

CAUSE NO. D-1-GV-10-000120

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
FIRST AMERICAN LIFE	§	
INSURANCE COMPANY	§	200 th JUDICIAL DISTRICT

**FINAL ACCOUNTING AND APPLICATION TO CLOSE RECEIVERSHIP AND
DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

TO THE HONORABLE JUDGE OF THIS COURT:

Comes now Angenend & Augustine, P.C., Special Deputy Receiver of First American Life Insurance Company ("First American,") and files this *Final Accounting and Application to Close Receivership and Discharge Receiver and Special Deputy Receiver ("Final Accounting Application,")* and in support respectfully shows the Court as follows:

I. AUTHORITY, BACKGROUND, AND EVIDENCE

1.1 Pursuant to commencement of delinquency proceedings under the Insurer Receivership Act, TEX. INS. CODE ANN. Chapter 443¹ ("Code"), First American was placed in receivership by this Court's *Order Appointing Liquidator and Permanent Injunction ("Liquidation Order")* on February 18, 2010. The *Liquidation Order* appointed the Commissioner of Insurance of the State of Texas as Receiver of First American Life Insurance Company ("Receiver,") and the Receiver filed a *Notice of Designation of Special Deputy Receiver* in this matter designating Angenend & Augustine, P.C. as Special Deputy Receiver of

¹ All citations to the Texas Insurance Code are abbreviated hereafter and will not include references to either the 2009 bound version of the statutes nor the 2011 pocket part.

First American Life Insurance Company ("Special Deputy Receiver") pursuant to TEX INS. CODE ANN. § 443.151(a).

1.2 The Special Deputy Receiver is authorized to file this *Final Accounting Application* pursuant to the Code. Pursuant to TEX. INS. CODE ANN. § 443.154(a), the Special Deputy Receiver has all the powers of the Receiver, unless specifically limited by the Receiver, including the authority to file an application to terminate the liquidation proceeding pursuant to TEX. INS. CODE ANN. § 443.352. The Special Deputy Receiver requests this Court find that the Special Deputy Receiver is authorized to file this *Final Accounting Application* pursuant to TEX. INS. CODE ANN. §§ 443.154(a) and 443.352.

1.3 Jurisdiction for all matters regarding the receivership estate is properly in the 200th Judicial District Court of Travis County, Texas, as the court in which these delinquency proceedings are pending. TEX. INS. CODE ANN. § 443.005(c).

1.4 The subject matter of this *Final Accounting Application* has been referred to the receivership master appointed in this proceeding in accordance with Paragraph III, Sections 30 and 32, of the *Order of Reference to Master ("Order of Reference")* entered on March 9, 2010. The receivership master appointed under the *Order of Reference* has authority to request and accept evidence in a hearing by submission to support the *Final Accounting Application*. The Special Deputy Receiver requests this Court give the receivership master authority to request and accept evidence in a hearing by submission to support the *Final Accounting Application*.

1.5 This Court approved an *Order Approving Final Report, Approving Final Distribution and Dissolving Charter ("Distribution Order")* on November 1, 2012. The *Distribution Order* required the Special Deputy Receiver to make a distribution of the receivership assets and file a final accounting.

1.6 The Special Deputy Receiver has completed the distribution of assets and submits its final accounting and final statement of expenses as part of this *Final Accounting Application*. The tasks are complete in this estate; therefore, the Special Deputy Receiver requests that the Court approve this *Final Accounting Application* and enter an order terminating this proceeding and discharging both the Receiver and the Special Deputy Receiver.

1.7 Attached as Exhibit A and incorporated by reference as if fully set out is the *Affidavit of Paul D. Angenend*, offered in his capacity as president of Angenend & Augustine, P.C., which serves as evidence of all the factual matters contained in this *Final Accounting Application*. The Special Deputy Receiver requests that this Court admit Exhibit A into evidence.

1.8 Attached as Exhibit B and incorporated by reference as if fully set out is the *Statement of Expenses, Statement of Net Assets, Statement of Net Liabilities, and Sources and Uses of Funds* that reflects First American's financial condition in receivership for this *Final Accounting Application* as of December 10, 2012. The Special Deputy Receiver requests that this Court admit Exhibit B into evidence.

1.9 Attached as Exhibit C and incorporated by reference as if fully set out is the *Sources and Uses of Cash Statement* that lists all funds received and disbursed from the date of receivership for this *Final Accounting Application* through December 10, 2012. The Special Deputy Receiver requests that this Court admit Exhibit C into evidence.

