

Pavonia Life Insurance Company of Michigan, *In Rehabilitation*
Ingham County, Michigan, Circuit Court – Case No. 19-504-CR

**Notice of Rehabilitation Order, Mandatory 90-day Claim Procedure with Bar Date for
Claims for Unscheduled Liabilities, and Schedule for Comments or Objections and
Hearing on Final Approval of Plan of Rehabilitation**

On July 9, 2019, the Honorable Wanda M. Stokes, Circuit Court Judge for the County of Ingham, Michigan (the “**Rehabilitation Court**”), entered an order in Case No. 19-504-CR (the “**Rehabilitation Order**”) placing Pavonia Life Insurance Company of Michigan, including its wholly-owned subsidiary Global Bankers Insurance Group, LLC (“**ServiceCo**,” and collectively hereafter, “**Pavonia**”), into rehabilitation. The Rehabilitation Order appointed Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services, as the statutory and court-appointed rehabilitator for Pavonia (the “**Rehabilitator**”). Subsequently, on August 8, 2019, the Rehabilitation Court entered an order preliminary approving the Plan of Rehabilitation (“**Plan**”) for Pavonia, which was simultaneously filed by the Rehabilitator, to: (i) set a bar date and establish mandatory procedures for claims for unscheduled liabilities; (ii) establish a schedule for comments or objections and a hearing on final approval of the Plan; and (iii) authorize this combined notice (the “**Procedural Order**”).

Rehabilitation is a corporate reorganization under Chapter 81 of the Michigan Insurance Code, MCL 500.8101 – 500.8159, that is conducted under the Rehabilitation Court’s supervision. As explained in the Plan, this rehabilitation has been initiated to effect a transaction by which Pavonia will be sold to an independent third-party and operate within a new holding company system, apart from potential risks created by its current ownership. The “**Buyer**” in this transaction is Aspida Holdco, LLC and the “**Seller**” is GBIG Holdings, Inc., and these parties have signed a “**Stock Purchase Agreement**” attached as Exhibit A to the Plan that forms the basis for the transaction. No policyholder coverage is being cancelled, reduced, or modified in any manner as a result of the transaction.

Definitions, including “Scheduled Liabilities” and “Unscheduled Liabilities”

The following definitions apply to this Notice and are critical for determining whether you are a potential Creditor of Pavonia who is required to file a proof of claim in the Pavonia rehabilitation.

“**Creditor**” means a person having a claim against Pavonia and/or its wholly-owned subsidiary, ServiceCo, whether matured or unmatured, liquidated or unliquidated, secured or unsecured, absolute, fixed, or contingent.

“**Policies**” means insurance policies, annuities, and other insurance contracts of Pavonia, including insurance liabilities and obligations arising under policies, annuities, and contracts assumed or otherwise reinsured by Pavonia.

“**Policyholders**” means the owners, holders, and beneficiaries of Policies.

The rights of Policyholders in or to Policies that are: (1) currently recorded on the books and records of Pavonia or ServiceCo on behalf of Pavonia; or (2) identified or scheduled in: (a) Pavonia’s 2018 annual and first quarter 2019 financial statements prepared according to statutory accounting principles (“**Pavonia’s SAP Statements**”); and (b) ServiceCo’s 2018 annual and first quarter 2019 financial statements prepared according to generally accepted accounting principles (“**ServiceCo’s GAAP Statements**,” and collectively with Pavonia’s SAP Statements, the “**Financial Statements**”), are referred to as the “**Policyholder Liabilities**.”

The rights of, and the liabilities or obligations owed to, non-Policyholder Creditors that Pavonia has not formally disputed and that: (1) are identified or scheduled in the Financial Statements; or (2) Pavonia agrees are due and payable by Pavonia or ServiceCo in the ordinary course of their respective business operations, are referred to as the “**Non-Policyholder Liabilities**,” and collectively with the Policyholder Liabilities, the “**Scheduled Liabilities**.”

