

Cause No. D-1-GN-20-003004

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
HOUSTON GENERAL INSURANCE	§	
EXCHANGE AND HOUSTON GENERAL	§	
INSURANCE MANAGEMENT COMPANY,	§	
Defendant	§	98TH JUDICIAL DISTRICT

**FINAL ACCOUNTING AND APPLICATION TO TERMINATE RECEIVERSHIP,
DISSOLVE CHARTERS, AND
DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

TO THE HONORABLE JUDGE OF THIS COURT:

COMES NOW Risk & Regulatory Consulting LLC, Special Deputy Receiver (SDR) of Houston General Insurance Exchange and Houston General Insurance Management Company (respectively HGIE and HGIMC and collectively, the Defendants), and files this Final Accounting and Application to Terminate Receivership, Dissolve Charters, and Discharge Receiver and Special Deputy Receiver (Application) and respectfully shows the Court as follows:

I. RELIEF REQUESTED

1.1 On November 1, 2023, the Court entered its Order Approving Final Distribution and Destruction of Records. The SDR has completed the distribution of assets in accordance with the Final Distribution Order and submits its final accounting. The SDR requests that the Court terminate this receivership proceeding, dissolve the charter of each Defendant, and discharge the Texas Commissioner of Insurance (Commissioner) as Receiver, and the SDR.

II. AUTHORITY

2.1 This court has jurisdiction over this Application pursuant to TEX. INS. CODE § 443.005.

2.2 The SDR is authorized to file this Application pursuant to TEX. INS. CODE §§ 443.153(e) and 443.352.

2.3 The subject matter of this Application has been referred to the master appointed by this Court in this proceeding (Master) pursuant to the Order of Reference to Master (Order of Reference) entered on June 10, 2020 and in accordance with the Supplemental Order of Reference (Supplemental Order of Reference) entered on November 2, 2020.

III. BACKGROUND

3.1 On June 10, 2020, this Court entered its Order Appointing Rehabilitator and Permanent Injunction, appointing the Texas Commissioner of Insurance as Rehabilitator of Defendants. The Rehabilitator designated Risk & Regulatory Consulting, LLC as SDR.

3.2 On August 11, 2020, this Court entered its Order Appointing Liquidator and Permanent Injunction placing Defendants into liquidation.

3.3 On November 1, 2023, the Court entered its Final Distribution Order.

IV. FINAL FINANCIAL STATEMENTS

4.1 Attached are the following financial statements that reflect the financial condition of Defendants as of November 20, 2023:

- a. HGIE Statement of Net Assets and Statement of Net Liabilities (Exhibit 2 A);

- b. HGIMC Statement of Net Assets and Statement of Net Liabilities (Exhibit 2 B);
- c. HGIE Sources and Uses of Cash (Exhibit 3 A);
- d. HGIMC Sources and Uses of Cash (Exhibit 3 B); and
- e. Final Statement of Expenses (Exhibit 4).

V. EXPENSES

5.1 The Final Distribution Order approved a reserve of \$139,137 for the payment of estimated closing expenses through the termination of the receivership estate. The actual expenses incurred were \$116,983.77. Exhibit 4 is the SDR's final statement of expenses submitted pursuant to TEX. INS. CODE § 443.015. Due to the expense budget not being paid in full, cash remained in the receivership estate's account after all expenses were paid.

VI. DISTRIBUTION

6.1 In accordance with the Final Distribution Order, the SDR distributed \$16.24, to the Texas Property and Casualty Insurance Guaranty Association (TPCIGA) on its allowed Class 1 claim of \$815,251.32 as of June 30, 2022 (Claim). In addition, \$23,511.16 in funds remaining from the expense budget was distributed to TPCIGA for a total of \$23,527.40 paid on the Claim. No assets were available for distribution to the remainder of Class 1 or any lower priority claims.

VII. UNCLAIMED AND RESIDUAL FUNDS

7.1 There were no unclaimed funds remaining in the receivership account after the payment of closing expenses and distributions made in accordance with the Final Distribution Order. All residual funds were distributed to TPCIGA on its Claim.

VIII. FEDERAL INCOME TAX RETURNS AND FEDERAL RELEASE

8.1 Final tax returns were filed with the Internal Revenue Service for the year 2023 with a request for expedited handling on the two final tax returns filed for HGIE and HGIMC. No federal income taxes are owed.

8.2 On October 19, 2023, the SDR executed a federal release agreement with the United States (Release Agreement). The Release Agreement released the current and former Commissioners as Receiver, the SDR and the receivership estate from federal claims against distributions to Class 1 and Class 2 claimants, subject to the exclusions in the Release Agreement. The SDR received confirmation from the United States that it had no objections to the destruction of records authorized in the Final Distribution Order.

IX. TRANSFERS

9.1 The Final Distribution Order authorized the SDR to transfer any known and unknown assets of the receivership estate to the Commissioner. Attached as Exhibit 5 is a copy of the executed Transfer and Assignment of Known and Unknown Assets to the Commissioner.

X. RECORDS

10.1 The Final Distribution Order authorized the SDR to destroy certain records of the Defendants that were no longer required for the administration of the receivership estate, and the SDR has completed this records destruction.

10.2 The remaining records of the Defendants have been inventoried by the SDR and are being transferred to the Commissioner as required. In accordance with the Final Distribution Order, the Commissioner is authorized to retain or dispose of these records at his or her discretion.

XI. CHARTERS

11.1 The SDR requests the Court dissolve the charter of HGIE and HGIMC pursuant to TEX. INS. CODE § 443.153(e). The SDR dissolved HGIMC with the Texas Secretary of State as of November __, 2023.

XII. TERMINATION AND DISCHARGE

12.1 As all assets of the receivership estate have been distributed, the SDR requests the Court enter an order pursuant to TEX. INS. CODE § 443.352 terminating the receivership estate and discharging the Commissioner as Receiver, and the SDR.

XIII. OFFER OF PROOF

13.1 Attached to this Application and incorporated by reference as if fully set out is Exhibit 1, the Affidavit of Jan Moenck, and is the certification submitted under TEX. INS. CODE § 443.017(b), authenticating records referenced, and verifying the facts contained in this Application. All exhibits are incorporated by reference as if fully set out word for word.

XIV. NOTICE & HEARING

14.1 The Application is set for hearing by submission on December 4, 2023. The SDR provided notice of the hearing on the Application to all persons entitled to notice in accordance with TEX. INS. CODE §443.007(d) and the Order of Reference and Supplemental Order of Reference. The SDR also noticed all known “parties in interest” as defined by TEX. INS. CODE §443.004(a)(17) as shown on the certificate of service by email or first-class mail.

XV. FINALITY OF ORDER

15.1 This Court’s Order approving the Application constitutes a final judgment resolving all matters related to the Application and closing this proceeding.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Risk & Regulatory Consulting LLC, as Special Deputy Receiver of Houston General Insurance Exchange and Houston General Insurance Management Company, respectfully prays that this Court enter an Order:

- a. Granting this Application;
- b. Admitting Exhibits 1 through 5 into evidence;
- c. Dissolving the charters of HGIE and HGIMC pursuant to TEX. INS. CODE § 443.153(e);
- d. Terminating this proceeding;
- e. Discharging the Commissioner as Receiver, and the SDR;
- f. Approving the transfer of all right, title, and interest to the assets described in Exhibit 5 to the Commissioner in accordance with TEX. INS. CODE § 443.352;

- g. Authorizing the SDR to execute any documents as necessary to effectuate the purpose of this Application; and
- h. Granting such other and further relief as this Court deems appropriate.

