

BEFORE JAMES A. DODRILL, INSURANCE COMMISSIONER  
OF THE STATE OF WEST VIRGINIA

*In the Matter of:*

**COLORADO BANKERS LIFE INSURANCE COMPANY (NAIC #84786)**

Administrative Proceeding No. 20-FINCON-02001

**AGREED ORDER SUSPENDING CERTIFICATE OF AUTHORITY**

Pursuant to the provisions of the W. Va. Code §33-3-11(a)(4), the West Virginia Insurance Commissioner ("WVOIC") may, after notice and hearing, refuse to renew, or may revoke or suspend the license of an insurer, in addition to other grounds therefore in this chapter, if the insurer is found by the Commissioner to be in an unsound condition or in such condition as to render its further transaction of insurance in West Virginia hazardous to its policyholders or to the people of West Virginia. As to the above-referenced insurer in this administrative proceeding, the Commissioner makes the following Findings of Fact, Conclusions of Law and Order:

**I. PARTIES AND JURISDICTION**

1. The Insurance Commissioner, (the "Commissioner"), pursuant to W. Va. Code §33-2-3 administers and enforces West Virginia Chapter 33 of the West Virginia Code and Title 114 of the West Virginia Code of State Rules.

2. James A. Dodrill is the Insurance Commissioner of the State of West Virginia and is charged with enforcing the provisions of Chapter 33 of the West Virginia Code.

3. The Commissioner, pursuant to W. Va. Code §33-34-3a, possesses regulatory authority and jurisdiction over insurers deemed to be in hazardous financial condition.

4. Colorado Bankers Life Insurance Company ("CBLIC") is a North Carolina domiciled insurer with a last known statutory home office address of Colorado Bankers Life Insurance Company, 2327 Englert Dr., Durham, NC 27713.

5. CBLIC has a mailing address of Attn: Mike Dinius, Special Deputy Rehabilitator (SDR), CBLife Rehabilitation, P. O. Box 110604, Durham, NC 27709-0962, during the pendency of its rehabilitation.

6. CBLIC was issued a Certificate of Authority by the Insurance Commissioner on July, 8, 1987, and is authorized to transact accident and sickness, W. Va. Code §33-1-10(b), and life insurance, W. Va. Code §33-1-10(a), in the State of West Virginia.

7. The Commissioner has jurisdiction over this matter pursuant to W. Va. Code §33-2-3.

## **II. FINDINGS OF FACT**

8. The WVOIC issued CBLIC a Certificate of Authority on July 8, 1987 and assigned NAIC No. 84786.

9. Certain standards may be considered by the WVOIC to determine whether the continued operation of an insurer transacting an insurance business in this state might be deemed to be hazardous to its policyholders, creditors, or the general public. W. Va. Code §33-34-3a.

10. On October 18, 2018, the Commissioner of Insurance for the State of North Carolina placed CBLIC under confidential administrative supervision. The term of the administrative

supervision was for a period of 120 days from the date of execution of the Consent Order (or until February 15, 2019).

11. On February 5, 2019, the Commissioner of Insurance for the State of North Carolina entered an Amended Consent Order for Administrative Supervision extending the term of the administrative supervision for another 120 days or until June 15, 2019.

12. Greg E. Lindberg owns 100% of GBIG Capital, LLC. Mr. Lindberg is the ultimate controlling person of CBLIC.

13. On April 3, 2019, CBLIC consented to the entry of an Order of Rehabilitation, Order Appointing Receiver and Order Granting Injunctive Relief if CBLIC failed to meet the requirements provided in the Second Amended Consent Order for Administrative Supervision that was also executed on April 3, 2019. Noteworthy requirements listed in this Order included: reduction of affiliated exposure by certain amounts by certain trigger dates; execution of a stock purchase agreement (SPA) with a creditworthy unaffiliated counterparty; additional capital contributions of \$30 million from Mr. Lindberg or his affiliates if any of the trigger dates; and maintaining certain liquidity benchmarks. Additional other restrictions and/or requirements were outlined in the Order.

14. On June 27, 2019, CBLIC consented to an Order of Rehabilitation that was entered by the Superior Court of Wake County, North Carolina pursuant to a petition filed by the Commissioner of Insurance for the State of North Carolina.

