA FKA GIC SR. NOTE	2,330,956	2,330,892	2,330,956	64
99467UAA5	CV INVESTMENTS	3,010,621	3,004,250	3,010,621	6,370
9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	1,365,633	1,365,633	1,365,633	-
9944639X1	CV INVESTMENTS, LLC	1,102,461	1,102,461	1,102,461	-
9941317T1	CAPITAL ASSETS FUND II, LLC	2,627,968	2,627,968	2,627,968	-
9942228W1	GILFORD ASSET MANAGEMENT, LLC	147,347	147,347	147,347	-
99439FJM4	AAPC HOLDINGS, LLC	3,078,505	-	3,078,505	3,078,505
06739FJM4	BARCLAYS BANK PLC	3,368,280	3,368,280	-	(3,368,280)
	Total	\$ 63,713,386	\$ 60,365,772	\$ 60,344,164	\$ (21,608)

Summary of activity (rounded to hundred-thousands)

Decrease in PPN positions due to Barclays unwinding	\$ (3,368,000)
Increase in AAPC Preferred Stock due to Barclays underlying assignments	3,079,000
Reconciliation due to capitalized interest	268,000
Total	<u>\$ (21,000)</u>

COLORADO BANKERS LIFE INSURANCE COMPANY
NORTH CAROLINA COMMISSIONER OF INSURANCE AS REHABILITATOR
AS OF SEPTEMBER 30, 2020,
A BALANCE SHEET
AS OF SEPTEMBER 30, 2020
A SUMMARY OF OPERATIONS AND STATEMENT OF CASH FLOW
THROUGH SEPTEMBER 30, 2020
AND
A SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS
AS OF SEPTEMBER 30, 2020

INTRODUCTION

BACKGROUND

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

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

PURPOSE OF THIS REPORT

The purpose of this report is to provide a quarterly update to the Court, as required by the Order, on the work that the Rehabilitator and his staff have carried out since the issuance of the Order, to set out the present situation of the Company, and to provide a balance sheet and schedule of Lindberg affiliated investments as of September 30, 2020, and a summary of operations and statement of cash flow through September 30, 2020.

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.

MEMORANDUM OF UNDERSTANDING AND INTERIM AMENDMENT TO LOAN AGREEMENTS

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

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

INVESTMENT PORTFOLIO

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

- The Company has approximately \$971MM of affiliated investments as of September 30, 2020. This represents 39% of the admitted assets.
- Affiliated assets represent 2,564% of surplus.
- In June 2019, the Company extended a \$40MM line of credit (“LOC”) to Academy Financial Assets, LLC, an affiliate, for liquidity purposes. As of September 30, 2020, \$39.75MM had been advanced and \$.155MM of unpaid interest was allocated to the principal (capitalization of interest), which totals \$39.9MM. The LOC requires monthly interest payments and matured on June 27, 2020. The principal payment was not received on the LOC and, therefore, it is in default. Monthly interest at the non-default rate is being received. This LOC has been reclassified from affiliated investments to an affiliated receivable. See the Litigation section for more information.
- During the quarter, the Company received some interest payments on the affiliated investments. The Company is working with Global Growth on the allocation of the interest received. The amount received was not in accordance with the IALA. See the Litigation section for more information.

REINSURANCE

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

EXPENSE REDUCTIONS

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

LITIGATION

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

Non-Affiliated

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

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 April 24, 2017 and an Amended Complaint was filed on May 1, 2017 alleging misrepresentation, fraudulent suppression, breach of fiduciary duty, negligence, negligent hiring/training/supervision, and conspiracy regarding the 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, 2019. This motion remains pending. Further, the Court entered an order continuing the April 23, 2019 trial setting, did not provide a new trial date, nor did it enter a new scheduling order.

On September 4, 2019, the trial court stayed the case on notice of the North Carolina Rehabilitation order staying and granting injunctive relief.

Pursuant to the Joint Stipulation of Dismissal with Prejudice filed by the parties, all of Plaintiff's claims against all Defendants, including CBL, were dismissed with prejudice on September 18, 2020.

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 the sale of life insurance policies.