Respectfully submitted,

AMY JEANNE WELTON

Attorney at Law

P.O. Box 1644

Dripping Springs, TX 78620-1644

830-868-7136

Facsimile No. 888-570-5906

Email: weltonlaw@gmail.com

/s/ Amy Jeanne Welton

Amy Jeanne Welton

State Bar No. 21004800

**ATTORNEYS FOR RISK & REGULATORY
CONSULTING, LLC, SPECIAL DEPUTY
RECEIVER OF HOUSTON GENERAL
INSURANCE EXCHANGE AND HOUSTON
GENERAL INSURANCE MANAGEMENT
COMPANY**

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Order of Reference to Master entered on June 10, 2020, by the District Court in this cause, the Final Accounting and Application to Terminate Receivership, Dissolve Charters, and Discharge Receiver and Special Deputy Receiver (Application) is set for written submission before the receivership master, Tom Collins, on Monday, December 4, 2023.

The receivership master has asked that the following rules be provided to you:

1. Any objection by a party in interest (objecting party) must be filed with the Travis County District Clerk at least 3 calendar days before the submission date.
2. A copy of any objection shall be served by such date on:
 - (a) Receivership Master's docket clerk, Texas Department of Insurance, at specialmasterclerk@tdi.texas.gov (by email);
 - (b) All parties in interest, including those listed on the Applicant's Certificate of Service, and the undersigned counsel.
3. 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.
4. If a matter is set for submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the receivership master's docket clerk [512-475-1761] to obtain an oral hearing, unless the receivership master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. Failure to file timely a written objection before the receivership master constitutes a waiver of the right to object to the receivership master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by any party in interest should be filed at least 3 calendar days before the submission or hearing date.

/s/ Amy Jeanne Welton
weltonlaw@gmail.com

EXHIBIT 1

AFFIDAVIT AND CERTIFICATION OF JAN MOENCK

STATE OF ARIZONA §
 §
 §
 §
COUNTY OF MARICOPA §
 §

Before me the undersigned authority personally appeared Jan Moenck who being first duly sworn states the following:

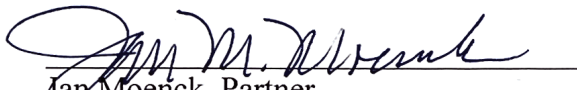
BACKGROUND

1. “My name is Jan Moenck. I am more than 21 years of age and reside in Maricopa County, Arizona. I am of sound mind, have never been convicted of a crime, and am fully competent and duly qualified to make this Affidavit. Risk & Regulatory Consulting, LLC was designated to serve as Special Deputy Receiver of Houston General Insurance Exchange and Houston General Insurance Management Company (SDR) when it was placed in rehabilitation on June 10, 2020. I am a Partner in Risk & Regulatory Consulting, LLC and make this affidavit on its behalf
2. “I have read the Final Accounting and Application to Terminate Receivership, Dissolve Charters, and Discharge Receiver and Special Deputy Receiver in the case styled State of Texas v. Houston General Insurance Exchange and Houston General Insurance Management Company; Cause No. D-1-GN-20-003004 in the 98th Judicial District Court

of Travis County, Texas. I verify that all the facts contained in the Application are true and correct based on my personal knowledge.

3. "I have also read all the exhibits attached and incorporated into the Application by reference. I certify that the exhibits are true and correct copies of these documents, which are part of the books, records, documents, and papers maintained by the receivership estates pursuant to TEX. INS. CODE § 443.017(b)(2).

"The Affiant has nothing further to say."

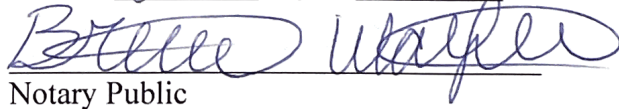


Jan Moenck, Partner
Risk & Regulatory Consulting, LLC,
as Special Deputy Receiver for
Houston General Insurance Exchange and
Houston General Insurance Management Company

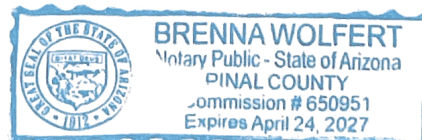
STATE OF ARIZONA

COUNTY OF MARICOPA

SWORN TO AND SUBSCRIBED before me on the 20 day of November 2023.


Notary Public

My Commission Expires: 04/24/27



R-563

**Houston General Insurance Exchange
Statement of Net Assets**

**For the Period Ending
11/20/23**

Line	11/20/23
Cash	
1 Cash	
Cash - Unrestricted	0
APF Funds (Loan proceeds)	
Investments	
2 Short-Term Investments	0
3 Bonds	
4 Stocks - Preferred & Common	
5 Investments in Subsidiaries, Controlled or Affiliated Entities	
6 Mortgage Loans	
7 Real Estate	
8 Policy Loans	
9 Other Invested Assets	
Restricted Assets	
10 Statutory Deposits	
11 Funds held by or deposited with Reinsured Companies	
12 Restricted - Other	
Reinsurance Receivable	
13 Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0
14 Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0
15 Reinsurance Recoverables on UEP & Contingent Commissions	0
Other Receivables	
16 Salvage & Subrogation Recoveries	0
17 Premiums Due from Agents & Policyholders	
18 Receivable from Parents, Subsidiaries & Affiliates	0
19 Receivable from Guaranty Associations - Early Access Payments	0
20 Other Receivables	0
Other Assets	
21 FF&E	0
22 Other Assets	
Federal Income Tax Recoverable	0
Net Deferred Income Tax	0
Total Assets	0

NOTES

Ref No.

General: The receivership statement of assets is prepared using a liquidation basis of accounting that differs from generally accepted accounting principles (GAAP). Estimates and assumptions are utilized to report asset amounts. Assets are generally shown at their estimated net realizable value. If the estimated net realizable value cannot be determined, the book value of the asset is recorded.

Ref No.

#1 and #2 – This Balance represented unrestricted cash and cash equivalents available for payment of liabilities held at East West Bank and in the TDI Judicial Insurance Receivership Trust Fund Account for HGIE. In March 2023, the Bridge Bank accounts were closed and transferred into TDI Receivership Trust Account. At closing, the remaining balance was distributed to TPCIGA as Residual Claims upon closing of the estate for partial payment of TPCIGA's Class 1 claims. Special Deputy Receiver wrote down to zero any cash and cash equivalents that could not be obtained from bank. Special Deputy Receiver has been unable to locate approximately \$11 million in invested assets reported as of December 31, 2019 and \$10.5 million in invested assets per the Company's records as of June 10, 2020. Special Deputy Receiver has communicated with HGIE broker, investment advisors, and custodians to identify additional information for recovery of these assets however no misappropriated assets have been or are expected to be recovered. It is not known if the \$7.5 million payment credited for the surplus debenture in note #18 was an actual cash balance. It is also not known if the \$7.5 million was a part of the \$11 million which was reported as the balance pre-receivership.

#13 – This balance represented reinsurance recoverables under ceded reinsurance treaties that were reported on the Company's books and records that are subject to future adjustment. Given the balance of \$100,000 was over 90 days and reinsurer was unresponsive to Special Deputy Receiver's inquiries, the balance was written down to \$0 as of February 28, 2022. The reinsurer agreed to pay a claim in the amount of \$4,280 in August 2022, which was received in September 2022. No further balances are likely to be collected.

#16 - This balance represented salvage and subrogation receivable. All remaining receivables were collected in 2022.

For the Period Ending
11/20/23

#17 – This balance represented uncollected premiums and agents' and policyholders' balances in the course of collection for commercial trucking policies in the amount of at least \$3,628,729. In addition GCIB ("affiliate") was acting as an agent for HGIE. GCIB has been unresponsive to Special Deputy Receiver's inquiries and demands to collect premiums outstanding. As GCIB has ceased operations and parties continue to be non-responsive to Special Deputy Receiver's inquiries and demands, the balance was written down to \$0.

