

**COLORADO BANKERS LIFE INSURANCE COMPANY  
BANKERS LIFE INSURANCE COMPANY  
SOUTHLAND NATIONAL INSURANCE CORPORATION  
FREQUENTLY ASKED QUESTIONS  
Updated February 13, 2020**

**1) What happened to my insurance company?**

Colorado Bankers Life Insurance Company, Bankers Life Insurance Company, Southland National Insurance Corporation, and Southland National Reinsurance 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:

- [www.cbllife.com](http://www.cbllife.com)
- [www.bankerslifeinsurance.com](http://www.bankerslifeinsurance.com)
- [www.southlandnational.com](http://www.southlandnational.com)
- [www.ncdoi.gov/insurance-industry/regulatory-actions-receiverships](http://www.ncdoi.gov/insurance-industry/regulatory-actions-receiverships)

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

The Order, and the Board of Director’s Consent to the Rehabilitation, was a joint proactive measure 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 Companies’ in-force policies, by policy type, investments, as well as reinsurance programs in furtherance of determining 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 Order was consensual, meaning that it was approved by the Board of Directors of the Companies. Under the Order the Special Deputy Rehabilitator manages all operations of the Companies including the administration of investments and the review of all administrative and service contracts. All legal actions against the Companies have been stayed. This is all being done to safeguard the assets of the Companies and to continue services in a cost-effective manner. The primary goal is to protect and treat all policyholders equitably.

#### **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, has replaced the Board and management of the Companies. The Rehabilitator has hired Noble to act as Special Deputy Rehabilitator to oversee daily operations. Noble will utilize the expertise of the servicing company and staff already in place to continue uninterrupted customer service.

#### **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 a surrender in process before the rehabilitation date be paid out?**

Surrenders that were in process before the Order have been honored.

**13) Will the penalty-free partial withdrawals be allowed?**

No, due to the moratorium, no partial withdrawals are being allowed. However, requests can be submitted under the hardship procedures.

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

Yes. A hardship program has been put in place. An application 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 application is approved. It will take approximately 14-21 days to review a request once all information has been received.

**15) How will matured annuities and annuities in payout be handled?**

Annuities that mature will be paid, and annuities in payout will continue. Please note that 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 than 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.

**16) How will death claims on annuity contracts be handled?**

Death claims will be processed without interruption.

**17) 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, at and 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.

**18) Will medical or dental claims be paid?**

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

**19) 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.

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

Yes, some progress has been made in addressing the Companies' investment portfolio issues.

**21) 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 Order has ended.

**22) 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 #25 and #26 below.

**23) Will my agent remain appointed?**

Any existing agent appointments have been terminated. Agents will still have administrative access to their client's contract information to assist with client needs.

**24) 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.

**25) 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 benefit amounts above the guaranty association coverage limits would become claims against the company's remaining assets, after all administrative expenses are paid.

**26) How do I find the state guarantee information for my state?**

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

**27) Where can I get more information?**

For further questions contact the appropriate Company as follows:

Colorado Bankers Life Insurance Company 1-800-367-7814

Bankers Life Insurance Company 1-800-839-2731

Southland National Insurance Corporation 1-833-452-4240