

**SOUTHLAND NATIONAL INSURANCE CORPORATION
IN LIQUIDATION
POLICYHOLDER FREQUENTLY ASKED QUESTIONS**

1) What happened to my insurance company?

On March 12, 2021, Mike Causey, the Commissioner of Insurance of the State of North Carolina (“Petitioner”) filed a Verified Petition for an Order of Liquidation Against Southland National Insurance Corporation (“SNIC” or the “Company”) and Petition Seeking Injunctive Relief (“Liquidation Petition”), as well as Motion for Approval of Temporary Moratorium on Payments of Cash Values, Policy Loans, or other Withdrawal of Funds by Southland National Insurance Corporation, in the Wake County Superior Court. On April 14, 2021, GBIG Holdings, LLC (“GBIG”) filed an objection to the Liquidation Petition. GBIG is the parent company of SNIC and is owned ultimately by Greg Lindberg. On June 8, 2021, the Petitioner and GBIG filed a Joint Motion to Stay the Proceedings. The Court granted the Joint Motion to Stay on July 7, 2021. The stay of Proceedings was subsequently lifted, and the Court set March 11, 2022 as the hearing date on the pending Liquidation Petition. Prior to the hearing date, GBIG and Petitioner agreed to continue the hearing due to GBIG having replenished a \$9 million SNIC escrow account, reaffirmed its obligation to pay SNIC’s monthly cash requirements, and agreed to consent to liquidation of SNIC if GBIG fails to replenish the escrow account. GBIG failed to replenish the escrow account. As a result, the Commissioner as Petitioner filed a Motion for Entry of Order of Liquidation as to SNIC on March 10, 2023. The Court held a hearing on that Motion on April 20, 2023. The Court entered an Order of Liquidation on May 2, 2023, appointing the Commissioner as Liquidator (“Liquidator”).

Please refer to the following websites to review important information, including the Order of Liquidation, regarding the Company:

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

2) What does liquidation mean?

Liquidation is a type of receivership and is similar to bankruptcy. Liquidation means that the Company is insolvent, and the Court has ordered the Company to undergo the liquidation process. The liquidation order and declaration of insolvency trigger obligations of state life and health insurance guaranty associations. These associations help protect policyholders and beneficiaries up to state maximum benefit levels. The liquidation process is complex.

3) Is my policy worthless since the Company was ordered liquidated?

No. Although the Company has been placed in liquidation, the life and health insurance guaranty association in the state where you are/were a resident on the date of the liquidation order may be obligated to provide coverage under insurance policies issued by the Company, subject to certain limitations. Coverage by a state life and health insurance guaranty association is determined by the state life and health insurance guaranty association, not the Liquidator. Any claim or portion of a claim that is not covered by a life and health insurance guaranty association becomes a claim against the Company’s liquidation estate, after all administrative expenses are paid.

4) What is a life and health insurance guaranty association?

Life and health insurance guaranty associations were created to protect policyholders and beneficiaries of policies issued by an insolvent insurance company. All insurance companies (with limited exceptions) licensed to write life or health insurance in a state must be members of that state's life and health insurance guaranty association. Subject to statutory eligibility and claims payment limits, each state's life and health insurance guaranty association pays the policyholder obligations of licensed insolvent insurance companies for residents of that state. If a member company becomes insolvent, the state life and health insurance guaranty association obtains money to continue coverage and pay claims from member insurance companies writing the same line or lines of business as the insolvent insurance company. The member insurance companies recoup the money through various means depending on state laws.

5) How do state life and health insurance guaranty associations work?

State life and health insurance guaranty associations are triggered when a state court orders an insurance company into liquidation, with a declaration of insolvency. Life and health insurance 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 policyholder resides, up to coverage limits in each state.

When a liquidation is ordered, each state's life and health insurance guaranty association provide 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 state's life and health insurance guaranty association coverage limits would become claims against the Company's remaining assets, after all administrative expenses are paid.

6) Will my claim(s) be paid in full by the life and health insurance guaranty association?