During 2019, GCIB began underwriting commercial trucking policies on behalf of HGIE. GCIB remitted the written premiums to HGIE through February 2020. Although there was a prohibition to writing business, the Special Deputy Receiver has received evidence from policyholders, agents, and premium finance companies of commercial policies issued through June and July 2020.

Private passenger personal auto policyholders provided \$578,218 in premium receipts from July through November 2020. Premiums written was estimated to be \$0 for July through September 2020. The premium balance for private passenger personal auto was written down from \$100,611 to \$0 in March 2021. Net realizable value was determined to be \$0.

HGIE policies in force were terminated on September 10, 2020 in accordance with the Order of Liquidation.

#18 Receivable from Parents, Subsidiaries & Affiliate

Pre-Receivership: This balance was created in an entry to adjust the books per the 2018 audit. No updates for these amounts have been provided by the Company. A balance of \$274,917 is due HGIE from HGIMC. The net realizable value as of this date is \$0 as HGIMC has no liquid assets to make payments. This receivable balance was recorded assuming receipt of \$7.5 million from a Quantbridge account that is addressed in Footnote #1 & 2 above.

Post-Receivership: HGIMC, an affiliate of HGIE is the named Company for contracts which include Receivership Service Providers required by the Special Deputy Receiver for the HGIE Receiverships. HGIE recorded these amounts as an expense on Exhibit 1. HGIE recorded these amounts as an intercompany receivable due from HGIMC. HGIMC does not have liquid assets to make payments. HGIMC's Special Deputy Receiver, Special Deputy Receiver Subcontractors, and Liquidation Oversight Allocation are paid by HGIE on behalf of HGIMC. HGIE recorded these payments as a intercompany receivable due from HGIMC. HGIE has recorded an intercompany receivable in the amount of \$985,119 due from HGIMC. Upon closing HGIMC made a partial payment of this receivable of \$1,027.98.

#19 - No early access payments have been made to the Texas Property and Casualty Insurance Guaranty Association and therefore, there is no receivable.

#20 - Receivable related to the litigation settlement of \$1,125,000, which was held in an escrow account at February 28, 2022. Balance was changed to \$0 when the cash was fully received in March 2022. There are additional causes of action that were not pursued in litigation that are unliquidated and have been determined to have no net realizable value.

#21 - FF&E consists of Software, Computers and other electronic data equipment assets of \$3,447,896 with \$2,680,526 in non-admitted assets and accumulated depreciation of \$767,370. Special Deputy Receiver has fully non-admitted FF&E as it is unlikely to be sold given it mostly consists of software development costs for a system with functional and operational deficiencies.

#22 – Current federal and foreign income tax recoverable and interest thereon: The balance consisted of an income tax recoverable. Any realizable amounts were received from the IRS in May 2021. HGIE is in Receivership and does not expect taxable income or expense at this time. The last tax return were filed for year end December 31, 2019 prior to receivership, December 31, 2020 and 2021 were completed in November and December 2022, December 31, 2022 in August 2023 and the final close out return in November 2023.

#22 – Net Deferred Income Tax Assets were determined to have a net realizable value of \$0. Amount will be recognized if amounts are recovered.

R-563

**Houston General Insurance Exchange
Statement of Net Liabilities**

**For Period Ending
11/20/23**

Line		11/20/23
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	0
	Liquidation Oversight	
	Special Master's Fees	0
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	160,450
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	715,175
	LAE Reserves	60,881
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	1,926,293
	Loss Claims Reserves	714,194
8	Loss Claims - Other	
	Other Loss Claims Paid	0
	Other Loss Claims Reserves	4,652,823
9	LAE - Other	59,834
10	Unearned & Advance Premium Claims - GA	2,223,105
11	Unearned & Advance Premium Claims - Other	1,681,480
Other Liabilities		
12	Class 3 Claims	4,731
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	822,727
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	253,650
17	Class 7 Claims	41,158
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
Total Liabilities		13,316,501
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over	(13,316,501)
Total Liabilities & Equity		0

For Period Ending
11/20/23**NOTES**

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

General – The receivership statement of liabilities is prepared using a liquidation basis of accounting that differs from generally accepted accounting principles (GAAP). Estimates and assumptions are utilized to report liability amounts. Liabilities are recorded at their estimated disposal value. If the estimated disposal value cannot be determined, the book value of the liability is recorded.

Ref. No.

#1 - Salvage balance due to TPCIGA that was deposited into Special Deputy Receiver account and was paid to TPCIGA in May 2022.

#2 - The Secure Loan balance of \$500,000 represented the amounts advanced by TPCIGA to HGIE & HGIMC of \$500,000. In addition, the loan required payment of 1.52% simple interest annually which was calculated to be \$7,494 based on the order approving the settlement on March 9, 2022. The Secure Loan Balance and Interest Incurred was repaid on March 11, 2022 and therefore now has balance of \$0.

Class 1 – Costs and Expenses of Administration Approved by Liquidator

#4 – This balance represents amounts incurred by the Special Deputy Receiver and the Texas Department of Insurance, Rehabilitation and Liquidation Oversight and Special Master Fees in the administration of the liquidation of HGIE.

#5 - This balance represents administrative expenses paid and reserves established for TPCIGA to pay postage & delivery and allocated expenses. The paid balance represents expenses paid by TPCIGA through June 30, 2023. The balance was obtained from a UDS D Report from TPCIGA through June 30, 2023. The UDS D Reports are released quarterly.

The Court approved an allowed Class 1 claim of \$815,251.32 for TPCIGA. A partial payment of \$16.24 was allowed by the court, as well as distribution of any residual funds in the receivership after payment of closing expenses and distributions. Residual funds in the amount of \$23,511.16 were distributed upon closing.

#6 – Loss Adjustment Expenses (LAE) Balances represents actual claims paid and LAE case reserves established by the TPCIGA to date for policyholders domiciled in Texas (“Texas Policyholders”). Amounts represent expenses paid or estimated through TPCIGA through August 31, 2023. The balance is obtained from the TPCIGA UDS C Data released monthly through period ending August 31, 2023. See below for reconciliation of LAE Reserves recorded.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

Class 2 – Claims Under Policies of Insurance and Guaranty Association Claims not included in Class 1

#7 – The Loss Claims – Balance represents the loss claims paid to date by the Guaranty Association and Loss case reserves established by the Guaranty Association. See below for reconciliation of Loss reserves recorded. The balance is obtained from the TPCIGA UDS C Data released monthly through period ending August 31, 2023. Due to lack of information on the commercial claims, receiver only has information or processed about 18% of potential commercial claims. Additional premium finance companies were identified and data has been processed to update reserves. Receiver has assessed additional loss reserves as included in #8. Special Deputy Receiver maintains reserve to provide for the ultimate development of these policyholder and other claims as well as claims that have been incurred but not reported based on data available through August 31, 2023.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

8 - Loss Claims - Other - Amounts include policy loss claims that will not be covered by TPCIGA due to coverage limits and policyholders not domiciled in Texas. The balance also includes reserves for potential Incurred but not Reported (“IBNR”) claims based on historical results prior to Receivership as of June 10, 2020. Amounts are updated from time to time as new information becomes available. See below for reconciliation of Loss reserves recorded.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

For Period Ending
11/20/23

9 - LAE Other - Amounts include LAE reserves for claims that will not be covered by TPCIGA in the amount of \$59,834 due to policyholders not domiciled in Texas. Amounts will be updated from time to time as more data becomes available. See below for reconciliation of LAE reserves recorded.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