On September 15, 2019, the trial court stayed the case on notice of the North Carolina Rehabilitation order staying and granting injunctive relief and scheduled a status conference for September 15, 2020.

Pursuant to the Joint Stipulation of Dismissal with Prejudice filed by the parties, all of Plaintiff's claims against all Defendants, including CBL, were dismissed with prejudice on August 3, 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. CBL sued Avalon, alleging default on credit facility for mental health and drug/alcohol rehabilitation facilities in Southern California and seeking appointment of a Receiver. Alpine Capital is the agent/servicer.

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

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. This is a divorce proceeding in which Petitioner alleges an interest in CBL's policies of Respondent.

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

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

The case was filed on January 2, 2020. This is a claim for payment on a life insurance policy. On February 5, 2020, CBL filed a Notice of Stay of Proceedings pursuant to the North Carolina Order of Rehabilitation. On March 2, 2020, Plaintiff filed a Motion to Exclude Defendant's Notice of Stay. On June 16, 2020, the Court granted Plaintiff's Motion to Exclude Defendant's Notice of Stay. On June 19, 2020, CBL filed an Answer to Plaintiff's Complaint denying liability and asserting affirmative defenses.

A case management conference was held on July 24, 2020. The Court set the mediation deadline for February 1, 2021, the mandatory settlement conference for February 4, 2021, the pretrial conference for February 19, 2021, and the trial date for February 22, 2021.

Affiliated

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

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

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

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

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

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

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

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

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

On July 23, 2020, CBL filed an Amended Complaint to add as an event of default the Defendant's failure to pay the outstanding loan on the June 30, 2020 maturity date. The Defendant filed an

Answer to the Amended Complaint on August 6, 2020, generally denying liability and asserting affirmative defenses.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 10, 2020 and filed counterclaims against SNIC for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, SNIC moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

The Defendants answered the Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 26, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

The Defendants answered the Complaint on August 21, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on August 20, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 20, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

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

The Defendants answered the Complaint on August 31, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on August 21, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant's response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

On July 30, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties,

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

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

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

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

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

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

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

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

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

This case was filed on June 5, 2020, in the Superior Court of Wake County, North Carolina alleging a breach of a loan agreement, as modified by the IALA, entered into by the parties on June 27,

2019. CBL filed this action in its capacity as agent of the loan. CBL is the only lender of the loan. The Defendant defaulted on its payment obligations by failing to make interest payments when required under the loan agreements. The Complaint seeks repayment of \$31,667,422 plus interest at a rate of \$8,431.16 per diem from May 1, 2020 until paid in full.

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

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

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

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

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

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

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

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

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

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

The Defendants answered the Complaint on September 9, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendants answered the Complaint on September 17, 2020 and Defendant Borrower filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant Borrower’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

The Defendant answered the Complaint on September 17, 2020 and filed counterclaims against CBL for alleged breach of contract, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. On October 12, 2020, CBL moved to dismiss the second and third counterclaims. The Defendant’s response to the motion to dismiss is due on November 2, 2020, unless otherwise extended.

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

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

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

On September 30, 2020, the Defendant answered the Complaint and filed a counterclaim against Plaintiffs seeking reformation of the IALA. On October 22, 2020, Plaintiffs were granted an extension of time through November 20, 2020 to respond to Defendant's counterclaim.

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

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

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 5, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants have not yet answered the Complaint.

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

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

On October 10, 2020, Plaintiffs filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 2, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants have not yet answered the Complaint.

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

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

On October 2, 2020, CBL filed a Notice of Related Cases informing the Court that the IALA lawsuits and the Credit Agreement lawsuit were related, and involved many of the same parties, transactions, and events. On October 7, 2020, this action was assigned to be heard before the Honorable James C. Dever III. The Defendants have not yet answered the Complaint.

