

**COLORADO BANKERS LIFE INSURANCE COMPANY
BANKERS LIFE INSURANCE COMPANY
SOUTHLAND NATIONAL INSURANCE CORPORATION
FREQUENTLY ASKED QUESTIONS
Updated September 30, 2021**

1) What happened to my insurance company?

Colorado Bankers Life Insurance Company, Bankers Life Insurance Company, and Southland National Insurance Corporation, (collectively the “Companies”) consented to an Order of Rehabilitation entered on June 27, 2019 (“Order”), by the Superior Court of Wake County, North Carolina (“Court”) pursuant to a petition filed by the Commissioner of Insurance of the State of North Carolina, Mike Causey (“Commissioner”). The Commissioner took action after determining that the long-term liquidity of the investment portfolios of the Companies had deteriorated to the point that the North Carolina Department of Insurance (“Department”) needed to act to protect the policyholders of the Companies.

The Court appointed the Commissioner as Rehabilitator of the Companies (“Rehabilitator”). The Rehabilitator has appointed Noble Consulting Services, Inc. (“Noble”), to serve as Special Deputy Rehabilitator to oversee the rehabilitation process. Mike Dinius and John Murphy of Noble will act for the Rehabilitator in the rehabilitation proceeding, under the title of Special Deputy Rehabilitators.

Please refer the one of the following websites to review important information, including the Order of Rehabilitation, regarding the Companies. You may also sign up to receive email notifications related to rehabilitation updates. Please see FAQ 26 below.

- www.cbllife.com
- www.bankerslifeinsurance.com
- www.ncdoi.gov/insurance-industry/regulatory-actions-receiverships

The Commissioner filed a petition on March 12, 2021, in the Superior Court of Wake County, North Carolina, seeking an order of liquidation, declaration of insolvency, and injunctive relief as to Southland National Insurance Company (“SNIC”). GBIG Holdings, LLC filed an objection to the liquidation petition. GBIG Holdings, LLC is the parent of SNIC, and is owned ultimately by Greg Lindberg. GBIG Holdings, LLC and Petitioner filed a Joint Motion to Stay the SNIC liquidation proceedings, after a hearing before the Court.

2) What is the current financial condition of my insurance company?

The Companies were placed into Rehabilitation to preserve the assets of the Companies for the protection of policyholders. This was done to protect the overall account values of the Companies’ annuity holders and the interests of all policyholders. Due to the issues with the Companies’ investments, it was necessary to place the Companies under Court protection so that the investment issues could be addressed in an orderly fashion by the Rehabilitator under Court supervision.

In accordance with the Order, the Rehabilitator has taken possession of all known assets of the Companies. The Rehabilitator is currently evaluating the feasibility of a successful rehabilitation of the Companies. The goal of the Rehabilitator is to reduce the amount of affiliated investments and to increase the long-term liquidity of the Companies.

3) How long will rehabilitation take?

At this time, we do not know how long the rehabilitation will last.

4) What is the purpose of a rehabilitation order?

The primary purpose of the Order is to protect and treat all policyholders equitably. The Order was consensual, meaning that it was approved by the Board of Directors of the Companies. Pursuant to the Order, the Rehabilitator acquired the powers and authority of the officers and directors of the Companies to manage the Companies. He re delegated those powers and authority to the Special Deputy Rehabilitators. The Order is intended to safeguard the assets of the Companies and to continue services in a cost-effective manner.

5) Why does restricting certain policy activities ensure policyholders are treated equitably?

It is in the best interests of the policyholders to impose a moratorium on cash surrenders, new annuitizations, and policy loans to conserve the assets of the Companies and to allow the Rehabilitator time to evaluate the prospects for a successful rehabilitation of the Companies. An inordinate amount of cash outflows could impact the equitable treatment of policyholders.

6) Are the Companies in receivership or liquidation? What is the difference?

The Companies are in rehabilitation, which is a form of insurance receivership. Rehabilitation is a court approved safeguard used in conjunction with the regulatory oversight of the Department to extend protections that are not available to insurance companies in the normal course of business. Rehabilitation is a statutory process to try and revitalize insurance companies and eliminate the reasons for a court ordered receivership.

The Companies are not in liquidation, which is a different form of receivership. If the rehabilitation is, for some reason, not successful, then the Companies would be placed into Court ordered liquidation. Under liquidation there would be an effort to move all policies to solvent insurers, with the assistance of state guaranty associations. Those associations help protect policyholders up to state guaranty fund coverage limits.

7) Who is running the Companies?

North Carolina Insurance Commissioner Mike Causey, as Court appointed Rehabilitator, replaced the management of the Companies pursuant to the Order. The Rehabilitator hired Noble to act as Special Deputy Rehabilitator to oversee daily operations. Noble will utilize third party administrators Actuarial Management Resources (“AMR”) for administration of Colorado Bankers Life Insurance Company and Bankers Life Insurance Company, and Universal Fidelity Life Insurance Company and Southland Benefit Solutions for Southland National Insurance Corporation, as of October 1, 2021.

8) Will my interest rate or crediting rate change?

Interest will continue to be credited at guaranteed rates.

9) Can I still get my monthly interest payments?

Yes, existing monthly interest distributions will continue uninterrupted. New requests to set up systematic interest distributions are **not** being accepted.

10) Will Required Minimum Distributions (RMDs) from IRAs be available?

Yes, all new and existing RMDs for IRAs will be processed as received. Note that bulk distributions or transfers other than RMDs will not be allowed at this time.