#10 – Unearned and Advance Premiums - Guaranty Associations - Balance represents estimated unearned and advance premiums to be paid and reserved by the TPCIGA. HGIE policies in force were terminated on September 10, 2020 in accordance with the Order of Liquidation. The balance is obtained from the TPCIGA UDS C Data released monthly through period ending August 31, 2023. At this time, all unearned and advance premium claims have been adjudicated/paid by TPCIGA. This balance represent the balance paid by TPCIGA from the guaranty fund on HGIE's behalf.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

#11 Unearned and Advanced Premiums - Other - Amounts include estimated unearned and advance premiums that will not be covered by TPCIGA in the amount of \$224,788 as commercial policyholders that are not domiciled in Texas. In addition Special Deputy Receiver has included additional unearned and advanced premiums for commercial policyholders domiciled in Texas. Based on limited policy data and records, the Company's commercial auto unearned premiums and advanced premiums have been allocated based on percentage of written premiums identified as policyholders domiciled in the state of Texas (90%) versus policyholders domiciled in other states (10%). In addition there are approximately 100 commercial auto policies that have been identified, however the amount of written premiums have not been identified as of August 31, 2023. It is estimated that only about 18% of the data has been received. Additional premium finance companies were identified and data is being processed to update reserves. Amounts will be updated from time to time as more data becomes available and as information is provided to TPCIGA. Lastly, the balance includes \$6,976 of unearned premium refunds paid prior to receivership date but the 13 checks were not cashed and were voided by Special Deputy Receiver due to time elapsed since check was issued that are due to Texas policyholders. Special Deputy Receiver has provided the listing to TPCIGA. See below for reconciliation of unearned premiums outstanding reserves recorded.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

6, #7, #8, #9, and #11 - Reconciliation of reported LAE reserves, loss reserves, and unearned and advanced premiums for personal and commercial auto lines of business. In addition, there are approximately 100 commercial auto policies that have been identified by the Special Deputy Receiver however the amount of written premiums have not been identified as of August 31, 2023. Amounts will be updated from time to time as more data becomes available. See below for reconciliation of LAE reserves, loss reserves, and unearned and advanced premiums recorded as of August 31 2023.

Due to approval of closing and only partial payment of Class 1 Liabilities will be paid, Receiver will no longer update expenses paid and reserves established by TPCIGA after August 31, 2023.

	TPCIGA Case Reserves	IBNR and Ultimate Development Carried Reserves for Texas Policyholders	and LAE Reserves for Texas Policyholder	and LAE Reserves for Non-Texas Policyholder	Total
LAE Reserves (#6 and #9)	\$60,881	\$53,851	\$114,732	\$5,983	\$120,715
Loss Reserves (#7 and #8)	\$714,194	\$4,592,989	\$5,307,184	\$59,834	\$5,367,018
Total	\$775,075	\$4,646,840	\$5,421,915	\$65,817	\$5,487,732
	TPCIGA Unearned	Unearned Premiums	Texas	Unearned	Total
Unearned and Advanced Premiums (#11)	0	\$1,503,346	\$1,503,346	\$178,134	\$1,681,480

Class 3 – US Government

#12 - This balance represents amount claimed by the Federal Motor Carriers Safety Administration (FMCSA). This claim has been allowed by the court.

Class 5 – Unsecured Creditors

#14 – This balance includes accounts payable to various vendors, balances due/receivable for agency commissions (detailed below) and other expenses incurred. The claims have not been adjudicated.

For Period Ending
11/20/23

Agency Commission Payable	\$	271,238
YMP Real Estate Management	\$	128,600
Subrogation - State Farm Insurance Co.	\$	117,679
Vertafore	\$	47,880
Mitchell Williams	\$	41,095
Various liabilities incurred prior to receivership	\$	34,710
Lexis Nexus	\$	31,935
Sapien	\$	25,439
Tindol's & Allgood, LLC	\$	18,015
Carr Riggs & Ingram LLC	\$	27,776
Martin & Company	\$	17,413
Paro	\$	17,335
Quest Towing Services LLC	\$	14,866
National Subro Services	\$	5,952
Subrogation - Progressive	\$	5,316
Enterprise Rent A Car	\$	3,742
Subrogation - Garrison Property & Casualty	\$	4,634
Coast to Coast Adjusters	\$	2,146
Subrogation - TCC (The Claim Center)	\$	1,582
Subrogation - Travelers	\$	1,210
Conduent Integrity Solutions	\$	1,088
Carfax, Inc.	\$	720
Padron Insurance Agency	\$	660
ACS	\$	621
Brown & Joseph, LLC	\$	458
Subrogation - Farmers TX County Mutual Ins.	\$	370
NAIC	\$	235
Ensearch Expenses	\$	12

#16 – This balance includes estimated amounts due to Texas ATPA, Illinois cost containment fee, and premium taxes payable to Texas. These claims have not been adjudicated and are estimates based on premium volume.

Premium Taxes Payable to Texas	\$	247,894
Texas ATPA	\$	5,468
Illinois Cost Containment Fee	\$	288

Class 7 – State or Local Governments

Texas Department of Motor Vehicles	\$	20,300
Washington Office of the Insurance Commissioner penalty for writing as unlicensed company	\$	10,000
North Carolina Department of Insurance - Altus Receivable Management as Credit Collector	\$	5,065
Texas Volunteer Fire Department Assistance Fund	\$	2,784
California Franchise Tax	\$	1,768
Commonwealth of Pennsylvania	\$	850
Dallas County Tax Office	\$	390

#22 - On HGIMC financial statements, there is a Federal Paycheck Protection Program Loan in the amount of \$214,430. Funds were utilized primarily to pay HGIMC employees and benefits. No amounts have been forgiven on this loan to date. Special Deputy Receiver is working through the disposition and possible settlement and/or forgiveness of this matter. This liability has been disclosed on HGIE's financial statements as HGIMC is HGIE's Attorney-in-Fact.

R-563

**Houston General Insurance Management Company
Statement of Net Assets**

**For the Period Ending
11/20/23**

Line		11/20/23
Cash		
1	Cash	
	Cash - Unrestricted	0
	APF Funds (Loan proceeds)	
Investments		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	0
Restricted Assets		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
Other Receivables		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	0
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
Other Assets		
21	FF&E	0
22	Other Assets	0
	Total Assets	0

NOTES

Ref No.

General: The receivership statement of assets is prepared using a liquidation basis of accounting that differs from generally accepted accounting principles (GAAP). Estimates and assumptions are utilized to report asset amounts. Assets are generally shown at their estimated net realizable value. If the estimated net realizable value cannot be determined, the book value of the asset is recorded.

**Exhibit 2B Houston General Insurance Management
Statement of Net Assets**

**For the Period Ending
11/20/23**

Ref No.

#1 – This Balance represents unrestricted cash available for payment of liabilities was held at Bridge Bank until March 2023 when moved to TDI Trust Account. HGIE is funding HGIMC as necessary to pay any Class 1 Liabilities as noted in Stmt of Liabilities - 5 #22. HGIE is funding HGIMC as necessary to pay any required liabilities through closing. At closing, remaining funds not used to pay liabilities were paid to HGIE to settle intercompany balance; details of which are in Liabilities Footnote #22.

#9 - Loan was provided to GCIB, an affiliate of HGIMC. A loan amount balance of \$157,423 was obtained from HGIMC tax return prepared for the year ended December 31, 2018. There are no company records to substantiate the balance of the loan amount, or any updates to the amount since December 31, 2018. Special Deputy Receiver has written off balance as unlikely to be realizable.