Colorado Bankers Life Insurance Company v. Nederlandsche Algemeene Maatschappij Van Levensversicherung Conservatrix N.V., et al., Case No. 19 CVS 17191, Wake County, North Carolina

On December 22, 2019, the Rehabilitator advised Nederlandsche Algemeene Maatschappij Van Levensversicherung Conservatrix N.V. that he was disavowing a 2017 reinsurance agreement and related trust agreement between Conservatrix and CBL. Later that same day, Conservatrix presented its arbitration demand to the Rehabilitator, and the following day - on December 23, 2019 - the Rehabilitator applied for and obtained a Temporary Restraining Order (“Conservatrix TRO”) from the Wake County Superior Court (“Court”), restraining Conservatrix and the trustee for the trust account - Fifth Third Bank - from removing, disturbing, or otherwise interfering with any of the assets in the trust account and restraining Conservatrix from proceeding or acting upon its arbitration demand. The return date for the Conservatrix TRO, and the hearing date were extended by agreement of the parties several times – first until March 2, 2020, and again until April 6, 2020. In mid-March, because of the COVID-19 pandemic, the Chief Justice entered an order requiring all court proceedings to be rescheduled. The hearing was initially moved to May 4, 2020. In mid-April, the Chief Justice entered another order requiring that all court proceedings be rescheduled until after June 1, 2020. During this time, the Rehabilitator and Conservatrix continued to discuss a satisfactory resolution that encompassed the Rehabilitator’s disavowal of the reinsurance agreement and related trust agreement, and terminated the arbitration proceeding and the Conservatrix TRO. On July 5, 2020, the Rehabilitator and Conservatrix entered into an agreement that resolved the issues related to the reinsurance agreement and the related trust agreement. Pursuant to the agreement, the Rehabilitator dismissed the Conservatrix TRO proceeding with prejudice and Conservatrix dismissed the arbitration proceeding.

OTHER MATTERS

- Pursuant to the Moratorium Order, the Rehabilitator has imposed a moratorium on cash surrenders, annuitizations, and policy loans against the Company's policies until such time as the Court approves lifting of the moratorium.
- In accordance with the Moratorium Order, the Rehabilitator has adopted and implemented a policy to provide substitute benefits in lieu of the contractual obligations of the Company for annuity benefits and cash withdrawals for policyholders who petition for payment under claims of legitimate hardship. As of October 31, 2020, 1,341 hardship cases have been received. 694 were approved, 444 were denied due to insufficient information, 127 were denied due to not meeting the hardship qualifications and 76 are in process.

CONTINUATION OF BUSINESS

The Company reduced writing the majority of new business in October 2018 and ceased all new business as of the date of the Order. A final decision as to the course of action to take with the Company has not yet been determined.

PARTIAL WITHDRAWAL PROGRAM

On September 9, 2020, the North Carolina Rehabilitation Court modified the Moratorium to allow a partial withdrawal program that allows annuity contract owners to withdraw 10% of the account value up to a maximum of \$15,000 per contract owner. In addition, annuity owners with a current account value of less than \$1,000 will receive the account value unless the contract owner opts out and elects to retain their annuity with the Company. Annuity contract owners will receive a letter explaining that they are eligible for a one-time option for a limited withdrawal of funds. These letters will be sent out over a four-week period. The first group of letters were mailed October 30, 2020.

REVIEW PANEL

On April 2, 2020, the Court amended the TRO to establish a 5-person review panel to advise the Court on proposed transactions that could implicate the TRO. Both the Plaintiffs and Defendants will appoint one representative each. Each representative will appoint an independent member. The two independent members will appoint a third independent member. After reviewing proposed transactions, the panel will make a recommendation to the Court to either approve or deny the proposed transaction. During the quarter, the panel approved the replacement of various directors and managers for numerous Global Growth entities. In addition, the panel approved the purchase of an entity.

COST SHARING AGREEMENT

CBL, BLIC, SNIC, Southland National Reinsurance Corporation, Preferred Financial Corporation, LLC, GBIG Holdings, Inc., Pavonia Life Insurance Company of Michigan ("PLICMI") and Global Bankers Insurance Group, LLC ("GBIG, LLC") are participants in a cost sharing agreement that preceded rehabilitation. All parties to the cost sharing agreement are ultimately owned by Lindberg. The agreement provides that any services provided by one of the entities on behalf of other entities allow for the costs to be allocated among the appropriate entities. GBIG, LLC provides virtually all the services for CBL, BLIC, SNIC and PLICMI. PLICMI is also in rehabilitation and is under the control of the Michigan Rehabilitator. GBIG, LLC is a subsidiary of PLICMI and therefore is also under the control of the Michigan Rehabilitator. GBIG, LLC

provided policyholder services related to claims, hardships, and premium collections as well as the necessary executive management, oversight review and administrative services to the Company. Under this cost sharing agreement, management expenses, salaries and benefits, and facility charges were also allocated to the Company in accordance with this cost sharing agreement. During the period, CBL paid GBIG, LLC \$3,884,051 for services rendered.

