

NO. GV-97-13405

STATE OF TEXAS	§	IN THE DISTRICT COURT OF
Plaintiff,	§	
	§	
V.	§	TRAVIS COUNTY, TEXAS
	§	
AMERICAN EAGLE INSURANCE	§	
COMPANY	§	
Defendant.	§	201ST JUDICIAL DISTRICT

**FINAL ACCOUNTING AND APPLICATION TO TERMINATE  
AMERICAN EAGLE INSURANCE COMPANY PROCEEDING  
AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

**TO THE HONORABLE JUDGE OF SAID COURT:**

Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company (the “SDR” and “AEIC”, respectively) files this *Final Accounting and Application to Terminate American Eagle Insurance Company Proceeding and Discharge Receiver and Special Deputy Receiver* (the “Application”).

**I. INTRODUCTION**

1.1 The SDR has completed the distribution of AEIC’s assets and hereby submits its final accounting. The SDR requests that the Court terminate the AEIC receivership proceeding, and discharge Eleanor Kitzman, the Commissioner of Insurance of the State of Texas (“Commissioner”), as Receiver of AEIC, and Jack M. Webb as the SDR of AEIC.

**II. AUTHORITY**

2.1 The SDR files this Application pursuant to TEX. INS. CODE § 443.352, which provides for the termination of the receivership proceeding. The SDR is authorized to file this Application under TEX. INS. CODE § 443.154 (a). Unless otherwise indicated, all statutory references herein are to the Texas Insurance Code.

2.2 The subject matter of the Application has been referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the *Amended Order of Reference to Master* entered on November 3, 2005.

### III. DISTRIBUTION

3.1 On October 31, 2011, this Court approved an *Order Approving Final Report and Application to Make Final Distribution* in the AEIC receivership proceeding (the “Distribution Order”). The Distribution Order required the SDR to make a distribution of the assets from the AEIC receivership, and file a final accounting thereof.

3.2 The SDR distributed the estate’s assets in accordance with the Distribution Order, as shown in Exhibit 1 attached hereto, which is incorporated by reference. As provided by the order, the SDR withheld funds that were unclaimed or could not be distributed. Such funds, identified on Exhibit 2 attached hereto, which is incorporated by reference, shall be remitted to the Commissioner pursuant to Section 443.304.

3.3 In addition, the SDR collected \$101,675, net of costs of recovery, in reinsurance following entry of the Distribution Order. The SDR determined that it was economically feasible to distribute these residual funds to creditors. The SDR distributed the funds, pro-rata to approved Class 2 creditors.

### IV. RECORDS

4.1 The Distribution Order authorized the SDR to dispose of certain records, to convey title of certain records to Insurance Guaranty Associations (“IGAs”) and the Riverstone Group, and to transfer the remaining records to the Commissioner. The order further authorized the Commissioner, the IGAs and their agents and assigns to retain or dispose of such records at their discretion. The SDR has transferred or disposed of the records in the manner described in

the Distribution Order.

## **V. FEDERAL INCOME TAX RETURNS**

5.1 The SDR has filed all income tax returns with the Internal Revenue Service through and including the final tax return for 2012. No taxes are owed to the Internal Revenue Service.

## **VI. FINAL FINANCIAL STATEMENTS**

6.1 Attached hereto are the following final financial statements, which are incorporated by reference:

- a) Statement of Net Assets (Exhibit 3-a);
- b) Statement of Net Liabilities (Exhibit 3-b); and
- c) Sources and uses of cash (Exhibit 4).

## **VII. ASSIGNMENT**

7.1 The Distribution Order authorized the SDR to assign to the Commissioner any remaining unknown or non-cash assets of AEIC. Attached hereto as Exhibit 5 is the executed Assignment transferring ownership of the remaining assets of AEIC to the Commissioner.

## **VIII. DISCHARGE OF RECEIVER AND SDR**

8.1 The SDR requests that this Court issue its final order terminating the AEIC receivership proceeding, and discharging the Commissioner as Receiver of AEIC and Jack M. Webb as the SDR of AEIC.

## **IX. OFFER OF PROOF**

9.1 Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company, submits the attached certification and affidavit pursuant to §443.017 (b) verifying the statements in this Application and authenticating the attached exhibits.

## X. NOTICE

10.1 This Application has been served on the service list for this proceeding in accordance with TEX. INS. CODE § 443.007(d) in the manner shown on the Certificate of Service, and has been posted on the SDR's website at [www.TexasReceiver.com](http://www.TexasReceiver.com).