11) How will surrenders or requests for distributions be handled during the rehabilitation?

In order to preserve assets for the benefit of all policyholders, the Court has ordered a moratorium on cash surrenders, new annuitizations, and policy loans, meaning they will not be honored so long as the Court's order is in place. This moratorium has no set expiration date and will last until lifted by the Court.

12) Will penalty-free partial withdrawals be allowed?

No, the Court-approved exception to the moratorium, the partial withdrawal distribution, concluded on April 30, 2021. The hardship program is currently the only exception to the moratorium for withdrawals.

13) Is there a hardship program to request a withdrawal of funds?

Yes. A hardship program has been put in place. A hardship request form with instructions to request funds for an immediate economic need is available on each of the Companies websites. Each individual application will be fully reviewed, and a response provided as to whether the hardship is approved. It will take approximately 14-21 days to review a request once all information has been received.

14) My annuity matures soon. How are matured annuities handled?

Annuities that mature will be paid. Please be aware that there is a difference between Maturity Date and end of the surrender charge period. The Maturity Date is the contract anniversary date in the year following the date that the Annuitant reaches maturity age, typically age 95. This is different from the end of the surrender charge period. The surrender charge period is the time frame during which the owner cannot withdraw funds without incurring a surrender charge. The surrender charge period is typically 3 to 7 years after you purchase the annuity. The end of the surrender charge period does not mean that the annuity has matured. Check your policy for specific contract information.

15) How will death claims on annuity contracts be handled?

Death claims will be processed without interruption.

16) Can I continue to add money to my annuity account?

No. At this time the most prudent stance is to not add additional funds that could be restricted during the rehabilitation proceeding. Therefore, new contracts or additional deposits are not being accepted or

processed until further notice. All new applications and premiums in process, received after the date of rehabilitation, will be returned. Automated or bank draft contributions will be cancelled. All annuity premium reminder notices sent in the past have also been stopped.

17) Will medical or dental claims be paid?

Yes, medical and dental claims will be paid in full.

18) How long will the moratorium on surrenders be in place (when can I have my money)?

The Court will lift the moratorium when it determines that it is appropriate to do so. There is no timeframe for how long the moratorium will last.

19) Has there been any progress made since the beginning of rehabilitation?

Yes. Part of the rehabilitation process includes a review of the Company's financial condition; and in particular, the investment portfolios. The Special Deputy Rehabilitators provide a quarterly report to the Court, which is available on the Companies' websites. The quarterly report includes a balance sheet and a schedule of affiliated investments. Affiliated investments refer to investments in entities under common ownership with the Company; in this case, the common ownership of Greg Lindberg. These affiliated investments are assets of the Companies; however, unlike publicly traded securities, they are not easily liquidated and converted to cash. They cannot be used to pay current policy obligations. The Special Deputy Rehabilitators are working to try to reduce the percentage of affiliated investments and increase the liquidity of the Companies.

20) Will I receive a notification when the rehabilitation is over?

A notice will be posted on the Companies' and the Department's websites when the rehabilitation has ended.

21) What happens to my policy if rehabilitation does not work?

The purpose of rehabilitation is to revitalize the Companies and avoid liquidation for the protection of policyholders. However, if the rehabilitation is, for some reason, not successful, then the Companies would be placed into Court ordered liquidation. Under liquidation there would be an effort to move all policies to solvent insurers, with the assistance of state guaranty associations. Those associations help protect policyholders up to state specific guaranty fund coverage limits. See also FAQ 24 and FAQ 25 below.

22) Will my agent remain appointed?

Any existing agent appointments have been terminated. Agents will still have administrative access to their client's contract information as of September 30, 2021, during the transition to AMR. If you need current account information, please contact AMR customer service at:

Colorado Bankers Life Insurance Company: 1-833-658-2841

Bankers Life Insurance Company: 1-833-658-2840

23) What is the success rate of insurance rehabilitation?

Each insurance rehabilitation is unique. Success depends on working out the unique problems of the particular company in rehabilitation.

24) How do state guaranty associations work?

State guaranty associations are triggered when a state court orders an insurance company into liquidation, with a declaration of insolvency. Guaranty associations have been established in each state, as well as the District of Columbia and Puerto Rico, to provide a measure of protection in the event of the insolvency of an insurer. Life and health insurance guaranty associations were created to protect policyholders, certificate holders under group policies, annuitants, and their beneficiaries from loss due to the insolvency of an insurer licensed to do business in the state where the claimant resides, up to coverage limits in each state. If a liquidation is ordered, each state's guaranty association provides coverage to the company's policyholders who are residents of that state up to the coverage limits specified by state laws. Any policy benefit amounts above the guaranty association coverage limits would become claims against the company's remaining assets, after all administrative expenses are paid.

25) How do I find the state guaranty information for my state?

<https://www.nolhga.com/policyholderinfo/main.cfm>. There is a drop-down box to find your state.

26) Where can I get more information?

For further questions contact the appropriate Company as follows:

Colorado Bankers Life Insurance Company 1-833-658-2841

Email notification sign up: <https://cblife.com/Home/RehabDetails#!>

Bankers Life Insurance Company 1-833-658-2840

Email notification sign up:
<https://www.bankerslifeinsurance.com/Home/RehabDetails>

Southland National Insurance Corporation 1-800-842-8960

Email notification sign up:
<https://www.southlandnational.com/rehabDetails.html>