



June 23, 2020

Via Email

Honorable Wanda M. Stokes
Ingham County 30th Judicial Circuit Court
Mason Courthouse
315 S. Jefferson Street, 3rd Floor
Mason, Michigan 48854

Re: Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services v. Pavonia Life Insurance Company of Michigan, Case No. 19-504-CR

Your Honor:

We are writing on behalf of all 164 members of the Global Bankers Insurance Group, LLC (“Global Bankers”) team and are requesting your help. We are requesting that you approve the final Plan of Rehabilitation on June 25th and push this transaction to an expeditious closing. We have *stayed the course* throughout the sale and rehabilitation processes and further delay will unnecessarily hurt the companies, policyholders, and employees.

In 2016, the Seller hired a new management team for its insurance business, branded Global Bankers, which later included Pavonia Life Insurance Company of Michigan (“Pavonia”). The Global Bankers team established a competitive vision and attracted top talent quickly. In the course of two years, we hired more than 100 new employees to implement this vision, many of whom moved their families to North Carolina from around the country.

When hiring our 164 employees, we were clear there would be challenges ahead as any start-up would anticipate. What we never could have anticipated was what actually laid ahead — the current owner being investigated, indicted, and ultimately convicted of honest services fraud and bribery; having to immediately put the business up for sale to separate the group from the current owner; and signing a deal that required the Seller to consent to immediately placing Pavonia and Global Bankers into rehabilitation. On top of all of this, we are facing additional stress and uncertainty due to the Covid-19 pandemic, the quarantine, and significant political and social unrest. Despite these challenges, the Global Bankers team *stayed the course* with very little turnover.

Since starting the process to separate the insurance companies from the current owner, the Global Bankers team has been under significant stress. We had to shut down businesses in multiple locations. Addressing calls from angry producers and customers from the other, non-Pavonia insurance companies we service became the new norm. Mainstream banks and other institutions have closed bank accounts and refused to work with the companies until they are under new ownership. Employees have been bombarded with negative press and the many scandals surrounding the owner. This has impacted each and every one of us and our families, both personally and professionally. Despite these challenges, our team has *stayed the course*.

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When the Buyer and Seller entered into the sale transaction (after a long sale process) in July 2019, we were told that the rehabilitation would only last a few short months. We are now almost a year into this process and further delays hang over our heads. Throughout this process, we have been transparent with our employees and told them that there were many regulatory and governmental approvals necessary to close the transaction. To that end, Ares has received Form A approval from the Michigan Department of Insurance and Financial Services, the parties have an anticipated resolution with the Department of Justice and Internal Revenue Service, and most other closing conditions have been satisfied. On top of everything, Independent Life personally attacked certain team members, tried to stop the deal from moving forward, and caused even more delay. This all has been extremely difficult to explain, but our team has *stayed the course*.

Now, after almost 24 months of uncertainty (including almost 12 months waiting for this sale to close), several delays, many hearings, and the transaction on the verge of closing, Pavonia's owner is trying to delay the process even further. But to what end? He appears to want to renegotiate the financial terms of a binding contract that has been in place for almost a full year. Further delay is bad for the companies, the policyholders, and our employees. We have *stayed the course* throughout this process, but we have reached a critical breaking point. Employees are under stress given all the uncertainty involved in this process. They are losing faith that this transaction will ever close and retention is being impacted. Recruiters are calling and we have seen recent turnover in key roles without any real ability to recruit replacements in the current environment. Delaying the closing and potentially losing members of this talented team does not protect the interest of policyholders or other stakeholders and will negatively impact our ability to consistently service our policyholders. This also could have a negative impact on the companies' value and be detrimental to Pavonia having the benefit of an owner with significant financial wherewithal and robust public company compliance like Ares.

While we are under the Rehabilitator's control and not technically a separate party to this transaction, we wanted this Court to hear from us and understand what we value. We *value* our policyholders and know that closing this transaction is in their best interests. We *value* our team and future together. We *value* your support in moving this process forward and doing what is best for the companies, the policyholders, and our team.

Very truly yours,
Global Bankers Insurance Group, LLC
Executive Management Team

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