DISBURSEMENTS

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

- \$62,145 to Bryan Cave Leighton Paisner for legal services
- \$15,701 to Consilio for legal services
- \$116,280 to Federal Arbitration, Inc. for services regarding the review panel
- \$210,234 to Gordian Group for investment advisory services
- \$554 to Kirsch & Niehaus for legal services
- \$740,141 to Noble Consulting Services, Inc. for rehabilitation services
- \$505,848 to Veris Consulting, Inc. for forensic accounting services
- \$949,140 to Williams Mullen for legal services

INTRODUCTION TO COLORADO BANKERS LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
AS OF September 30, 2020

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 under the direct supervision of the Rehabilitator's staff as of September 30, 2020. 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, 2020, the Company has \$952MM of excess affiliated investments. Should this amount be non-admitted, the Company would have a negative surplus of \$915MM.

As of September 30, 2020, \$716MM of the \$971MM in affiliated investment loans to affiliated non-insurance companies defaulted on their payment obligations. The company has maintained these loans at their previous book value and continued to accrue interest on these loans at the rate specified in the IALA. If the company were following Statutory accounting guidance, these loans would be downgraded to NAIC 6 and reported at market value and any accrued interest of more than 90 days would be non-admitted. The carrying value of these defaulted loans is \$716MM and the fair value of these loans could be less than the carrying value. Some interest is being received on these loans. The due and accrued interest on these loans was \$47.7MM of which \$21.5MM was non-admitted as of September 30, 2020.

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Colorado Bankers Life Insurance Company

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	2,248,639,701		2,248,639,701	2,412,238,874
2. Stocks:				
2.1 Preferred stocks	106,513,399		106,513,399	67,412,249
2.2 Common stocks	2,345,300		2,345,300	2,409,400
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)	5,797,600		5,797,600	5,927,200
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 (\$ 16,225,682), cash equivalents (\$ 50,801,340) and short-term investments (\$ 1,250,000)	68,277,023		68,277,023	81,623,302
6. Contract loans (including \$ premium notes)	8,680,763		8,680,763	8,206,865
7. Derivatives	0		0	835,687
8. Other invested assets	0		0	0
9. Receivables for securities			0	33,728
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)	2,440,253,786	0	2,440,253,786	2,578,687,305
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	58,256,288	21,486,218	36,770,070	13,555,979
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,049,363	229,559	819,804	580,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	8,153,715		8,153,715	8,853,863
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	92,485	59,621	32,864	207,312
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	23,174		23,174	28,113
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	14,228,572		14,228,572	2,804,722
18.2 Net deferred tax asset	70,397,639	70,397,639	0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	4,384,357		4,384,357	582,248
24. Health care (\$) and other amounts receivable			0	19,647
25. Aggregate write-ins for other-than-invested assets	6,492,529	6,442,529	50,000	500,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,603,331,908	98,615,566	2,504,716,342	2,605,829,189
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	2,603,331,908	98,615,566	2,504,716,342	2,605,829,189
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	544,770	494,770	50,000	500,000
2502. Negative Interest Maintenance Reserve	5,947,759	5,947,759	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)	6,492,529	6,442,529	50,000	500,000