1.10 Attached as Exhibit D and incorporated by reference as if fully set out is the *Disposition of Assets Schedule* that shows all expense transactions for this *Final Accounting Application* from the date of the *Final Report and Application to Make Final Distribution and*

Dissolve Charter. The Special Deputy Receiver requests that this Court admit Exhibit D into evidence.

1.11 All of the records attached to this *Final Accounting Application* are authenticated as admissible in Exhibit A and are true and correct copies of papers, documents, or records that are part of the books, records, documents, and papers of the First American receivership estate. TEX. INS. CODE ANN. § 443.017(b). The Special Deputy Receiver requests that this Court admit the facts contained in the *Final Accounting Application* and its exhibits, testified to and authenticated by Exhibit A, into evidence as *prima facie* proof of the matters asserted. TEX. INS. CODE ANN. § 443.017(c). The Special Deputy Receiver also requests that this Court find that the evidence submitted supports approval of the *Final Accounting Application*.

II. DISTRIBUTION

2.1 In accordance with the *Distribution Order*, the Special Deputy Receiver made a final distribution composed of several parts. First, the Special Deputy Receiver made a distribution from the Texas Treasury account on November 6, 2012, in the amount of \$8,958,481.39 to the Special Deputy Receiver of Lincoln Memorial Life Insurance Company (“LML SDR”). The second prong of the distribution was an assignment of assets in the amount of \$390,658.45 that was transferred to the LML SDR consisting of the value of securities and two proofs of claim filed with the Special Deputy Receiver of Texas Memorial Life Insurance Company (“TML”). The first part of the assigned assets was an account at Pershing. On November 9, 2012, the Special Deputy Receiver transferred the Pershing account in the amount of \$390,657.45, the value of the securities and cash, to the LML SDR. On November 13, 2012, the Special Deputy Receiver assigned the two TML POCs, with a value of \$1. Finally, the operating account, after all expenses were paid, was distributed to the LML SDR on December

10, 2012, in the amount of \$1,891.66. These distributions totaling \$9,351,031.50 to the LML SDR represent a 90% distribution to *Class 5*. The remaining amount of the LML SDR's allowed POC is \$1,085,840.50.

2.2 As there were no other claims, there was no other distribution of assets.

III. UNCLAIMED AND RESIDUAL FUNDS

3.1 There were no unclaimed amounts from the distribution made in accordance with the *Distribution Order*.

3.2 The *Distribution Order* entered by this Court authorized the Special Deputy Receiver to deliver any residual funds to the Commissioner of Insurance of the State of Texas ("Commissioner") in her capacity as Commissioner. As described in Paragraph 4.2, all of First American's remaining funds were distributed; thus, there were no residual funds. The Special Deputy Receiver requests that this Court find there are no residual funds.

IV. FINANCIAL STATEMENTS

4.1 Exhibits B, C, and D are the final financial statements as a part of this *Final Accounting Application* for the First American receivership estate. The Special Deputy Receiver requests that this Court find that the Special Deputy Receiver has completed the distribution of assets and submitted its final accounting statements in Exhibits B and C and final statement of expenses in Exhibit B. The Special Deputy Receiver requests that this Court accept Exhibits B, C, and D as the final accounting of financial reports for the First American receivership estate as part of this *Final Accounting Application*. The Special Deputy Receiver also requests that Exhibit B be accepted as the final statement of expenses for this *Final Accounting Application*.

4.2 The *Distribution Order* approved a reserve of \$58,315.90 for estimated expenses to administer this proceeding through its termination, and required the Special Deputy Receiver to file a final statement of expenses pursuant to TEX. INS. CODE ANN. § 443.015(g). Exhibit D is the Special Deputy Receiver's final statement of expenses for this *Final Accounting Application*. The actual closing expenses were \$40,675.89. As mentioned in 2.1 above and as reflected on Exhibit B, the cash remaining in the operating account after all expenses were paid was distributed to the LML SDR in accordance with TEX. INS. CODE ANN. § 443.304 (c).

V. FEDERAL INCOME TAX RETURNS

5.1 The final tax return for 2012 was filed on December 6, 2012. No taxes are owed or will be owed to the Internal Revenue Service. The Special Deputy Receiver requests that this Court find that the final federal income tax return for this year was filed and no taxes are owed.