10.2 Pursuant to the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices*, all pleadings filed in response to this Application or in regards to this proceeding shall be served by email on the undersigned counsel and all parties shown in the attached Certificate of Service.

## PRAYER

WHEREFORE, PREMISES CONSIDERED, the SDR respectfully prays that this Court grant this Application and enter an order:

1. Accepting the SDR's final financial statements;
2. Approving in all respects this *Final Accounting and Application to Terminate American Eagle Insurance Company Proceeding and Discharge Receiver and Special Deputy Receiver*;
3. Discharging the Commissioner as Receiver of AEIC, and Jack M. Webb as the Special Deputy Receiver of AEIC;
4. Terminating the AEIC proceeding; and
5. Granting the Receiver and the Special Deputy Receiver such other and further relief to which they may be justly entitled.

RESPECTFULLY SUBMITTED,

By: Christopher Fuller

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Attorney for Jack M. Webb, Special Deputy  
Receiver of American Eagle Insurance Company

**CERTIFICATE OF SERVICE**

I certify that on May 25, 2012, a true and correct copy of this Application was served pursuant to the provisions of the *Amended Order of Reference*, the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices*, the Texas Rules of Civil Procedure and TEX. INS. CODE §443.007(d) on the following by electronic mail, except as specifically noted.

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VIA U.S.P.S. FIRST CLASS MAIL

Chief of Special Procedures  
U.S. Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20224

VIA U.S.P.S. FIRST CLASS MAIL

Internal Revenue Service  
Special Procedures Branch  
P.O. Box 250  
300 East 8<sup>th</sup> Street, Suite 352  
Mail Stop 5022AUS  
Austin, TX 78701

VIA U.S.P.S. FIRST CLASS MAIL

## SPECIAL DEPUTY RECEIVER'S NOTICE OF SUBMISSION

Pursuant to the terms of the *Amended Order of Reference to Master* entered by the District Court in this cause, the SDR's *Final Accounting and Application to Terminate American Eagle Insurance Company Proceeding and Discharge Receiver and Special Deputy Receiver* is hereby set for written submission before the Special Master, Tom Collins, on June 18, 2012.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
  - (a) The Special Master's Docket Clerk, Ms. Jean Sustaita, at [Jean.Sustaita@tdi.state.tx.us](mailto:Jean.Sustaita@tdi.state.tx.us).
  - (b) All interested parties by email, including the undersigned counsel, Christopher Fuller at [cfuller@fullerlaw.org](mailto:cfuller@fullerlaw.org) and those listed on the Applicant's Certificate of Service.
3. The objecting party shall coordinate with opposing counsel and the Docket Clerk at (512) 463-6450 to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least (3) calendar days before the submission or hearing date.

Christopher Fuller  
Christopher Fuller

CAUSE NO. D-1-GV-97-13405

STATE OF TEXAS

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IN THE DISTRICT COURT

Filed in The District Court  
of Travis County, Texas

TJ OCT 31 2011

At 2:27 P.M.  
Amalia Rodriguez-Mendoza, Clerk

v.

TRAVIS COUNTY, TEXAS

AMERICAN EAGLE  
INSURANCE COMPANY

201<sup>ST</sup> JUDICIAL DISTRICT

**ORDER APPROVING SPECIAL DEPUTY RECEIVER'S FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION**

On this day the Court heard the *Final Report and Application to Make Final Distribution* (the "Application") filed by Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company (the "SDR" and "AEIC", respectively). The SDR appeared by and through its counsel. Having considered the Application, and the recommendation of the Special Master appointed in this proceeding ("the Master"), the Court finds as follows:

1. The *Amended Order of Reference to Master* ("Order of Reference") entered by this Court on November 3, 2005 provides that the Application is referred to the Master;
2. The Application was submitted to the Master in accordance with the Order of Reference;
3. Notice of the Application were provided in accordance with TEX. INS. CODE §443.007 (d) and the Order of Reference;
4. No objections were filed to the Application, and the Texas Property & Casualty Insurance Guaranty Association ("TPCIGA") filed its Acknowledgment and Waiver to the Application;
5. The Master has issued a recommendation that the Application should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure;
6. The Court has jurisdiction over the Application and the parties in interest; and
7. The Application should be GRANTED in all respects.