#18 – HGIMC is the attorney in fact for HGIE. Before HGIE & HGIMC were in receivership, HGIMC received commission income from HGIE. Special Deputy Receiver has not been able to obtain an executed agreement between HGIMC and HGIE for the commission. Special Deputy Receiver eliminated any intercompany balances when there was no agreements or records in place to substantiate the balance.

#21 - FF&E consisted of electronic data processing equipment and software. HGIMC entered into an agreement with a Software Vendor. All FF&E has been fully depreciated or determined to have a net realizable value of \$0.

#22 – Current federal and foreign income tax recoverable and interest thereon: The balance consisted of an income tax recoverable. Any realizable amounts were received from IRS in May 2021. HGIMC is in Receivership and does not expect taxable income at this time. The last tax return were filed for year end December 31, 2018 prior to receivership, December 31, 2019, 2020 and 2021 were completed in November & December 2022, December 31, 2022 in August 2023 and the final tax return was filed in November 2023.

**R-563 Houston General Insurance Management Company
Statement of Net Liabilities**

**For Period Ending
11/20/23**

Line		11/20/23
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	0
	Liquidation Oversight	0
	Special Master's Fees	0
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
Other Liabilities		
12	Class 3 Claims	214,430
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	780,634
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	985,119
22	Other Liabilities	1,756,439
	Total Liabilities	3,736,622
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(3,736,622)
	Total Liabilities & Equity	0

R-563

**Houston General Insurance Management Company
Statement of Net Liabilities**

**For Period Ending
11/20/23**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

General – The receivership statement of liabilities is prepared using a liquidation basis of accounting that differs from generally accepted accounting principles (GAAP). Estimates and assumptions are utilized to report liability amounts. Liabilities are recorded at their estimated disposal value. If the estimated disposal value cannot be determined, the book value of the liability is recorded.

Ref. No.

Class 1 – Costs and Expenses of Administration Approved by Liquidator**Class 3 - US Government**

12 - Federal Paycheck Protection Program Loan: HGIMC obtained a loan in the amount of \$214,430 in May 2020 as part of the Federal Paycheck Protection Program (PPP). Funds were utilized primarily to pay HGIMC employees and benefits. No amounts have been forgiven on this loan. The amount shown does not include interest and penalties, if any. A request for forgiveness was submitted. This claim has been allowed by the court.

Class 5 – Unsecured Creditors

#14 – This balance is pre-rehabilitation accounts payable to Sapiens for software and other services provided of \$762,620 and post-rehabilitation with RPG (Radial Property Group dba Tindol's & Allgood Property) for \$18,015.

22 – Other Liabilities & Expenses

22 - Other liabilities include the balance due to HGIE from HGIMC in the amount of \$985,119. HGIE is funding certain required expenses or Class 1 expenses on behalf of HGIMC, which includes payroll and benefit expenses, rent, SDR and other related expenses. In addition, HGIE was also funding cash to HGIMC to pay certain expenses such as bank charges and Solupay which are automatically expensed from HGIMC accounts.

22 - Other liabilities are for loans from shareholders. The loan balance was obtained from HGIMC tax return prepared for the year ended December 31, 2018. The loan balance has been carried forward through September 30, 2022. There are no company records to substantiate the balance of the loan amount, or any updates to the amount since December 31, 2018.

Exhibit 3A

R-563 Houston General Insurance Exchange Sources & Uses of Cash

For Period Ending
11/20/23

	Qtr Ending Nov-2023
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	0
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	1,028
Total Receipts from Assets/Receivables	1,028
Interest & Dividend Receipts, EA Interest	1,200
Cash Deposit Interest	0
Total Cash Receipts	2,228
Disbursements	
SDR Fees & Expenses	94,243
Subcontractor Legal Fees & Expenses	28,632
Subcontractor Other Fees & Expenses	0
Non-Subcontractor Fees & Expenses	0
Other Expenses	14,330
RLO Fees & Expenses	23,907
Total Disbursements for Operations	161,112
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	161,112
Net Increase(Decrease) in Cash	(158,885)
<i>Cash at Beginning of Period</i>	158,885
<i>Cash at End of Period</i>	0

Exhibit 3B

R-563 Houston General Insurance Management Company Sources & Uses of Cash

For Period Ending
11/20/23

	Qtr Ending Nov-2023
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	0
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	0
Interest & Dividend Receipts, EA Interest	12
Cash Deposit Interest	0
Total Cash Receipts	12
Disbursements	
SDR Fees & Expenses	0
Subcontractor Legal Fees & Expenses	0
Subcontractor Other Fees & Expenses	0
Non-Subcontractor Fees & Expenses	0
Other Expenses	1,028
RLO Fees & Expenses	0
Total Disbursements for Operations	1,028
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	1,028
Net Increase(Decrease) in Cash	(1,016)
<i>Cash at Beginning of Period</i>	1,016
<i>Cash at End of Period</i>	0

Exhibit 4
R-563 Houston General Insurance Exchange / Houston General Insurance Management Company
Estimated Closing Budget

	Budgeted Amount	Amount to be Distributed after September 30, 2023	Variance
Estimated SDR Fees			
Administration	36,330	27,111	9,219
Accounting	29,795	29,405	391
Claims	3,591	5,157	-1,566
IT	33,354	14,322	19,032
Total SDR Fees	<u>103,070</u>	<u>75,994</u>	<u>27,076</u>
Estimated Miscellaneous Expenses			
Records Storage and Disposal	200	250	-50
Internet, Cloud Storage, IT Expenses	2,208	2,941.91	-734
Copies, Fax, Postage, Courier, Office Supply, Notary	100	124.40	-24
Bank Charges, Wire Fees, Treasury Acct	435	329.68	105
Mileage	30	60.28	-30
Total Miscellaneous Expenses	<u>2,973</u>	<u>3,706</u>	<u>-733</u>
Estimated Subcontractors Fees & Expenses			
Legal	18,294	22,984	-4,689
Tax	14,000	14,000	0
Total Subcontractor Fees & Expenses	<u>32,294</u>	<u>36,984</u>	<u>-4,689</u>
Estimated Other Fees & Expenses			
Special Masters Fees	800	300	500
Total Other Fees & Expenses	<u>800</u>	<u>300</u>	<u>500</u>
Total Estimated Fees & Expenses	<u>139,136.59</u>	<u>116,983.77</u>	<u>22,152.82</u>
TPCIGA Class 1 Claim		16.24	
TX Trust Income since September 30, 2023 net of fees (1)			1,374.58
Residual Amount to Distribute to TPCIGA			<u>23,511.16</u>

(1) Amount slightly differs from the total amount of income since September 30 due to the initial calculation being completed before September statements were available

Exhibit 5

TRANSFER AND ASSIGNMENT OF KNOWN AND UNKNOWN ASSETS TO THE COMMISSIONER

STATE OF ARIZONA

§
§
§
§
§

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF MARICOPA

I. BACKGROUND

1. Risk & Regulatory Consulting, LLC is the Special Deputy Receiver to the Commissioner of Insurance in her capacity as Receiver of Houston General Insurance Exchange and Houston General Insurance Management Company (SDR, Receiver, and Houston General, respectively). Houston General was placed into receivership on June 10, 2020, in State of Texas v. Houston General Insurance Exchange and Houston General Insurance Management Company, Cause No. D-1-GN-20-003004 in the 98th Judicial District Court of Travis County, Texas. The SDR has filed a Final Accounting and Application to Terminate Receivership, Dissolve Charters, and Discharge Receiver and Special Deputy Receiver (Application) with the District Court.

2. The SDR is authorized to transfer all right, title, and interest to all known and unknown non-cash assets to the Commissioner of Insurance (Commissioner) at the closing of the Houston General receivership estate, pursuant to TEX. INS. CODE § 443.352.