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) _____	2,335,026,323	2,327,663,534
2. Aggregate reserve for accident and health contracts (including \$ _____ Modco Reserve) _____	878,224	885,671
3. Liability for deposit-type contracts (including \$ _____ Modco Reserve) _____	10,740,383	11,827,425
4. Contract claims:		
4.1 Life _____	14,187,994	10,374,710
4.2 Accident and health _____	168,054	160,723
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 _____	940,864	1,069,916
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 _____	3,093,891	5,338,382
9.4 Interest Maintenance Reserve _____	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$ _____, accident and health \$ _____ and deposit-type contract funds \$ _____	15,756	15,313
11. Commissions and expense allowances payable on reinsurance assumed _____		0
12. General expenses due or accrued _____	1,274,633	1,236,593
13. Transfers to Separate Accounts due or accrued (net) (including \$ _____ accrued for expense allowances recognized in reserves, net of reinsured allowances) _____		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes _____	222	38,494
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 _____	13,378,944	1,455,378
18. Amounts held for agents' account, including \$ _____ agents' credit balances _____		0
19. Remittances and items not allocated _____	4,485,933	3,018,552
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 _____	59,684,099	24,841,014
24.02 Reinsurance in unauthorized and certified (\$ _____) companies _____		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ _____) reinsurers _____		118,172,454
24.04 Payable to parent, subsidiaries and affiliates _____	12,949,759	11,081,622
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 _____	7,233,016	0
24.10 Payable for securities lending _____		0
24.11 Capital notes \$ _____ and interest thereon \$ _____		0
25. Aggregate write-ins for liabilities _____	268,248	286,561
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) _____	2,464,324,343	2,517,466,342
27. From Separate Accounts statement _____		0
28. Total liabilities (Lines 26 and 27) _____	2,464,324,343	2,517,466,342
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 _____	(5,104,528)	8,425,878
32. Surplus notes _____	9,000,000	9,000,000
33. Gross paid in and contributed surplus _____	204,976,020	204,976,020
34. Aggregate write-ins for special surplus funds _____		0
35. Unassigned funds (surplus) _____	(170,979,493)	(136,539,051)
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) _____	37,891,999	85,862,847
38. Totals of Lines 29, 30 and 37 _____	40,391,999	88,362,847
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) _____	2,504,716,342	2,605,829,189
DETAILS OF WRITE-INS		
2501. Unclaimed Property _____	268,248	286,561
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) _____	268,248	286,561
3101. Deferred Gain on Reinsurance _____	(1,446,588)	8,425,878
3102. Prior Period Adjustment - Investment income _____	(3,657,840)	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) _____	(5,104,528)	8,425,878
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

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	30,094,524	262,614,070	273,736,519
2. Considerations for supplementary contracts with life contingencies	168,700	112,190	112,190
3. Net investment income	80,951,952	97,553,457	116,422,980
4. Amortization of Interest Maintenance Reserves (IMR)	(4,460,814)	69,020	292,842
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0
6. Commissions and expense allowances on reinsurance ceded	9,977,210	2,173,529	2,337,164
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	0	0
8.3 Aggregate write-ins for miscellaneous income	79,970	1,025,468	1,242,998
9. Totals (Lines 1 to 8.3)	116,801,542	363,547,734	394,144,693
10. Death benefits	6,374,118	8,438,282	10,964,450
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0
12. Annuity benefits	6,936,427	2,878,172	5,241,430
13. Disability benefits and benefits under accident and health contracts	3,463,648	4,686,138	6,111,267
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0
15. Surrender benefits and withdrawals for life contracts	45,052,784	70,049,461	85,254,667
16. Group conversions	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	290,477	366,532	493,304
18. Payments on supplementary contracts with life contingencies	50,509	50,509	60,509
19. Increase in aggregate reserves for life and accident and health contracts	7,407,232	214,872,768	215,319,006
20. Totals (Lines 10 to 19)	69,524,686	301,351,862	323,444,673
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	5,252,179	10,892,645	13,479,662
22. Commissions and expense allowances on reinsurance assumed	448,708	457,219	581,258
23. General insurance expenses and fraternal expenses	22,560,152	27,507,423	37,612,903
24. Insurance taxes, licenses and fees, excluding federal income taxes	1,481,249	2,849,714	3,193,727
25. Increase in loading on deferred and uncollected premiums	(873,215)	(1,130,036)	(1,847,550)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	0
27. Aggregate write-ins for deductions	424,047	7,948,081	8,499,917
28. Totals (Lines 20 to 27)	98,817,806	349,876,908	384,964,580
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	17,983,736	13,670,826	9,180,103
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)	17,983,736	13,670,826	9,180,103
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(11,423,850)	0	2,564,741
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)	29,407,586	13,670,826	6,615,362
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ _____ (excluding taxes of \$ _____ transferred to the IMR)	(14,388,493)	(80,169,507)	(77,598,650)
35. Net income (Line 33 plus Line 34)	15,019,093	(66,498,681)	(70,983,288)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	88,362,847	194,584,228	194,584,228
37. Net income (Line 35)	15,019,093	(66,498,681)	(70,983,288)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ 2,127,056	(1,884,307)	1,596,620	1,534,023
39. Change in net unrealized foreign exchange capital gain (loss)	9,824,878	(4,744,211)	(1,265,948)
40. Change in net deferred income tax	18,027,352	12,704,572	19,933,610
41. Change in nonadmitted assets	(40,584,373)	(28,389,981)	(34,179,665)
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	(34,843,085)	8,524,687	(16,230,816)
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	0	0
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	0	(4,037,777)	(4,037,777)
52. Dividends to stockholders	0	0	0
53. Aggregate write-ins for gains and losses in surplus	(13,530,406)	(827,885)	(991,520)
54. Net change in capital and surplus (Lines 37 through 53)	(47,970,848)	(81,672,656)	(106,221,381)
55. Capital and surplus as of statement date (Lines 36 + 54)	40,391,999	112,911,572	88,362,847
DETAILS OF WRITE-INS			
08.301. Commissions, Service & Issue Fees and Other	79,970	434,591	455,162
08.302. Amortization of Surplus due to IMR	0	590,877	787,836
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)	79,970	1,025,468	1,242,998
2701. Modified Coinsurance Expense	14,313	(211,406)	(75,525)
2702. Reinsurance funds withheld Investment Income	381,655	8,117,359	8,529,606
2703. Fines and penalties	27,977	22,091	22,809
2798. Summary of remaining write-ins for Line 27 from overflow page	102	20,037	23,027
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	424,047	7,948,081	8,499,917
5301. Deferred Gain on Reinsurance	(9,872,566)	(827,885)	(991,520)
5302. Prior Period Adjustment - Investment Income	(3,657,840)	0	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)	(13,530,406)	(827,885)	(991,520)