All other Creditor claims against Pavonia or ServiceCo not included within the definition of “Scheduled Liabilities” above (regardless whether matured or unmatured, liquidated or unliquidated, secured or unsecured, absolute, fixed, or contingent, asserted or unasserted, known or unknown) are collectively referred to as the “**Unscheduled Liabilities**.”

Claim Procedure and Bar Date Applicable to Creditor Claims for Unscheduled Liabilities

Under the Procedural Order, the Rehabilitation Court established a 90-day proof of claim filing process with a claims bar date that applies to Creditors holding claims for Unscheduled Liabilities (the “**Claim Procedure**”). The claims bar date is 90 days from the date the Procedural Order was entered, or **November 6, 2019 (the “Bar Date”)**.

On or before the Bar Date, all Creditors holding claims for Unscheduled Liabilities, which includes any Creditors holding claims for otherwise Scheduled Liabilities that Pavonia has formally disputed, are required to file their proofs of claim with the Rehabilitator (each, a “**Proof of Claim**” and collectively, the “**Proofs of Claim**”). Proofs of Claim must contain all information required by MCL 500.8136, comply with the Rehabilitator’s Proof of Claim instructions, and use the Rehabilitator’s approved claim form. The approved Proof of Claim form and instructions are enclosed with this Notice and are available at the Pavonia rehabilitation website www.michigan.gov/difs, then “Who We Regulate,” then “Receiverships,” then “Pavonia Life Insurance” (the “**Pavonia Rehabilitation Website**”). Also enclosed with this Notice are copies of the Rehabilitation Order, the Procedural Order, and the Plan (without the Stock Purchase Agreement attached thereto as Exhibit A, which is available on the Pavonia Rehabilitation Website).

Please Note: Creditors holding claims for Scheduled Liabilities that have not been formally disputed are excluded from the Claim Procedure and do not need to file a Proof of Claim in the Pavonia rehabilitation.

Comments or Objections to Plan

Interested parties desiring to submit any comment or objection to the Plan must prepare a written document memorializing the comment or objection and providing all applicable legal support, and:

(a) File the comment or objection in Case No. 19-504-CR with the Clerk of the Circuit Court of Ingham County, Michigan (“**Clerk of the Court**”), at the address of Clerk of the Court, Ingham County Circuit Court, Veterans Memorial Courthouse, 313 W. Kalamazoo, Lansing, MI 48901, on or before **Friday, October 4, 2019, at 4:30 p.m. Eastern Standard Time**; and

(b) Serve a copy of the comment or objection on the Rehabilitator’s legal counsel by U.S. First Class Mail, at the address of Michigan Department of Attorney General, Attn: Christopher Kerr and James Long, Corporate Oversight Division, P.O. Box 30736, Lansing, MI 48909, postmarked on or before **Friday, October 4, 2019**.

Any comment or objection that is not both filed with the Clerk of the Court and served on the Rehabilitator’s legal counsel by the deadlines provided above will be deemed untimely, and an interested party who fails to comply with these two requirements will be deemed to have waived his, her, or its right to comment or object and will have no further right to comment or object to matters related to the Plan or any specific aspects thereof.

Hearing on Final Approval of Plan

A hearing on final approval of the Plan, together with any comments or objections filed thereto, will be held on **December 5, 2019, at 8:30 a.m.** before the Honorable Wanda M. Stokes in the Mason Courthouse, 341 S. Jefferson, Mason, Michigan 48854.

Pavonia Rehabilitation Website

The Rehabilitator will maintain on the Pavonia Rehabilitation Website all; (i) Court filings made by or served on the Rehabilitator; (ii) Orders entered by the Rehabilitation Court; and (iii) Other informational documents prepared by the Rehabilitator or Special Deputy Rehabilitators. You may view and download copies of these documents from the Pavonia Rehabilitation Website at no cost. If you do not have internet access, you may request copies of documents by writing to the Special Deputy Rehabilitator at Department of Insurance and Financial Services, Attn: James Gerber, P.O. Box 30220, Lansing, MI 48909-7720.

All interested parties are advised to regularly monitor the Pavonia Rehabilitation Website for future court filings and pertinent information concerning the Pavonia rehabilitation proceeding.