It is therefore ORDERED, ADJUDGED and DECREED as follows

1. The Application is granted in all respects.
2. The exhibits to the Application are approved.
3. The SDR shall file a final report of expenses with its final accounting. No further interim reports of expenses are required pursuant to TEX. INS. CODE § 443.015 (g).
4. The SDR's Release Agreement with the United States, Exhibit 6, is approved.
5. The reserve for the estimated expenses to administer this proceeding through its termination, as set forth in Exhibit 7 to the Application, is approved.
6. The SDR shall distribute the non-reserved cash assets of the receivership in accordance with TEX. INS. CODE § 443.302 as described in the Application and as set forth in Exhibits 8-A and 8-B.
7. The SDR's proposed treatment of de minimus claims is approved.
8. The SDR's proposed treatment of distributions to claimants who cannot be located or identified or who refuse to accept earlier distributions or failed to cash earlier distribution checks is approved.
9. The assignment to the Commissioner of Insurance of unknown assets of AEIC is approved, and the SDR is authorized to execute an assignment in a form substantially similar to Exhibit 9. Pursuant to TEX. INS. CODE § 443.352, if any amounts are realized from the assignment that cannot be economically distributed, such funds will be treated in the same manner as funds that have been abandoned under TEX. INS. CODE § 443.304 (b).
10. The SDR is authorized to transfer to the insurance guaranty associations ("IGAs") title to AEIC's records in their possession. The IGAs are authorized to retain or dispose of such records at their discretion.
11. The SDR is authorized to dispose of the records listed in Exhibits 10-A and 10-B to the Application in the manner described therein.

12. The SDR is authorized to transfer to the Riverstone Group title to AEIC's records described in Exhibit 11. The Riverstone Group is authorized to retain or dispose of such records at its discretion.

13. The SDR is authorized to transfer to the Commissioner all remaining records of AEIC in its possession that may be required after the termination of this proceeding pursuant to TEX. INS. CODE § 443.354 (b), and the reserve for the estimated expenses to maintain such records is approved. The Commissioner is authorized to maintain or dispose of such records at his discretion.

14. The SDR's proposed notice, Exhibit 12, is approved and the Court finds that such notice is proper.

15. The SDR is authorized to execute and file a final tax return(s) for AEIC, and any other tax forms as may be necessary.

16. The SDR is authorized to file a final expense report with the final accounting.

17. The SDR is authorized to take any action necessary to implement this Order.

18. This Order does not modify any of the terms or provisions of this Court's *Permanent Injunction and Order Appointing Permanent Receiver* against AEIC.

19. This Order constitutes a final judgment fully resolving all issues relating to the Application, provided that this Court shall retain jurisdiction to issue further orders pursuant to TEX. INS. CODE Chapter 443.

SIGNED this ~~31st~~ day of October, 2011.

PROPER NOTICE GIVEN  
ACKNOWLEDGMENT OF NOTICE AND WAIVER  
OF OBJECTION PRESENTED

SUBMITTED  
RECOMMENDED st  
SIGNED ON 31 DAY OF Oct 2011

  
TOM COLLINS, RECEIVERSHIP SPECIAL MASTER

  
JUDGE PRESIDING

**AMERICAN EAGLE INSURANCE COMPANY  
WITHHELD DISTRIBUTIONS**

**EXHIBIT 2**

<b>POC #</b>	<b>Claimant Name</b>	<b>Class 2 Distribution</b>
462	Pools by Grube	22.00
464	Diversified Painting, Inc.	22.00
468	Rainbox Custom Pools	22.00
470	Plumb-Tec	22.00
471	*	113.00
473	McElroy Tile	22.00
480	T J. K, Inc.	22.00
482	Starlight Pools	22.00
806	Baja Pools & Spas	22.00
828	*	86.00
1382	California Pools & Spas	22.00
1384	Blue Bird Pools, Inc.	22.00

**AMERICAN EAGLE INSURANCE COMPANY  
WITHHELD DISTRIBUTIONS**

**EXHIBIT 2**

<b>POC #</b>	<b>Claimant Name</b>	<b>Class 2 Distribution</b>
1441	W. D. Hough Aquatech	555.00
1522	*	129.00
1523	Krisco Aquatech	194.00
1766	Tropic Isle Pools	22.00
1801	Drywall Systems, Inc.	22.00
1802	Dynamic Drywall Systems, Inc.	22.00
1804	Final Touch Painting	22.00
1812	J & J Pools	22.00
1850	A-Dependable Pool Service	22.00
1924	Phoenix Pools, Inc.	22.00
2306	Creative Pool Design, Inc.	22.00
2311	Peter Mc Donald Painting	22.00
2725	Merle Meagher Painting	22.00

