

MAR 20 2017

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FORM A

**STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER**

Pavonia Life Insurance Company of Michigan
Name of Domestic Insurer

by

Southland National Holdings, Inc.
Names of Acquiring Person (Applicant)

Filed with the **Michigan Department of Insurance and Financial Services**

Dated: March 17, 2017

Name, Title, Address and Telephone Number of Individual to Whom Notices and
Correspondence Concerning this Statement Should be Addressed:

Louis Belo, SVP Chief Compliance and Audit Officer
Global Bankers Insurance Group, LLC
2327 Englert Drive, Durham, NC 27713
O: 919 230-0580 M: 919 395-8009
louis.belo@globalbankers.com

ITEM 1. INSURER AND METHOD OF ACQUISITION

The name and address of the domestic insurer to which this application relates are as follows:

Insurer: Pavonia Life Insurance Company of Michigan

Statutory Office: 500 Woodward Avenue, Suite 4000
Detroit, Michigan 48226-3425

Mailing Address: 180 Mount Airy Road
Basking Ridge, New Jersey 07920

Pursuant to the Stock Purchase Agreement by and between Southland National Holdings,
Inc. and Laguna Life Holdings SARL, dated as of February 17, 2017, Southland National

Holdings, Inc., a Delaware and Barbados* corporation, has agreed to acquire all of the issued and outstanding capital stock of Pavonia Holdings (U.S.), Inc., a Delaware corporation and the parent company of Pavonia Life Insurance Company of Michigan. Pavonia Holdings (U.S.), Inc. is a wholly-owned subsidiary of Laguna Life Holdings SARL, a Luxembourg société à responsabilité limitée and an indirect wholly-owned subsidiary of Enstar Group Limited. This acquisition is subject to approval by the Michigan Department of Insurance and Financial Services, as well as other conditions of closing. The term “**Domestic Insurer**” hereinafter shall refer to Pavonia Life Insurance Company of Michigan.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) The name and address of the Applicant:

Southland National Holdings, Inc.
2222 Sedwick Road
Durham, North Carolina 27713

Hereinafter, Southland National Holdings, Inc. shall be referred to as “**Applicant**.”

(b) Applicant is a corporation and the successor to Southland National Holdings, LLC, a limited liability company organized under the laws of North Carolina on April 28, 2014 and converted to a Delaware corporation as Southland National Holdings, Inc. effective June 29, 2015. The business that is done and is intended to be done by Applicant and Applicant’s subsidiaries are as follows:

- (i) Applicant is a holding company for various companies as described below.
- (ii) Southland National Insurance Corporation is a North Carolina domestic life insurer and a wholly-owned subsidiary of Applicant. It is authorized to write life and annuity insurance in 17 states.
- (iii) American Funeral and Cremation Plans, LLC is an Alabama corporation and a subsidiary of Applicant. It is the payor entity of preneed claims to beneficiaries in Colorado.
- (iv) Colorado Bankers Life Insurance Company is a North Carolina domestic life insurer, having redomesticated from Colorado and acquired by Applicant as of December 1, 2015. It is a wholly-owned subsidiary of Applicant. It is authorized as a life insurer in 49 states, the District of Columbia, Guam and Puerto Rico.
- (v) Mothe Life Insurance Company is a Louisiana domestic life insurer. It is licensed to do business in Louisiana. It is a wholly-owned subsidiary of Mothe Life Holdings, LLC and was acquired by Southland National Insurance Corporation on March 21, 2016.

* In Barbados, it is named SNG Holdings & Reinsurance Company, Inc.

- (vi) Mothe Life Holdings, LLC is a North Carolina corporation formed on November 10, 2015 and is a wholly-owned subsidiary of Southland National Insurance Corporation. It is a holding company established for the acquisition of Mothe Life Insurance Company.
 - (vii) DLE Life Insurance Company is a Louisiana corporation and a wholly-owned subsidiary of Mothe Life Insurance Company. It is an authorized life insurer in Louisiana and was indirectly acquired by Applicant on March 21, 2016.
 - (viii) Preferred Financial Corporation, LLC is a North Carolina corporation formed on December 31, 2015 and a wholly owned subsidiary of Applicant. It is an insurance agency of Colorado Bankers Life Insurance Company, holds all producer contracts, and pays the commissions for insurance sales relating to Colorado Bankers Life Insurance Company.
 - (ix) SN Group Development, LLC is a North Carolina corporation formed on July 29, 2015 and is a wholly-owned subsidiary of Applicant. Its primary purpose is to develop information technology applications for the insurance affiliates of Applicant and undertake other operational one-time project initiatives on behalf of one or more of the insurance affiliates of Applicant.
 - (x) Southland National Reinsurance Corporation is a wholly-owned subsidiary of Applicant. It is a North Carolina domestic captive reinsurance company formed in 2014 and is engaged in providing reinsurance for affiliated insurance companies.
 - (xi) Sirius Capital Holdings Limited is a holding company organized under the laws of Malta on January 20, 2016.
 - (xii) SN Malta Services Limited is a services company for international operations performed on behalf of applicant or its affiliates, organized under the laws of Malta on January 20, 2016.
- (c) Attached as Exhibit A is an organizational chart clearly presenting the identities of the interrelationships among Applicant and its affiliates, including its ultimate controlling person. The chart includes the percentage of voting securities owned or controlled by Applicant or any other such persons, including control other than by voting securities, the type of organization (corporation, limited liability company, etc.) and its state or other jurisdiction of domicile. A copy of the post-acquisition chart is also included at Exhibit A.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

Applicant and its name and business address are stated in Item 2, above. Attached at **Exhibit B** are the Biographical Affidavits of the directors and executive officers of Applicant and the directors and officers of all persons who are, or who have been selected to become, directors, officers or owners, directly or indirectly, of ten percent (10%) or more of the voting securities of Applicant.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) The amount of the consideration ("Purchase Price") and the source of the funds are as set forth in **Exhibit C**.
- (b) The method by which the fairness of the proposal was arrived is set forth in **Exhibit C**.
- (c) No part of the consideration for the acquisition will come from a loan made in a lender's ordinary course of business.