All payments are subject to certain statutory limits contained in the various state laws creating the life and insurance guaranty associations. Please check your state life and health insurance guaranty association's website to confirm the applicable benefit levels in your state. See: <https://www.nolhga.com/policyholderinfo/main.cfm>. There is a drop-down box to find your state.

7) Are all types of insurance policies and annuities covered?

Life and health insurance guaranty association laws in each state dictate which types of insurance products are covered. In addition, some exclusions or limitations may apply. You should contact your state's life and health insurance guaranty association with any specific questions regarding coverage.

8) If my state life and health insurance guaranty association is obligated to cover my policy, how will that coverage be provided?

In most instances, your life and health insurance guaranty association will work with other state life and health insurance guaranty associations to develop a plan to provide protection for policyholders. There are several ways that this protection can be provided. For example, a financially stable insurer may assume the insolvent Company's policies within the limits of state life and health insurance guaranty association coverage and available estate funds. In the alternative, life and health insurance guaranty associations may directly provide coverage by continuing the insurer's policies or issuing replacement policies to the policyholders.

9) How do I find the state life and health insurance guaranty association information for my state?

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

10) What is the National Organization of Life & Health Insurance Guaranty Associations (NOLHGA)?

NOLHGA is a voluntary association made up of the life and health insurance guaranty associations of all 50 states, the District of Columbia and Puerto Rico. It was founded in 1983 in order to provide a mechanism to help the state life and health insurance guaranty associations coordinate their efforts to provide protection to policyholders when a life or health insurance company insolvency affects people in many states. State life and health insurance guaranty associations provide a safety net for their state's policyholders in the event of a life and health insurance company's insolvency, subject to each state's statutory coverage limitations and exclusions.

11) How do I file a claim against the Company?

In this instance, the Liquidator does NOT require persons claiming cash surrender values or other investment values in life insurance and annuities to file proofs of claim or other benefits as provided by your policy. In accordance with N.C.G.S. 58-30-185(a), "Proof of all claims shall be filed with the liquidator in the form required by N.C.G.S. 58-30-190 on or before the last day for filing specified in the notice required under N.C.G.S. 58-30-125, except that proof of claims for cash surrender values or other investment values in life insurance and annuities need not be filed unless the liquidator expressly so requires." If you believe you have a different type of claim against the Company, you must file a **Proof of Claim** with the Liquidator by the bar date. To file by the bar date the proof of claim form must be **postmarked no later than 11:59 PM EDT on May 2, 2025 or received by the Liquidator no later than 5:00 PM EDT on May 2, 2025**. Failure to file a timely claim may result in denial of your claim. If you have more than one claim against the Company, a separate proof of claim must be submitted for each claim. You may make copies of the proof of claim form, request additional copies from the Liquidator or download the form from the aforementioned websites. _Keep the Liquidator informed of any changes of address. This can be accomplished by informing the administering company of any changes in address to ensure the Liquidator has current records. Examples of parties that may have a claim against the Southland National Insurance Corporation liquidation estate include federal, state and/or local taxing authorities, third party claims such as funeral homes or trade vendors. This is not meant to be an exhaustive list of potential claims filers, and all claims are subject to priorities set out in N.C.G.S. 58-30-220.

12) Should I keep paying my premiums?

Yes. Failure to pay policy premiums in full and on time may cause your policy to terminate, and you will lose your benefits, including life and health insurance guaranty association coverage protection.

Continue to remit payment to the address provided on your billing statement.

13) Will automatic withdrawals for premium payments continue to be withdrawn from my checking account?

Yes. If you are enrolled for automatic withdrawals for premium payments, drafts will continue from your checking account until you contact the administrator for other arrangements, cancel your coverage or your coverage otherwise is paid in full or terminates.

14) Who do I contact for more information or with questions about my policy?

For the time being, the administrator of your policy is unchanged. Contact the Southland National Insurance Corporation Customer Service for policies issued in Louisiana at 833-452-4240 and for policies issued outside of Louisiana 800-277-8762_ or email inquiries to: POS@uflic.com for policies in Louisiana or sniclifecclaims@southlandbenefit.com for policies outside of Louisiana.