15. On June 27, 2019, the Superior Court of Wake County, North Carolina entered an Order placing a moratorium on withdrawals, surrenders and transfers of funds by CBLIC. As part of the moratorium, the court has allowed the Rehabilitator to review cases for hardship

distributions. In addition to hardship distributions, CBLIC will continue to honor requests for Required Minimum Distributions from qualified plans and continue the distribution of monthly interest as earned where available. In addition, periodic payments on annuities in payout status will continue without interruption, and interest credits consistent with guaranteed rates will continue to be credited each month.

16. CBLIC has not made appropriate adjustments, including disallowance, to asset values attributable to investments in or transactions with parents, subsidiaries or affiliates consistent with the NAIC Accounting Policies and Procedures Manual, state laws and rules pursuant to W. Va. Code §33-34-3a(a)(2).

17. Southland National Ins Co, a reinsurer, obligor or other entity within CBLIC's insurance holding company system, is insolvent, threatened with insolvency or delinquent in payment of its monetary or other obligations and, in the opinion of the Commissioner, may affect the solvency of the insurer pursuant to W. Va. Code §3-34-3a(a)(7).

18. The management of CBLIC, including officers, directors or any other person who directly or indirectly controls the operation of such insurer, fails to possess and demonstrate the competence, fitness and reputation deemed necessary to serve the insurer in such position. W. Va. Code §33-34-3a(a)(11). CBLIC is a member of the Global Bankers Insurance Group (aka Southland National Holding Group, Group Code 4827). CBLIC is a wholly owned subsidiary of GBIG Holdings, Inc. GBIG Capital, LLC owns 100% of GBIG Holdings, Inc. The United States Attorney's Office for the Western District of North Carolina conducted an investigation into campaign contributions made to the North Carolina Insurance Commissioner and other officials by the Mr. Lindberg. Mr. Lindberg was indicted for bribery and conspiracy to commit "honest

services of wire fraud” in the United States District Court for Western District of North Carolina. John Gray, who was serving as a board member of the Global Bankers Insurance Group’s North Carolina domestic insurance companies was also indicted.

19. CBLIC has experienced and will experience in the foreseeable future cash flow or liquidity problems. W. Va. Code §33-34-3a(a)(16). The July 3, 2019 Letter to Policyholders from the North Carolina Department of Insurance, stated; “the Commissioner took action (rehabilitation) after determining that the long-term liquidity of the investment portfolios of the Companies had deteriorated to the point that the Department of Insurance needed to act to protect the policyholders of the Companies.” Out of concerns for liquidity, the Court issued an order granting a Motion for Moratorium on Policy Surrenders.

### **III. CONCLUSIONS OF LAW**

20. Paragraphs 1-19 are incorporated by this reference and made a part hereof.

21. The continued operation of CBLIC in West Virginia is hazardous to its policyholders pursuant to the standards set forth in W. Va. Code §33-34-3a.

22. Because the insurer is in hazardous financial condition, the Commissioner is authorized to suspend CBLIC’s license to transact insurance in the State of West Virginia.

### **IV. ORDER**

**IT IS THEREFORE ORDERED**, pursuant to W. Va. Code §33-2-11 that:

A. The Certificate of Authority issued to CBLIC to transact the business of accident and sickness and life insurance in the State of West Virginia is hereby suspended until such time as it has returned to full compliance with West Virginia statutes and rules unless terminated sooner

as permitted by statute. This suspension automatically suspends the authority of CBLIC's producers to act as agents of CBLIC.

B. CBLIC shall not solicit or issue new policies of insurance, renew policies of insurance or assume any West Virginia risk.


C. CBLIC shall file its annual financial statement and pay any fees and taxes required to be paid under West Virginia law.

D. CBLIC shall service any existing policies of insurance issued to persons residing in West Virginia.

ENTERED this 3<sup>rd</sup> June day of ~~March~~ 2020.

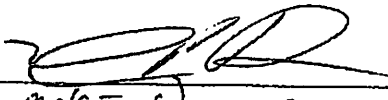
  
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JAMES A. DODRILL  
Insurance Commissioner

Prepared by:

  
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Agreed to by:

COLORADO BANKERS LIFE INSURANCE COMPANY

By:   
\_\_\_\_\_ MIKE DENNIS

TITLE: SPECIAL DEPUTY REHABILITATOR