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.....	31,467,731	64,524,497	76,622,716
2. Net investment income	41,944,663	80,100,391	95,701,475
3. Miscellaneous income	402,566	3,198,997	3,580,162
4. Total (Lines 1 to 3)	73,814,960	147,823,885	175,904,353
5. Benefit and loss related payments	60,370,965	88,525,319	114,607,599
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	31,440,757	50,820,066	64,463,131
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	2,800,000	4,464,396
10. Total (Lines 5 through 9)	91,811,722	142,145,385	183,535,126
11. Net cash from operations (Line 4 minus Line 10)	(17,996,762)	5,678,500	(7,630,773)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	444,149,956	752,333,105	1,031,166,855
12.2 Stocks	64,100	17,125,229	17,125,229
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	(6,069)	(177,288)	(169,021)
12.7 Miscellaneous proceeds	23,877,192	5,706,308	102,229,119
12.8 Total investment proceeds (Lines 12.1 to 12.7)	468,085,179	774,987,354	1,150,352,182
13. Cost of investments acquired (long-term only):			
13.1 Bonds	305,058,448	621,507,415	1,285,632,267
13.2 Stocks	39,101,150	93,282,020	93,282,020
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	6,100,000	6,100,000
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	4,027,812	10,226,552	93,594,336
13.7 Total investments acquired (Lines 13.1 to 13.6)	348,187,410	731,115,987	1,478,608,622
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	119,897,769	43,871,367	(328,256,440)
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	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(1,087,042)	(1,771,119)	(2,082,726)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	(126,280,329)	3,263,407	15,698,821
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(127,367,371)	1,492,288	13,616,095
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)	(25,466,364)	51,042,155	(322,271,118)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	81,623,302	403,894,420	403,894,420
19.2 End of period (Line 18 plus Line 19.1)	56,156,939	454,936,575	81,623,302

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

20.0001. Transfer of premium related to affiliated reinsurance recapture.....		201,532,461	201,532,461
20.0002. Settlement of CY FIT payable through surplus contribution		0	0
20.0003. Capital Contribution in the form of bonds		0	0
20.0004.		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