ITEM 5. FUTURE PLANS OF INSURER

Plans, if any, that Applicant has to declare an extraordinary dividend, to liquidate Domestic Insurer, to sell Domestic Insurer's assets to or merge or consolidate it with any person or persons or to change its corporate structure and any proposed material changes in the business operations or corporate structure or management post-acquisition are set forth in **Exhibit D**, which is a trade secret or business proprietary information.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Applicant will acquire 100% of the issued and outstanding shares of common stock of Pavonia Holdings (U.S.), Inc., which total 100 shares. The terms of the offer, request, invitation, agreement, or acquisition is as set forth in the Stock Purchase Agreement, which is described in Item 12. The method by which the fairness of the proposal was arrived at was through due diligence and careful negotiations in which all parties were represented by counsel or had the opportunity to be represented by counsel.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Applicant, its affiliates or any person listed in Item 3 do not beneficially own any of the voting securities of Domestic Insurer or have the right to acquire beneficial ownership of any class of any voting security of Domestic Insurer, except as set forth in the Stock Purchase Agreement.

**ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT
TO VOTING SECURITIES OF THE INSURER**

Except as set forth in the Stock Purchase Agreement, there are no contracts, arrangements, or understandings, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving of withholding of proxies with respect to any voting security, in which the Applicant, its affiliates or any person listed in Item 3 is involved.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Applicant, its affiliates, or any person listed in Item 3 have not made any purchases of any voting securities of Domestic Insurer during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

There have been no recommendations to purchase any security of Domestic Insurer made by Applicant, any affiliates of Applicant or by any person listed in Item 3 based upon interviews or at the suggestion of Applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

There are no agreements, contracts or understandings made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard hereto.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial statements, exhibits, and three-year financial projections of Domestic Insurer:
 - (i) Financial statements of Domestic Insurer at **Exhibit E**;
 - (ii) Three year-financial projections of the Domestic Insurer at **Exhibit F**;
 - (iii) Three-year narrative business plan, including marketing plan for Domestic Insurer at **Exhibit G**;
 - (iv) Proposed changes to the Domestic Insurer's reinsurance program at **Exhibit H**.

- (b) The audited financial statements of the persons identified in Item 2 (c) (corporate and individual) for the preceding five (5) fiscal years (or such lesser period as Applicant and its affiliates and any predecessors thereof shall have been in existence) are attached at **Exhibit I** and are identified as follows:

- (i) Audited financial statement of Greg Lindberg for the past five (5) years.
- (ii) Financial Statement of SNA Capital, LLC, as of December 31, 2014 and as of December 31, 2015.
- (iii) Audited Financial Statement of Southland National Holdings, LLC (predecessor to Southland National Holdings, Inc.), as of December 31, 2014.
- (iv) Audited consolidated financial statements of Southland National Holdings, Inc., as of December 31, 2015.
- (v) Audited financial statements of Southland National Insurance Corporation, as of December 31, 2014 and as of December 31, 2015.
- (vi) Quarterly statutory financial statements of Southland National Insurance Corporation, as of March 31, 2016, as of June 30, 2016 and as of September 30, 2016.
- (vii) Audited financial statements of Colorado Bankers Life Insurance Company as of December 31, 2015.
- (viii) Quarterly statutory financial statements of Colorado Bankers Life Insurance Company, as of March 31, 2016, as of June 30, 2016 and as of September 30, 2016.
- (ix) Quarterly statutory financial statements of Mothe Life Insurance Company, as of March 31, 2016, June 30, 2016 and September 30, 2016.
- (x) Quarterly statutory financial statements of DLE Life Insurance Company, as of March 31, 2016, June 30, 2016 and September 30, 2016.

Financial statements for Southland National Insurance Corporation, Colorado Bankers Life Insurance Company and Mothe Life Insurance Company are provided only for the periods that they have been within its current insurance holding company system.

- (c) A copy of the Stock Purchase Agreement is attached at **Exhibit J**.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.

ITEM 15. SIGNATURE AND CERTIFICATION

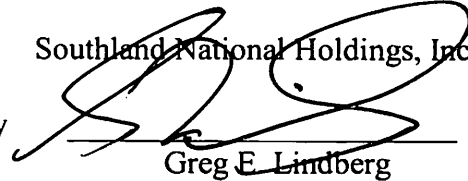
Signature and certification are set forth below on the next page.

SIGNATURE

Pursuant to the requirements of Section 1311 of the Ins. Code of 1956, as amended, Southland National Holdings, Inc. has caused this Statement to be duly signed on its behalf in the City of Durham and State of North Carolina on the 17th day of March, 2017.

Southland National Holdings, Inc.

By



Greg E. Lindberg
President

Attest:



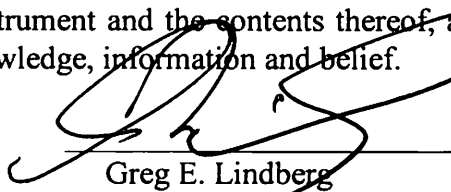
Lou E. Hensley

~~Chief Executive Officer & President~~

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated the 17th day of March 2017, for and on behalf of Southland National Holdings, Inc. That he is the President of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

Signature



Greg E. Lindberg
President