3. The SDR's Application presents the report for the final distribution of all known assets as well as disposal of any remaining insurer records that are no longer required to be maintained or transferred. The SDR is assigning any unknown assets and possible orders of fines and penalties with no known value to the Commissioner as detailed below.

Transfer and Assignment of Known
and Unknown Assets to the Commissioner

II. TRANSFER AND ASSIGNMENT

4. The SDR, on behalf of the Commissioner as Receiver of Houston General, transfers and assigns all right, title, and interest to any and all unknown assets and administrative or criminal penalties or orders of restitution to the Commissioner or her successors (Assignment). The Assignment includes, but is not limited to, property, causes of action, judgments, claims of Houston General or its predecessors and former subsidiaries, potential claims, suits, demands, 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 of breach of fiduciary duty, constructive fraud and fraud. The unknown assets assigned include those that may exist now or that may arise in the future.

5. This Assignment is intended to grant full authority to convey, transfer, assign, and sell all assets of the Houston General receivership estate. This Assignment is intended to grant the authority to demand and receive payments, to pursue causes of action, and to execute on judgments entered on behalf of the Houston General receivership estate. This Assignment grants authority to compromise and settle any assets of the Houston General receivership estate, and to grant discharges or releases as required. It is the intent of the parties to this Assignment to convey to the Commissioner all legal and equitable rights held by the Houston General receivership estate, whether or not specifically identified herein.

III. DISTRIBUTION OF ASSETS

6. If any assets are recovered and it is economically feasible to distribute these assets, the Commissioner shall distribute these assets to TPCIGA for its Class 1 claim, as detailed in the Application, up to the remaining amount that is owed to TPCIGA for its Class 1 claim. The Commissioner shall deduct the administrative costs of distribution prior to making the distribution of assets.

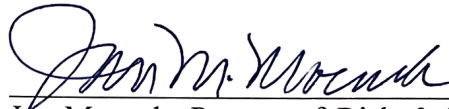
7. This Assignment constitutes the entire agreement of the parties, and the parties expressly agree that its terms supersede any other agreements or understandings with respect to the subject matter of this Assignment. This Assignment shall not waive, release, or otherwise affect any liabilities or obligations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

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



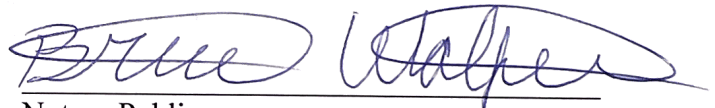
9. The Commissioner shall have the authority to execute any and all documents necessary to effectuate this Assignment. The Special Deputy Receiver has requested the 98th Judicial District Court to approve this Assignment in its Application.

Witness my hand this 20 day of November, 2023.



Jan Moenck, Partner of Risk & Regulatory Consulting LLC as Special Deputy Receiver of Houston General Insurance Exchange and Houston General Insurance Management Company

SWORN AND SUBSCRIBED BEFORE ME by Jan Moenck, Partner of Risk & Regulatory Consulting LLC, as Special Deputy Receiver of Houston General Insurance Exchange and Houston General Insurance Management Company, on this 20 day of November, 2023.



Notary Public

My Commission Expires: 04/24/27



CERTIFICATE OF SERVICE

I certify that pursuant to the Order of Reference to Master, Texas Rules of Civil Procedure, and TEX. INS. CODE § 443.007(d), on November 20, 2023, a true and correct copy of the Final Accounting and Application to Terminate Receivership, Dissolve Charters, and Discharge Receiver and Special Deputy Reciever was served on all interested parties by email or first class mail as shown below.

Mr. Tom Collins, Receivership Master
by serving his Docket Clerk
Texas Department of Insurance
333 Guadalupe, Hobby Tower III, 5th Fl.,
Room 510-D
Austin, Texas 78701
Email: specialmasterclerk@tdi.texas.gov

Mr. Edwin Hartsfield
Mr. John Walker
Mr. Brian Riewe
Mr. David Ashton
Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714
Email: brian.riewe@tdi.texas.gov
Email: john.walker@tdi.texas.gov
Email: david.ashton@tdi.texas.gov
Email: Edwin.hartsfield@ted.texas.gov

B. Robin Burt, Assistant Attorney General
Financial Litigation Division
Office of the Attorney General
P.O. Box 12548/Mail Code 017
Austin, Texas 78711-2548
Email: robin.burt@oag.texas.gov

Burnie Burner
Mitchell, Williams, Selig, Gates &
Woodyard, PLLC
500 W. 5th Street, Suite 1150
Austin, Texas 78701
Email: bburner@mwlaw.com

John Sebastinelli
Howard Holderness
Greenberg Traurig, LLP
1201 K Street, Suite 1100
Sacramento, CA 95814
Email: sebastinellij@gtlaw.com
Email: holdernessh@gtlaw.com

John Charles Heller
1500 Woodland Lake Drive
Snellville, GA 30078
Email: jackheller@comcast.net

Kelly Myers
475 Derone Lane
Tracy, CA 95376
Email: KMyers@GCIB.net

Patrick Christopher Cremin
1859 39th Ave.
San Francisco, CA 94122
Email: patrick.cremin5@gmail.com

Lorin Edward Schell
1400 Parkside Dr.
Tracy, CA 95376
Email: lorins@ghins.com

Jay Edward Johnson
409 Tennant Station #122
Morgan Hill, CA 95037
Email: jay@jjassociates.us

Faith Louise Patrick Fisher
Complete Claim Consulting LLC
5424 Sunol Blvd., Suite 10-165
Pleasanton, CA 94566
Email: faith@cccclaims.com

Faith Patrick Fisher
5411-2 Black Ave.
Pleasanton, CA 94566

Matthew Thomas Coyle
14 Pamela Road
Natick, MA 01760
Email: coylemtc@ctmadvisory.com

Satnam Singh Khalsa
1406 Jenis Court
Livermore, CA 94551

Kameljeet K. Thandi
892 Ridgedale Court
El Sobrante, CA 94803

Avtar Singh
6271 Market Avenue
Newark, CA 94560

Houston Management Consulting, Inc.
c/o Legalinc Corporate Services, Inc.
651 Broad St., Ste. 206
Middletown, DE 19709

Paul P. Martin, President
Martin & Company,
4024 West Chester Pike
Newtown Square, PA 19073
Email: pmartin@martincompanyus.com

Dean Allen Westpfahl
2402 Interlocken Dr
Bloomington, IL 61704-8326
Email: dean.westpfahl@comcast.net

Phyllis Ingram, Partner in Charge
Chad Singletary
Carr, Riggs & Ingram, LLC
7550 Halcyon Summit Drive
Montgomery, AL 36117
Email: pingram@CRICpa.com
Email: csingletary@cricpa.com

Lee Copeland
Copeland and Franco
444 South Perry Street
Montgomery, AL 36104
Email: copeland@copelandfranco.com

R. Benjamin Glenn
Bauknight Pietras & Stormer, P.A.
1501 Main St., Suite 600
Columbia, SC 29201
Email: bglenn@bpscpas.com

Elizabeth Davies, President
Stonemark
8501 Wade Blvd, Suite 620
Frisco, TX 75034
Email: emdavies@stonemarkinc.com

Miguel Hernandez
Danaco Group LLC
8585 N. Stemmons Frwy, Ste. 315-S
Dallas, TX 75247
Email: miguel@danacogroup.com

Ms. Amber A. Walker
Texas Property & Casualty Ins. Guaranty
Assoc.
9120 Burnet Road
Austin, TX 78758
Email: awalker@tpciga.org
slang@tpciga.org
aevans@tpciga.org

Mr. John Blatt
The Nat'l Conference of Insurance Guaranty
Funds
300 North Meridian St., Suite 1020
Indianapolis, IN 46204
Email: jblatt@ncigf.org
legal@ncigf.org