**AMERICAN EAGLE INSURANCE COMPANY  
WITHHELD DISTRIBUTIONS**

**EXHIBIT 2**

<b>POC #</b>	<b>Claimant Name</b>	<b>Class 2 Distribution</b>
2739	Dial One Commercial Landscaping, Inc.	22.00
2746	Marina Pools & Spas	22.00
2769	Gore Acoustics & Drywall Systems	44.00
2770	Callender & Sons Landscape	22.00
2970	Executive Concrete Coatings	22.00
<b>TOTAL</b>		<b>1,649.00</b>

\* Claims filed by individuals are  
identified only by POC number.

R-496

**American Eagle Insurance Company  
Statement of Net Assets**

**For the Period Ending  
04/11/12**

**EXHIBIT 3-a**

Line	04/11/12	
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	
	APF Funds (Loan proceeds)	
<b>Investments</b>		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities (net of allowance)	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
	Detail Item if any	
	Detail Item if any	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
	Detail Item if any	
	Detail Item if any	
<b>Reinsurance Receivable</b>		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
<b>Other Receivables</b>		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
	Detail Item if any	
	Detail Item if any	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	Detail Item if any	
	Detail Item if any	
	<b>Total Assets</b>	<b>0</b>

R-496

**American Eagle Insurance Company  
Statement of Net Liabilities**

For Period Ending  
04/11/12

**EXHIBIT 3-b**

Line

04/11/12

1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	
	Liquidation Oversight	
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	34,346,800
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	22,698,376
	Other Loss Claims Paid	(5,530,615)
	Other Loss Claims Reserves	
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	10,295,675
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
	Detail Item if any	
	Detail Item if any	
	<b>Total Liabilities</b>	<b>61,810,236</b>
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(61,810,236)
	<b>Total Liabilities &amp; Equity</b>	<b>0</b>

**EXHIBIT 4**

	A	B	C	R
1			<b>Amercian Eagle Insurance Company</b>	<b>Inception</b>
2	R-496		<b>Sources and Uses of Cash</b>	<b>to Date</b>
3			<b>Beginning Unencumbered Cash</b>	3,922,204
4			<b>Premium</b>	
5			Premium Collections	164,544
6			Premium Collection Expense - SDR	(93)
7			Premium Collection Expense - Legal	-
8			Premium Collection Expense - Other	(7,068)
9			<b>Receivable</b>	
10			Agents Balance Receipts	617,194
11			Agent Balance Expense - SDR	-
12			Agent Balance Expense - Legal	-
13			Agent Balance Expense - Other	(23,296)
14			Reinsurance Recovery	29,593,240
15			Reinsurance Expense - SDR	(157,397)
16			Reinsurance Expense - Legal	(20,559)
17			Reinsurance Expense - Other	(3,868,218)
18			Subrogation Recovery	7,721,217
19			Subrogation Expense - SDR	(10,741)
20			Subrogation Expense - Legal	-
21			Subrogation Expense - Other	(2,205,747)
22			Affiliates Recovery	852,903
23			Affiliates Expense - SDR	(32,541)
24			Affiliates Expense - Legal	(11,130)
25			Affiliates Expense - Other	(3,847)
26			Settlement/Litigation Recovery	5,526,000
27			Settlement/Litigation Expense - SDR	-
28			Settlement/Litigation Expense - Legal	-
29			Settlement/Litigation Expense - Other	(3,082,190)
30			Other Receivable Receipts	7,266,261
31			Other Receivable Expense - SDR	(327)
32			Other Receivable Expense - Legal	(855)
33			Other Receivable Expense - Other	(505)
34			<b>Sale/Conversion of Assets</b>	
35			Sales of Real & Personal Property	6,075
36			Sales Real & Personal Prop Expense - SDR	(169)
37			Sales Real & Personal Prop Expense - Legal	-
38			Sales Real & Personal Prop Expense - Other	(558)
39			Investment Sales/Receipts	3,274,362
40			Investment Expense - SDR	(754)
41			Investment Expense - Legal	(510)
42			Investment Expense - Other	(133,529)
43			Other Asset Receipts	1,636,574
44			Other Asset Expense - SDR	(13,247)
45			Other Asset Expense - Legal	(60)
46			Other Asset Expense - Other	(523,603)
47			<b>NET INCOME FROM ASSETS/RECEIVABLE</b>	<b>46,561,426</b>
48				
49			<b>Passive Income</b>	
50			Investments Interest/Dividends	32,825
51			Cash Deposit Interest Income	4,318,918
52			Early Access Imputed Interest Income	30,490
53			<b>NET INCOME/INCLUDING PASSIVE</b>	<b>50,943,659</b>

