

**COLORADO BANKERS LIFE INSURANCE COMPANY
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SOUTHLAND NATIONAL INSURANCE CORPORATION
FREQUENTLY ASKED QUESTIONS regarding Case 19-CVS-13093
Updated May 18, 2022**

1) What was this case about, and what does the court’s decision mean?

This case (also referred to as the MOU litigation) was about an agreement Greg Lindberg and some of his companies and the North Carolina insurance companies entered into during the summer of 2019. Under that agreement, Mr. Lindberg agreed (among other things) to let some of his companies be run by an independent board. The court’s judgment means that the court found that this was a binding promise that Mr. Lindberg and his companies broke. As a result, the court has ordered Mr. Lindberg to put the companies under the independent board’s control for the ultimate benefit of policyholders. The court has also told Mr. Lindberg and his companies that he needs to pay the insurance companies money for harm he caused to them by breaking his promises and by not being truthful when he was making those promises.

2) How does this help policyholders?

The agreement that Mr. Lindberg and his companies broke is a key part of the Special Deputy Rehabilitators’ (or “SDRs”) plan to try to improve the insurance companies’ finances. Once this agreement is put into place, the goal is to improve the quality of the insurance companies’ investments so that the insurance companies can get paid as much of what they are owed as soon as possible. That will allow the insurance companies to, over a period of time, start releasing that money to policyholders in a way that is fair to all policyholders.

3) Does this judgment mean the insurance companies have more money?

Not right away. The insurance companies have a *judgment for money* against Greg Lindberg and certain of his companies. But the judgment does not automatically move money to the insurance companies. Mr. Lindberg and his companies can decide to pay this judgment to the insurance companies. Otherwise, the insurance companies have to go through legal processes to find and obtain things that belong to Mr. Lindberg and his companies to pay the judgment. These processes are complicated and can take months.

4) Are there benefits to this judgment besides just money?

Yes, the insurance companies get other benefits. The judgment that the insurance companies got will also force Mr. Lindberg and his companies to follow through on a promise they had made to try to improve the quality of the insurance companies’ investments. In short, the judgment will require certain companies that Mr. Lindberg ultimately owns to be moved under the control of an independent board of business and insurance experts. This independent board will be able to manage the companies to try to get as much money to the insurance companies as soon as possible. But, because this process needs to be done correctly, this will not happen immediately—the agreement provides for the independent board to be working over a period of months and years.

5) How does this affect my ability to get paid on my policy?

This lawsuit was important because Mr. Lindberg’s companies need to pay the insurance companies’ loans back so that policyholders can withdraw more funds under their policies. Moving these companies under

an independent board of experts who have the repayment of policyholders as their number one priority is an important step in that direction. It will take time for the benefits of this arrangement to come through, but we believe policyholders are much better off having these companies under the independent board's control.

6) Will I get paid anything right now?

The outcome of this lawsuit does not result in immediate payments to policyholders. As the insurance company's financial health improves, the SDRs can ask the court to release more funds to policyholders. These programs will be communicated to policyholders in the same manner as previous ones. In the meantime, policyholders can request payment based on hardship. Please see the link to the hardship package on the companies' websites.

7) Does the outcome of this lawsuit mean that the rehabilitation is over, or that the moratorium is over?

No. Because the judgment does not immediately move money into the insurance companies, they need to stay in rehabilitation for now with the moratorium still in place. However, as the financial condition of the insurance companies improves, the SDRs will petition the court for modification to the moratorium for additional partial withdrawals by policyholders.

8) Does this have anything to do with the criminal case against Greg Lindberg?

No. The criminal case against Mr. Lindberg dealt with his attempted bribery of the Insurance Commissioner. This case is separate and the outcome of one is not related to the outcome of the other. The criminal case also will not cause Mr. Lindberg to pay more money into the insurance companies.

9) Why does all of this take so long?

If Mr. Lindberg and his companies did what they said they were going to do, the process of giving the companies to the control of the independent board would have been completed in the fall of 2019. Unfortunately, he has decided instead to break his promises and fight the insurance companies every step of the way. The SDRs have tried to move this process as fast as possible, including by filing this lawsuit the very first day they could and trying to avoid all possible delays in the litigation. Having to fight this case through the courts takes time. We understand and appreciate the frustration with the length of the process and will continue working to move things forward, and to provide policyholders as much relief as possible in the meantime.

10) What happens next?

We hope that Mr. Lindberg does the right thing and pays the money that the court says he should pay to the insurance companies. More likely, he will attempt to have another court review this court's opinion through a legal process called an appeal. The insurance companies strongly believe that the trial court got the outcome right and will oppose any attempts from Mr. Lindberg to delay their efforts to immediately begin to collect money on their judgment and to move Mr. Lindberg's companies under the control of the independent board.