COLORADO BANKERS LIFE INSURANCE COMPANY
SCHEDULE OF LINDBERG AFFILIATED INVESTMENTS
JUNE 30 AND SEPTEMBER 30, 2020

CUSIP Identification	Description	Actual Cost	Book/ Adjusted Carrying Value June 30, 2020	Book/Adjusted Carrying Value September 30, 2020	Change
00405@AA7	ACADEMY FINANCIAL ASSETS	\$ 19,698,000	\$ 20,484,799	\$ 20,411,338	\$ (73,461)
37940*AA3	ACADEMY FINANCIAL ASSETS	8,462,891	8,873,861	8,843,691	(30,171)
9941326T3	ACADEMY FINANCIAL ASSETS - REVOLVER **	33,905,524	39,905,524	39,905,524	-
9941328T5	ACADEMY FINANCIAL ASSETS FKA AFI PROMISSORY NOTE	24,196,820	32,173,169	34,615,398	2,442,230
9941327T4	AFA FKA AFI TERM	5,674,149	5,950,782	5,930,115	(20,667)
9941329T6	AFA FKA GIC SR. NOTE	21,700,000	23,308,921	23,245,663	(63,258)
00856#AD3	AGERA ENERGY LLC	35,000,000	1	1	-
9941268Z6	ALPHARETTA	2,097,465	1,979,348	1,979,348	-
00224#AA4	AR PURCHASING SOLUTIONS 2, LLC	2,841,811	3,111,299	3,121,473	10,174
00223@AA7	AR PURCHASING SOLUTIONS, LLC	2,140,418	2,586,124	2,602,374	16,250
K0004@AA0	AT DENMARK INVESTMENTS	8,534,551	8,934,166	8,945,186	11,020
04686@AA9	AUGUSTA ASSET MANAGEMENT, INC	4,271,474	4,419,464	4,392,842	(26,622)
05777@AA6	BALDWIN ASSET MANAGEMENT, INC	21,225,457	21,656,067	21,588,272	(67,795)
06739FJM4	BARCLAYS BANK PLC	76,399,342	42,758,923	-	(42,758,923)
13972#AA1	CAPITAL ASSET MANAGEMENT III, LLC	29,625,000	29,420,746	29,460,269	39,524
13973@AA2	CAPITAL ASSETS FUND I, LLC	60,007,146	64,778,807	64,932,599	153,792
9941317V6	CAPITAL ASSETS FUND IV, LLC	42,910,111	34,910,113	34,910,113	-
9941317U8	CAPITAL ASSETS FUND V, LLC	41,443,522	38,612,222	38,416,981	(195,241)
16230#AA2	CHATWORTH ASSET MANAGEMENT, INC.	22,384,145	23,106,101	23,069,903	(36,198)
20465#AA0	COMPLYSMART, LLC	3,002,000	3,161,427	3,166,666	5,239
99467UAA5	CV INVESTMENTS	37,372,872	37,385,957	37,464,946	78,989
23570*AA0	DAMASCUS ASSET MANAGEMENT, INC.	18,791,160	19,383,002	19,317,088	(65,914)
29412#AA5	EPHESUS ASSET MANAGEMENT, INC.	21,139,806	21,687,850	21,639,902	(47,948)
34610#AA5	FOREST PARK ASSET MANAGEMENT, INC.	17,246,459	17,784,595	17,800,319	15,724
35472MAA4	FRANKLIN STR 2018-1 LLC	47,990,349	16,320,000	16,320,000	-
40905#AA6	HAMPTON ASSET MANAGEMENT, INC	22,097,474	22,873,845	22,715,023	(158,822)
9941557U3	HPCSP INVESTMENTS PROMISSORY NOTE	4,051,293	4,051,293	4,392,707	341,414
9941556V4	HPCSP INVESTMENTS SENIOR NOTE	7,016,140	7,333,764	7,346,260	12,496
G4919@AA1	INTRALAN INVESTMENTS LIMITED	4,152,310	4,345,388	4,352,443	7,055
46275@AA7	IRON CITY ASSET MANAGEMENT, INC.	25,275,943	22,778,831	22,685,091	(93,740)
46563@AA8	ITECH FUNDING LLC	19,281,368	20,313,840	20,345,616	31,776
46662#AA6	JACKSON ASSET MANAGEMENT, INC.	20,725,423	21,451,969	21,393,481	(58,488)
49803@AA2	KITE ASSET MANAGEMENT INC	34,622,923	36,059,843	36,075,357	15,514
51703#AA7	LARES, LLC	4,489,111	4,661,314	4,667,256	5,942
53250#AA0	LILY ASSET MANAGEMENT INC	33,084,925	34,045,395	34,072,077	26,682
57187#AA9	MARSHALLA ASSET MANAGEMENT, LLC	31,082,941	32,271,283	32,207,679	(63,604)
9947669V1	NIH CAPITAL, LLC	11,407,477	11,407,477	12,083,106	675,628
65532NAA7	NOM GB 2018 I LLC	2,213,899	1,283,914	1,283,799	(115)
69902#AA8	PARADISE ASSET MANAGEMENT INC	39,700,000	30,317,533	30,124,766	(192,767)
72083RAA7	PIERRE MENDES LLC	59,999,993	41,835,018	41,835,018	-
77294@AA9	ROCKDALE ASSET MANAGEMENT INC	39,700,000	30,706,108	30,531,298	(174,810)
X7552#AC1	STANDARD FINANCIAL LIMITED	3,819,822	4,069,925	4,078,559	8,633
86576#AA7	SUMMERVILLE ASSET MANAGEMENT, INC.	23,752,824	23,301,977	23,173,597	(128,380)
90225@AA6	TYBEE ISLAND ASSET MANAGEMENT, INC.	28,743,436	29,549,763	29,463,713	(86,050)
99439FJM4	AAPC HOLDINGS, LLC	39,101,150	-	39,101,150	39,101,150
9941317T1	CAPITAL ASSETS FUND II, LLC	33,555,104	31,703,735	31,703,735	-
9941318T3	CAPITAL ASSETS MANAGEMENT II, LLC	21,346,767	21,346,767	21,346,767	-
9944639X1	CV INVESTMENTS, LLC	12,590,691	12,590,627	12,590,627	-
9942228W1	GILFORD ASSET MANAGEMENT, LLC	1,771,121	1,771,121	1,771,121	-
	Total	\$ 1,131,642,607	\$ 972,763,994	\$ 971,420,255	\$ (1,343,740)