J. David Leslie – Special Deputy Liquidator
Rackemann, Sawyer & Brewster P.C.
160 Federal Street
Boston, MA 02110
Email: dleslie@rackemann.com

Kathleen P. Makowski
Deputy Attorney General
Delaware Department of Insurance
The Nemours Building
1007 Orange Street, Suite 1010
Wilmington, DE 19801
Email: Kathleen.Makowski@state.de.us

Ms. Sharon Williams
United States Department of Justice
P. O. Box 875, Ben Franklin Station
Washington, DC 20044-0875
Email: sharon.williams@usdoj.gov

Jacobo Arguello
Coin Premium Finance
2115 W Trenton RD,
Edinburg TX 78539
Email: jacoboc@cpfinance.us

Katherine Santmyer
5507 Louetta Rd., Suite A
Spring, TX 77379
Email: katie@fuentesfirm.com
hannah@fuentesfirm.com
ashley@fuentesfirm.com

Jennifer Little
Jennifer Little Law
400 Galleria Pkwy SE, Ste. 1920
Atlanta, GA 30339
Email: jlittle@jllaw.com

Brian Mullin
Sapiens Software
801 Corporate Center Drive, Ste. 320
Raleigh, NC 27607
Email: bmullin@sapiens.com

Jason Wolfe
Project Resources Group Attorney - OPD
5690 DTC Blvd., Suite 650E
Greenwood Village, CO 80111
Email: jwolfe@prgconsulting.net

Dave Howser
Howser, Newman, & Besley
1508 Washington Street
Columbia, SC 29201
Email: rdhowser@hnblaw.com
Tindols & Allgood, LLC
5704 Wayne Crest Drive
Flowery Branch, GA 30542
aida@rpg-cre.com

Mr. Emmanuel Callaghan, Office-Sp Deputy
Receiver
Illinois Department of Insurance
222 Merchandise Mart Plaza, Ste 960
Chicago, Illinois 60654
Via Email: ecallaghan@osdchi.com

Mr. Tim Schotke, Executive Director
Illinois Insurance Guaranty Fund
150 South Wacker Drive, Suite 2970
Chicago, IL 60606
Email: tschotke@IIGF.org

Ms. Elizabeth Lovette
Indiana Department of Insurance
311 West Washington St.
Indianapolis, IN 46204-2787
Via Email: Liz@in-solv.com

Ms. Amanda Barbera, Executive Director
Indiana Insurance Guaranty Association
251 East Ohio Street, Suite 1070
Indianapolis, IN 46204-2143
Via Email: abarbera@quadassoc.org

Pennsylvania Office of Liquidations,
Rehabilitations and Special Funds
Capital Associates Building
901 North 7th Street. 3rd Fl.
Harrisburg, PA 17102
ra-in-claims@pa.gov

Mr. Raymond M. Bauso, Executive Director
PA Property & Casualty Ins Guaranty Assoc
1617 John F. Kennedy Blvd., Suite 1850
Philadelphia, PA 19103
Via Email: rbauso@ppciga.org

Mr. Lee Hill, Chief Financial Analyst
South Carolina Department of Insurance
1201 Main Street, Suite 1000
Columbia, SC 29201
Via Email: lhill@doi.sc.gov

Smitty Harrison, Executive Director
South Carolina Property & Casualty
Insurance Guaranty Association
240 Stoneridge Dr., Ste 101
Columbia, SC 29210
smitty@scwind.com

Jeffrey S. Kelly
The Kelly Legal Group, PLLC
P.O. Box 2125
Austin, TX 78768-2125
Via Email: jkelly@kellylegalgroup.com

Rick Franklin
rick@impactfinance.com

Siomara Munoz
siomara.munoz07@gmail.com

Jianjun Xia
jxia2004@gmail.com

Donna Harvey Carter
donnacarter1026@gmail.com

 /s/ Amy Jeanne Welton
Amy Jeanne Welton
weltonlaw@gmail.com

Cause No. D-1-GN-20-003004

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
HOUSTON GENERAL INSURANCE	§	
EXCHANGE AND HOUSTON GENERAL	§	
INSURANCE MANAGEMENT COMPANY,	§	
Defendant	§	98TH JUDICIAL DISTRICT

**ORDER APPROVING FINAL ACCOUNTING AND
APPLICATION TO TERMINATE RECEIVERSHIP, DISSOLVE CHARTERS, AND
DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

On this day the Court considered the Application to Approve Final Accounting and Application to Terminate Receivership, Dissolve Charters, and Discharge Receiver and Special Deputy Receiver (Application) filed by Risk & Regulatory Consulting, LLC (SDR) as Special Deputy Receiver of Houston General Insurance Exchange and Houston General Insurance Management Company (respectively HGIE and HGIMC, and collectively, the Defendants). The Application requests an order pursuant to TEX. INS. CODE §§ 443.153(e), and 443.352 approving the SDR's Final Accounting and Assignment to the Commissioner and terminating this proceeding.

In accordance with the Order of Reference to Master (Master) entered on June 10, 2020 (Order of Reference) and the Supplemental Order of Reference (Supplemental Order of Reference) entered on November 2, 2020, the Application was properly submitted to the Master appointed in this cause (Master). The Master has issued a report pursuant to Rule 171 of the Texas Rules of Civil Procedure, which is incorporated herein, finding and recommending as follows:

1. The Supplemental Order of Reference provides that applications filed pursuant to

TEX. INS. CODE § 443.007, § 443.153 (e), and § 443.352 are referred to the Master.

2. Notice of the hearing by submission on the Application was (i) served on parties in interest as defined in § 443.004(a)(17) and was proper, made in accordance with the notice requirements of TEX. INS. CODE ANN. § 443.007 and the Order of Reference.
3. The Texas Property and Casualty Insurance Guaranty Association (TPCIGA) filed its acknowledgement and waiver.
4. No objections to the Application were filed.
5. The Court has jurisdiction over the Application and the parties affected hereunder.
6. The SDR's Application should be granted in all respects.

Having considered the pleadings, the evidence submitted, and the recommendation of the Master, the Court accepts the Master's report, and grants the Application.

It is therefore **ORDERED, ADJUDGED and DECREED** that:

1. The Application is approved;
2. The facts in the Application, certified and sworn to in Exhibit 1, and Exhibits 2 through 5 are admitted into evidence;
3. The charters of HGIE and HGIMC are dissolved pursuant to TEX. INS. CODE § 443.153(e);
4. The transfer of all right, title, and interest to the assets described in Exhibit 5 to the Commissioner in accordance with TEX. INS. CODE § 443.352 is approved;
5. This proceeding is terminated;
6. The Commissioner as Receiver and the SDR are discharged;
7. The SDR is authorized to execute any documents as necessary to effectuate purposes of the Application and this Order; and

8. Granting such further relief to which the SDR or Receiver may be entitled.

SIGNED this _____ day of _____, 2023.