EXHIBIT 4

	A	B	C	R
1			<b>Amercian Eagle Insurance Company</b>	<b>Inception</b>
2	R-496		<b>Sources and Uses of Cash</b>	<b>to Date</b>
55			<b>CLAIMS EXPENSE:</b>	
56			<b>Claims Administrative Expenses:</b>	
57			Claims Expense - SDR	(3,111,225)
58			Claims Expense - Legal	(823,008)
59			Claims Expense - Other	(245,118)
60			<b>TOTAL CLAIMS EXPENSES</b>	<b>(4,179,351)</b>
61				
62			<b>Distributions: (not included in claims totals)</b>	
63			Refunds	-
64			Loss Claims Payments	-
65			LAE Expense Payments	-
66			Early Access - Guaranty Associations	(35,865,342)
67			Other Distributions	(6,735,920)
68			<b>TOTAL DISTRIBUTIONS</b>	<b>(42,601,262)</b>
69				
70				
71			<b>GENERAL ADMINISTRATION EXPENSES</b>	
72			Takeover Expense (pre-appointment)	(2,983,860)
73			Bank Charges	(37,716)
74			Building/Utilities/Related Expenses	(242,083)
75			Employee - Payroll, P/R Tax, Benefits, Contract	(548,730)
76			Equipment/Lease/Maintenance	(180,711)
77			Inventory/Storage/Moving	(112,449)
78			IT/Computer Expense	-
79			Mailing/Printing/Postage/Publication	(139,187)
80			Miscellaneous Expenses	(62,303)
81			Telephone	(40,522)
82			Receivership Allocation	(530,293)
83			<b>GENERAL ADMINISTRATION EXPENSES</b>	<b>(4,877,854)</b>
84				
85			<b>SUBCONTRACTOR ADMINISTRATIVE FEES &amp; EXPENSES:</b>	
86			Accounting/Auditing/Federal Income Tax Services	(17,401)
87			Accounting HSP Administration	-
88			Accounting/Auditing - Expenses	(25)
89			Consulting Fees/Services	(174,302)
90			Consulting Fees/Services - Expenses	-
91			Legal Fees/Services	(54,081)
92			Legal Fees/Services HSP Administration	-
93			Legal Fees/Services - Expenses	(1,267)
94			<b>SUBCONTRACTOR ADMINISTRATIVE FEES &amp; EXP</b>	<b>(247,076)</b>
95				
96			<b>SDR ADMINISTRATIVE FEES &amp; EXPENSES:</b>	
97			SDR Administration Fees	(2,025,287)
98			SDR Accounting Fees	(644,415)
99			SDR HSP Administration	-
100			SDR Special Services	(277,575)
101			SDR Travel Expenses	(2,145)
102			SDR Expenses	(18,625)
103			<b>SDR ADMINISTRATIVE FEES &amp; EXPENSES</b>	<b>(2,968,047)</b>
104				
105			<b>TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE</b>	<b>(8,092,977)</b>
106				
107				
108				
109			<b>Net Recoveries</b>	<b>(3,929,931)</b>
110				
111				
135			<b>CASH RECONCILIATION</b>	

**EXHIBIT 4**

	A	B	C	R
1			<b>Americian Eagle Insurance Company</b>	<b>Inception</b>
2	R-496		<b>Sources and Uses of Cash</b>	<b>to Date</b>
136			Beginning Unencumbered Cash	3,922,204
138			Net Increase (Decrease)	(3,929,931)
139			Ending Unencumbered Cash	(7,727)
140				
141			Accounts Payable	-
142			APF Loan	-
143			FY 2012 Reconciliation Adjustments	7,727
144			Ending Cash Available	-
145				
146			Cash Assets (from Balance Sheet)	-
147			Difference (should <2)	-
148				
149			<b>Explanation of Reconciliation Adjustments</b>	
150			Amount represents variance in conversion of income statements to revised	
151			reporting format in September, 2005 and subsequent years	

**ASSIGNMENT**

This Assignment is made by Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company (the "SDR" and "AEIC", respectively) to Eleanor Kitzman, the Commissioner of Insurance for the State of the Texas (hereinafter the "Commissioner").