VI. RECORDS

6.1 The Special Deputy Receiver has identified and transferred all records required to be maintained in compliance with the Approved Records Retention Schedule ("Schedule") to the Commissioner. In accordance with the *Order Granting Authority to Destroy Non-Essential Insurer Records* and the *Distribution Order* entered by this Court, the Special Deputy Receiver was authorized to destroy certain records that were deemed unnecessary or that were permitted to be destroyed after closing the estate and has done so.

6.2 The Special Deputy Receiver has inventoried the remaining insurer and receivership records and transferred them to the Commissioner. The *Distribution Order* authorized the Commissioner to retain or dispose of these records at her discretion in accordance with the agency's records retention schedule. The Special Deputy Receiver requests that this

Court find that the Commissioner has authority to dispose of any or all records transferred to the Commissioner at her discretion.

VII. TERMINATION AND DISCHARGE

7.1 As all property of the First American receivership estate has been distributed, the Special Deputy Receiver requests the Court to enter an order pursuant to TEX. INS. CODE ANN. § 443.352 terminating this proceeding. The Special Deputy Receiver requests that this Court find that the Receiver and the Special Deputy Receiver are released from their duties in the First American receivership estate upon termination of this proceeding. The Special Deputy Receiver further requests that this Court enter an order discharging both the Receiver and the Special Deputy Receiver from their duties in the First American receivership estate upon termination of this proceeding.

7.2 In the event that a successor Commissioner is appointed prior to the entry of the order terminating this proceeding, Eleanor Kitzman shall be discharged as Receiver upon the end of her term as Commissioner, and her successor, if any, shall be discharged as Receiver upon the termination of this proceeding.

7.3 The Special Deputy Receiver requests a finding that the Receiver's predecessor, Mike Geeslin, has been discharged as a matter of law pursuant to TEX. INS. CODE ANN. § 443.151(a) and the *Liquidation Order*.

VIII. NOTICE & HEARING

8.1 The *Final Accounting Application* is filed pursuant to TEX. INS. CODE ANN. § 443.007. All of the provisions governing the procedure for addressing the *Final Accounting Application* are set out in TEX. INS. CODE ANN. § 443.007 and the *Order of Reference*. The subject matter of this *Final Accounting Application* has been referred to the receivership master appointed by this Court in this proceeding in compliance with the *Order of Reference*, Paragraph

III, (30) and (32). The *Order of Reference* modifies the requirement for the amount of notice of a hearing contained in TEX. INS. CODE ANN. § 443.007(e) to fourteen calendar days. *Order of Reference*, pp. 6-7, Paragraph IV, 4(a).

8.2 The Special Deputy Receiver has provided notice of the hearing by submission for this *Final Accounting Application* to all parties in interest, as that term is defined in TEX. INS. CODE ANN. § 443.004(a)(17), and as shown on the certificate of service as well as persons the Special Deputy Receiver has determined need to be noticed under TEX. INS. CODE ANN. § 443.007(d). The Special Deputy Receiver has provided notice of the hearing by submission on the *Final Accounting Application* to all persons who have requested notice in the First American receivership estate in accordance with TEX. INS. CODE ANN. § 443.007(a) and the notice requirements in the *Order of Reference*. The Special Deputy Receiver requests that this Court find that notice of the hearing by submission on the *Final Accounting Application* to any party in interest does not confer standing in the Court to raise, appear, or be heard on any issue. The Special Deputy Receiver requests that this Court find that providing notice to parties in interest does not act to waive any rights, immunities, or privileges of the Special Deputy Receiver or the First American receivership estate.

8.3 The Special Deputy Receiver will provide notice of the hearing by submission on this *Final Accounting Application* by either electronic mail ("e-mail") or certified mail, as indicated by the certificate of service, to the parties described above, as authorized by TEX. INS. CODE ANN. § 443.007(d). The Special Deputy Receiver requests that the Court find that the notice given of the hearing by submission on this *Final Accounting Application* to the certificate of service complied with the Code and the *Order of Reference* and was sufficient.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Angenend & Augustine, P.C., as Special Deputy Receiver of First American Life Insurance Company, respectfully prays that this Court grant this *Final Accounting Application* and enter an Order:

1. Finding that the Special Deputy Receiver is authorized to file this *Final Accounting Application* pursuant to TEX. INS. CODE ANN. §§ 443.154 and 443.352;
2. Finding that the Court has jurisdiction to hear this matter and that jurisdiction is properly in the 200th Judicial District Court of Travis County, Texas, as the court in which these delinquency proceedings are pending pursuant to TEX. INS. CODE ANN. § 443.005(c);
3. Finding that the subject matter of this *Final Accounting Application* has been referred to the receivership master appointed in this proceeding in accordance with Paragraph III, Sections 30 and 32 of the *Order of Reference*;
4. Authorizing the receivership master appointed under the *Order of Reference* to request and accept evidence in a hearing by submission to support the *Final Accounting Application*;
5. Accepting and approving, in all respects, this *Final Accounting and Application to Close Receivership and Discharge Receiver and Special Deputy Receiver*;
6. Admitting Exhibit A, the *Affidavit of Paul D. Angenend*, into evidence;
7. Admitting Exhibits B through Exhibit D into evidence;
8. Admitting the facts contained in the *Final Accounting Application* and all its exhibits, testified to and authenticated by Exhibit A, into evidence as *prima facie* proof of the matters asserted pursuant to TEX. INS. CODE ANN. § 443.017(c);

9. Finding that the evidence submitted supports approval of the *Final Accounting Application*;
10. Finding that the Special Deputy Receiver has completed the distribution of assets and submitted its final accounting statements in Exhibits B, C, and D and final statement of expenses in Exhibit B;
11. Accepting Exhibits B, C, and D as the final accounting of financial reports for the First American receivership estate for this *Final Accounting Application*;
12. Accepting Exhibit B as the final statement of expenses for the First American receivership estate for this *Final Accounting Application*;
13. Finding that there were no residual funds remaining to be distributed as any funds were distributed to the Special Deputy Receiver of Lincoln Memorial Life Insurance Company;
14. Finding that the final federal income tax return for 2012 was filed and no taxes are owed;
15. Finding that the Commissioner has authority to dispose of any or all records transferred to the Commissioner at her discretion;
16. Terminating the First American Life Insurance Company's receivership estate proceeding;
17. Finding that the Receiver and Special Deputy Receiver are released from their duties in the First American receivership estate upon termination of this proceeding;
18. Discharging Commissioner Eleanor Kitzman as Receiver for First American Life Insurance Company;

19. Discharging Eleanor Kitzman as Receiver upon the end of her term as Commissioner, and discharging her successor, if any, as Receiver of the First American Life Insurance Company in the event that a successor Commissioner is appointed prior to the entry of the order terminating this proceeding;
20. Discharging Angenend & Augustine, P.C., as the Special Deputy Receiver for First American Life Insurance Company;
21. Finding that the Receiver's predecessor, Mike Geeslin, has been discharged as a matter of law pursuant to TEX. INS. CODE ANN. § 443.151(a) and the *Liquidation Order*;
22. Finding that the *Final Accounting Application* was properly submitted for hearing by submission before the receivership master pursuant to the *Order of Reference*;
23. Finding that the inclusion on the certificate of service of persons noticed satisfies the requirements for length and breadth of notice requirements pursuant to TEX. INS. CODE ANN. § 443.007(a) and (d) and the *Order of Reference*;
24. Finding that notice of the hearing by submission sent by e-mail or certified mail for this *Final Accounting Application* fulfills the notice requirements of the Code and the *Order of Reference* and is sufficient;
25. Finding that the notice of the hearing by submission on the *Final Accounting Application* to any party in interest does not confer standing in the Court to raise, appear, or be heard on any issue;
26. Finding that providing notice to parties in interest does not act to waive any rights, immunities, or privileges of the Special Deputy Receiver or the First American receivership estate;

27. Authorizing the Special Deputy Receiver to execute any documents and incur any administrative expenses as necessary to effectuate the purpose of this *Final Accounting Application*; and
28. Granting the Receiver and the Special Deputy Receiver such other and further relief to which they may be justly entitled.

Respectfully submitted,
AMY JEANNE WELTON
Attorney at Law
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/s/ Amy Jeanne Welton
Amy Jeanne Welton
State Bar No. 21004800
**ATTORNEY FOR ANGENEND &
AUGUSTINE, P.C., AS SPECIAL DEPUTY
RECEIVER OF FIRST AMERICAN LIFE
INSURANCE COMPANY**

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the *Order of Reference to Master* entered on March 9, 2010, by the District Court in this cause, and TEX. INS. CODE ANN. § 443.007, the *Final Accounting and Application to Close Receivership and Discharge Receiver and Special Deputy Receiver* ("*Final Accounting Application*") is set for written submission before the receivership master, Tom Collins ("receivership master,") on February 18, 2013.