Summary of activity (rounded to hundred-thousands)

Decrease in PPN positions due to Barclays unwinding	\$ (42,759,000)
Increase in AAPC Preferred Stock due to Barclays underlying assignments	39,101,000
PIK allocation on Academy Financial Assets FKA AFI Promissory Note	2,369,000
PIK allocation on HPCSP Investments Promissory Note	329,000
Reconciliation due to capitalized interest	(386,000)
Total	<u>\$ (1,346,000)</u>

** AFA Revolver Loan matured on 06/30.

NORTH CAROLINA

WAKE COUNTY

VERIFICATION

MICHAEL DINIUS, being first duly sworn, deposes and says that he is appointed as Special Deputy Rehabilitator for Southland National Insurance Corporation, Southland National Reinsurance Corporation, Bankers Life Insurance Company and Colorado Bankers Life Insurance Company by the Commissioner of Insurance for the State of North Carolina, and in his capacity as Rehabilitator, that he has read the foregoing quarterly report of activity of the Rehabilitator as of September 30, 2020, and a balance sheet, summary of operations, statement of cash flow, and schedule of affiliated investments as of September 30, 2020, 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, 2020, 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 16th day of November 2020.



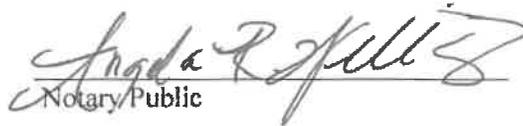
Special Deputy Rehabilitator for
Southland National Insurance Corporation
Southland National Reinsurance Corporation
Bankers Life Insurance Company
Colorado Bankers Life Insurance Company

NORTH CAROLINA

WAKE COUNTY

Sworn to and subscribed before me this

The 16th day of November 2020.
(Official Seal)


Notary Public

My Commission Expires:

June 21, 2024