Whereas AEIC were placed into permanent receivership on December 3, 1997, and Jack M. Webb & Associates, Inc., was appointed as Special Deputy Receiver;

Whereas, the SDR does not believe it is in the best interests of the receivership estate of AEIC to continue the proceeding to attempt to collect any potential remaining assets;

Whereas, the Court has approved the SDR's Final Report and Application to Make Final Distribution (the "Final Report"), and pursuant to such order the SDR has distributed of the remaining cash assets of the receivership estate of AEIC;

Whereas, the Court's order approving the Final Report authorized the SDR to convey any and all unliquidated assets of AEIC to the Commissioner, including but not limited to the unliquidated non-cash assets described in Exhibit 5 of the Final Report;

Therefore, for value received, the sufficiency of which is acknowledged, the SDR conveys to the Commissioner all right, title and interest in any and all assets of AEIC, including but not limited to the unliquidated non-cash asserts described in Exhibit A to this Assignment, whether known or unknown, and any assets that have been written off by AEIC or the SDR. Such right, title and interest shall include any and all claims, potential claims, suits, demands, causes of action, charges or grievances of any kind or character, regardless of the nature or extent, whether arising in tort, contract, by statute or otherwise, and include claims for breach of fiduciary duty, constructive fraud and fraud. It is the intent of the Parties to this Assignment to convey to the Commissioner all legal and equitable rights held by the receivership estate of AEIC, whether or not specifically identified herein.

This Assignment constitutes the entire agreement of the parties, and the Parties expressly agree that its terms supersede any other agreements or understandings with respect to the subject matter of this Assignment. This Assignment shall not waive, release or otherwise affect any liabilities or obligations of any party to AEIC.

The laws of the State of Texas govern this Assignment, and sole venue and jurisdiction for any action relating to this Assignment shall be in Travis County, Texas.

Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company

By: Jack M. Webb  
Jack M. Webb

Date: April 19, 2012

EXHIBIT A

AMERICAN EAGLE INSURANCE COMPANY  
KNOWN UNLIQUIDATED ASSETS  
April 11, 2012

<u>RECO #</u>	<u>COMPANY NAME</u>	<u>AMOUNT</u>
	AXA General	32,109.00
	AXA Global	99,162.00
R20041	BAIC	24,352.00
R20431	Banco De Seguros	183,879.80
R20045	Bullstrad Bulgaria	30,389.79
E21041	C.T. Bowring	1,256.73
R20067	Cigna Re	18,934.64
R20070	City Insurance Company	9,711.66
R20292	Dublin International	2,444.28
R20284	Erste Allgemeine	10,653.14
R20412	Forum Regroup/Aneco	58,753.71
R20183	General Ins.	85,192.04
R20980	Gjensidige Norsk Skadeforiskri	5,188.67
	Guardian Royal	175,000.00
R20299	Hassneh Ins.	15,330.67
R20644	Heath Cas. &	974.40
R20263	INA Re.	45,267.38
R20721	Instituto De	19,078.11
R21049	Instituto De	4,495.15
R21048	Instituto De	515.49
R20819	KIC Ltd.	820.74
R30001	Miami Savings	4,878.80
R20139	Nichido Fire	63,538.09
R20996	Nissan Fire & Marine Insurance	1,693.60
R20742	NWNL	221,431.00
R20155	Orion Ins.	370,332.92
R20325	Pennsylvania National	1,201.85
R20336	Pohja Gen	4,402.27
R20897	Price Forbes Limited	710.49
R21034	Security Insurance Co. Ltd.	602.29
R20473	Sumitomo Marine & Fire Ins. Co.	581.13
R21036	Texas Central Life	516.18
R20319	The Home Insurance Company	7,603.60
R21035	Toa-Re Insurance Co.	602.29
R20981	Top International Insurance Co.	2,615.32
R30009	W.F. Poe Syn.	4,342.14
R20511	Yasuda Fire	1,049.83
	Total	<u>1,509,611.20</u>