Catherine Mauzy
District Judge Presiding

Automated Certificate of eService

This automated certificate of service was created by the e filing system. The filer served this document via email generated by the e filing system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Amy Welton on behalf of Amy Jeanne Welton

Bar No. 21004800

weltonlaw@gmail.com

Envelope ID: 81813228

Filing Code Description: Motion (No Fee)

Filing Description: FINAL ACCOUNTING AND APPLICATION TO TERMINATE RECEIVERSHIP, DISSOLVE CHARTERS, AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER

Status as of 11/20/2023 12:23 PM CST

Associated Case Party: HOUSTON GENERAL INSURANCE EXCHANGE

Name	BarNumber	Email	TimestampSubmitted	Status
John CharlesHeller		jackheller@comcast.com	11/20/2023 12:00:42 PM	SENT
Kelly Myers		kmyers@gcib.net	11/20/2023 12:00:42 PM	SENT
Patrick ChristopherCremin		patrick.cremin5@gmail.com	11/20/2023 12:00:42 PM	SENT
Lorin Schell		lorins@ghins.com	11/20/2023 12:00:42 PM	SENT
Jay EdwardJohnson		jay@jjassociates.us	11/20/2023 12:00:42 PM	SENT
Faith PatrickFisher		faith@cccclaims.com	11/20/2023 12:00:42 PM	SENT
Matthew ThomasCoyle		coylemtc@ctmadvisory.com	11/20/2023 12:00:42 PM	SENT
Paul Martin		pmartin@martincompanyus.com	11/20/2023 12:00:42 PM	SENT
Chad Singletary		csingletary@cricpa.com	11/20/2023 12:00:42 PM	SENT
Lee Copeland		copeland@copelandfranco.com	11/20/2023 12:00:42 PM	SENT
R. BenjaminGlenn		bglenn@bpscpas.com	11/20/2023 12:00:42 PM	SENT
Miguel Hernandez		miguel@danacogroup.com	11/20/2023 12:00:42 PM	SENT
J. DavidLeslie		dleslie@rackemann.com	11/20/2023 12:00:42 PM	SENT
Kathleen Makowski		kathleen.makowski@state.de.us	11/20/2023 12:00:42 PM	SENT
Jacobo Arguello		jacobo@cpfinance.us	11/20/2023 12:00:42 PM	SENT
Dean AllenWestpfahl		dean.westpfahl@comcast.net	11/20/2023 12:00:42 PM	SENT
Elizabeth Davies		emdavies@stonemarkinc.com	11/20/2023 12:00:42 PM	SENT
Katherine Santmyer		katie@fuentesfirm.com	11/20/2023 12:00:42 PM	SENT
Jennifer Little		jlittle@jllaw.com	11/20/2023 12:00:42 PM	SENT
Jason Wolfe		jwolfe@prgconsulting.net	11/20/2023 12:00:42 PM	SENT
Emmanuel Callaghan		ecallaghan@osdchi.com	11/20/2023 12:00:42 PM	SENT

Automated Certificate of eService

This automated certificate of service was created by the e filing system. The filer served this document via email generated by the e filing system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Amy Welton on behalf of Amy Jeanne Welton

Bar No. 21004800

weltonlaw@gmail.com

Envelope ID: 81813228

Filing Code Description: Motion (No Fee)

Filing Description: FINAL ACCOUNTING AND APPLICATION TO TERMINATE RECEIVERSHIP, DISSOLVE CHARTERS, AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER

Status as of 11/20/2023 12:23 PM CST

Associated Case Party: HOUSTON GENERAL INSURANCE EXCHANGE

Emmanuel Callaghan		ecallaghan@osdchi.com	11/20/2023 12:00:42 PM	SENT
Tim Schotke		tschotke@iigf.org	11/20/2023 12:00:42 PM	SENT
Elizabeth Lovette		liz@in-solv.com	11/20/2023 12:00:42 PM	SENT
Amanda Barbera		abarbera@quadassoc.org	11/20/2023 12:00:42 PM	SENT
Pennsylvania Liquidations		ra-in-claims@pa.gov	11/20/2023 12:00:42 PM	SENT
Raymond Bauso		rbauso@ppciga.org	11/20/2023 12:00:42 PM	SENT
Lee Hill		lhill@doi.sc.gov	11/20/2023 12:00:42 PM	SENT
Smitty Harrison		smitty@scwind.com	11/20/2023 12:00:42 PM	SENT
Aida L		aida@rpg-cre.com	11/20/2023 12:00:42 PM	SENT
Jeffrey S.Kelly		jkelly@kellylegalgroup.com	11/20/2023 12:00:42 PM	SENT

Associated Case Party: THE STATE OF TEXAS

Name	BarNumber	Email	TimestampSubmitted	Status
Christina Cella		christina.cella@oag.texas.gov	11/20/2023 12:00:42 PM	SENT
B. RobinBurt		robin.burt@oag.texas.gov	11/20/2023 12:00:42 PM	SENT

Associated Case Party: Risk & Regulatory Consulting LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Amy Jeanne Welton		weltonlaw@gmail.com	11/20/2023 12:00:42 PM	SENT

Associated Case Party: TEXAS PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

Automated Certificate of eService

This automated certificate of service was created by the e filing system. The filer served this document via email generated by the e filing system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Amy Welton on behalf of Amy Jeanne Welton

Bar No. 21004800

weltonlaw@gmail.com

Envelope ID: 81813228

Filing Code Description: Motion (No Fee)

Filing Description: FINAL ACCOUNTING AND APPLICATION TO TERMINATE RECEIVERSHIP, DISSOLVE CHARTERS, AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER

Status as of 11/20/2023 12:23 PM CST

Associated Case Party: TEXAS PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

Name	BarNumber	Email	TimestampSubmitted	Status
Amber Walker		awalker@tpciga.org	11/20/2023 12:00:42 PM	SENT
Sara Lang		slang@tpciga.org	11/20/2023 12:00:42 PM	SENT
Annette Evans		aevans@tpciga.org	11/20/2023 12:00:42 PM	SENT
John Blatt		jblatt@ncigf.org	11/20/2023 12:00:42 PM	SENT
NCIGF Legal Notices		legal@ncigf.org	11/20/2023 12:00:42 PM	SENT

Associated Case Party: HOUSTON GENERAL INSURANCE MANAGEMENT COMPANY

Name	BarNumber	Email	TimestampSubmitted	Status
John Sebastinelli		sebastinellij@gtlaw.com	11/20/2023 12:00:42 PM	SENT
Howard Holderness		holdernessh@gtlaw.com	11/20/2023 12:00:42 PM	SENT
Sharon Williams		sharon.williams@usdoj.gov	11/20/2023 12:00:42 PM	SENT
Brian Mullin		bmullin@sapiens.com	11/20/2023 12:00:42 PM	SENT
Dave Howser		rdhowser@hnblaw.com	11/20/2023 12:00:42 PM	SENT

Associated Case Party: RISK AND REGULATORY CONSULTING LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Jan Moenck		jan.moenck@riskreg.com	11/20/2023 12:00:42 PM	SENT
Eric Scott		eric.scott@riskreg.com	11/20/2023 12:00:42 PM	SENT

Associated Case Party: Receivership Master

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Amy Welton on behalf of Amy Jeanne Welton

Bar No. 21004800

weltonlaw@gmail.com

Envelope ID: 81813228

Filing Code Description: Motion (No Fee)

Filing Description: FINAL ACCOUNTING AND APPLICATION TO TERMINATE RECEIVERSHIP, DISSOLVE CHARTERS, AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER

Status as of 11/20/2023 12:23 PM CST

Associated Case Party: Receivership Master

Name	BarNumber	Email	TimestampSubmitted	Status
Tom Collins		specialmasterclerk@tdi.texas.gov	11/20/2023 12:00:42 PM	SENT

Associated Case Party: Texas Commissioner of Insurance

Name	BarNumber	Email	TimestampSubmitted	Status
John Walker		john.walker@tdi.texas.gov	11/20/2023 12:00:42 PM	SENT
Brian Riewe		brian.riewe@tdi.texas.gov	11/20/2023 12:00:42 PM	SENT
David Ashton		david.ashton@tdi.texas.gov	11/20/2023 12:00:42 PM	SENT
Edwin Hartsfield		edwin.hartsfield@tdi.texas.gov	11/20/2023 12:00:42 PM	SENT