**EXHIBIT A**

**AMERICAN EAGLE INSURANCE COMPANY  
KNOWN UNLIQUIDATED ASSETS  
April 11, 2012**

English & American Insurance Company Limited Scheme of Arrangement (administered by  
KPMG LLP)

18,768 shares of Class A Common Stock of Facility Insurance Holding Corporation evidenced by  
Certificate #16 in the name of American Eagle Insurance Company

**SPECIAL DEPUTY RECEIVER'S CERTIFICATION PURSUANT TO TEX. INS. CODE  
ANN. §443.017(b)**

**AFFIDAVIT OF JACK M. WEBB**

State of Texas  
County of Harris

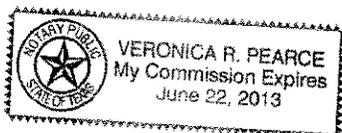
BEFORE ME, the undersigned authority appeared Jack M. Webb, who after being by me  
duly sworn, stated the following under oath:

1. My name is Jack M. Webb. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.
2. I am the Special Deputy Receiver of American Eagle Insurance Company. I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to TEX. INS. CODE § 443.017, are either true and correct copies of records of the insurer and were received from the custody of the insurer or found among its effects or were created by and filed with the Receiver's office in connection with the receivership of this delinquent insurer, and are held by the Special Deputy Receiver in his official capacity.
3. I further state that I have read the statements contained in the attached Application and that they are true and correct based on my personal knowledge, my review of estate records and my consultation with my staff and sub-contractors.
4. Further affiant sayeth not.

By: Jack M. Webb  
Jack M. Webb

**SUBSCRIBED AND SWORN TO BEFOR ME** on May 22, 2012, by Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company in receivership.

Veronica Pearce  
Notary Public



STATE OF TEXAS  
Plaintiff,

V.

AMERICAN EAGLE INSURANCE  
COMPANY  
Defendant.

§  
§  
§  
§  
§  
§  
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

201st JUDICIAL DISTRICT

**ORDER APPROVING FINAL ACCOUNTING, TERMINATING  
AMERICAN EAGLE INSURANCE COMPANY PROCEEDING  
AND DISCHARGING RECEIVER AND SPECIAL DEPUTY RECEIVER**

On the undersigned day, the Court considered the *Final Accounting and Application to Terminate American Eagle Insurance Company Proceeding and Discharge Receiver and Special Deputy Receiver* (the “Application”) filed by Jack M. Webb, Special Deputy Receiver of American Eagle Insurance Company (the “SDR” and “AEIC”, respectively). After considering the Application, the evidence submitted, and the recommendation of the Special Master appointed in this proceeding (the “Master”), the Court finds as follows:

1. The *Amended Order of Reference to Master* (“Order of Reference”) provides that the Application is referred to the Master;
2. The Application was submitted to the Master in accordance with the Order of Reference;
3. Notice of the Application was provided in accordance with TEX. INS. CODE §443.007 (d) and the Order of Reference, and no objections to the Application were filed;
4. The Texas Property and Casualty Insurance Guaranty Association filed its Acknowledgment of Notice and Waiver of Objection to the Application;
5. The Master has issued a recommendation that the Application should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure;
6. The Court has jurisdiction over the Application and the parties in interest; and

7. The Application should be GRANTED in all respects.

IT IS THEREFORE ORDERED ADJUDGED AND DECREED as follows:

1. The SDR's Final Accounting is accepted in all respects;
2. The Application is GRANTED in all respects;
3. Eleanor Kitzman, Commissioner of Insurance for the State of Texas, is discharged as Receiver of AEIC.
4. Jack M. Webb is discharged as Special Deputy Receiver of AEIC.
5. The Receiver and the SDR are released from any further obligations in this proceeding, provided that they authorized to take any actions and execute any documents as may be necessary to effectuate this Order.
6. The AEIC receivership proceeding is terminated.
7. The termination of this proceeding will not affect any immunity available under TEX. INS. CODE § 443.014 (b).
8. This Order is not intended to and shall not create any third party beneficiaries.
9. This Order constitutes a final judgment fully resolving all issues relating to the Application, provided that this Court shall retain exclusive jurisdiction to enforce the provisions of this Order and the rights and duties of the parties hereunder, or issue further orders pursuant to TEX. INS. CODE Chapter 443.

Signed the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

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PRESIDING JUDGE