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 hearing date.
2. A copy of any objection shall be served by such date on:
 - (a) Receivership Master's Docket Clerk, Mrs. Jean Sustaita, Texas Department of Insurance, at jean.sustaita@tdi.state.tx.us (*by email*); 333 Guadalupe, Hobby Tower III, 5th Floor, Room 550, Austin, Texas (*by hand delivery*); or MC-305-1D, P.O. Box 149104, Austin, Texas 78714-9104 (*by mail*).
 - (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 hearing by submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the receivership master's docket clerk [(512) 463-6450] 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____
AMY JEANNE WELTON

5. The Affiant has nothing further to say."



Paul D. Angenend

SUBSCRIBED AND SWORN TO BEFORE ME on the 4 day of February 2013, by Paul D. Angenend, President of Angenend & Augustine, P.C., Special Deputy Receiver of First American Life Insurance Company.





Notary Public, State of Texas

Exhibit A

R-552

**First American Life Insurance Company
Statement of Expenses**

**For Period Ending
12/10/12**

		Hours		Current period
		Billed	Rate	09/01/12- 12/10/12
SDR				
Angenend & Augustine				
SDR	Paul Angenend	83.40	150.00	12,510.00
Primary Responsible Party	Paul Angenend	1.00	75.00	75.00
Consumer/Reporting	Marcia Miller	79.10	80.00	6,328.00
Consumer Service Rep	Marcia Miller	0.80	30.00	24.00
Expenses				131.48
Total SDR Billing				19,068.48
SDR Subcontractors - Legal				
Amy Jeanne Welton, Attorney at Law				
Attorney	Amy Jeanne Welton	60.70	175.00	10,622.50
Clerical	Amy Jeanne Welton	0.80	30.00	24.00
Expenses				39.49
Total Billing				10,685.99
Donna Davidson				
Attorney	Donna Davidson	26.50	150.00	3,975.00
Total Billing				3,975.00
Total Legal Subcontractors				14,660.99
SDR Subcontractors - Other				
Barkley Associates				
Accountant	Clifton Barkley	30.00	150.00	4,500.00
Total Billing				4,500.00
Balboa Services LTD Co.				
Accountant	Angelo Feller	4.50	85.00	382.50
Accountant	Carol Feller	17.35	105.00	1,821.75
Expenses				14.49
Total Billing				2,218.74
Total Other SDR Subcontractors				6,718.74
Receivership Service Providers				
Frost Bank Charges				7.50

Pershing Account	362.06
Total Other	369.56

Liquidation Oversight Allocation

RLO Allocation	1,819.04
Special Master's Fees	120.00
Total RLO & SM Expense	1,939.04
Total Expenses	42,756.81

**First American Life Insurance Company
Statement of Net Assets**

**For the Period Ending
12/10/12**

Line		12/10/12
Cash		
1	Cash	
	Cash - Unrestricted	0
	APF Funds (Loan proceeds)	0
Investments		
2	Short-Term Investments	0
3	Bonds	0
4	Stocks - Preferred & Common	0
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)	
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	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
Other Assets		
21	FF&E	
22	Other Assets	
	Total Assets	0

NOTES

Ref No.

R-552

First American Life Insurance Company
Monthly Changes in Net Assets

For Period Ending
12/10/12

Line		08/31/12	12/10/12	Change
Cash				
1	Cash			
	Cash - Unrestricted	9,011,218	0	(9,011,218)
	APF Funds (Loan proceeds)			0
Investments				
2	Short-Term Investments	390	0	(390)
3	Bonds	317,286	0	(317,286)
4	Stocks - Preferred & Common	62,130	0	(62,130)
5	Investments in Subsidiaries, Controlled or Affiliated Entities			0
6	Mortgage Loans			0
7	Real Estate			0
8	Policy Loans			0
9	Other Invested Assets			0
Restricted Assets				
10	Statutory Deposits			0
11	Funds held by or deposited with Reinsured Companies			0
12	Restricted - Other			0
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			0
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			0

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**First American Life Insurance Company
Statement of Net Liabilities**

**For Period Ending
12/10/12**

Line		12/10/12
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	
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	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	
15	Class 5 Reinsurance Related Unsecured Claims	1,085,841
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	
	Total Liabilities	1,085,841
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(1,085,841)
	Total Liabilities & Equity	0

Exhibit B

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**First American Life Insurance Company
Statement of Net Liabilities**

**For Period Ending
12/10/12**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

15 This balance is the remainder after a 90% distribution to LMLIC.

First American Life Insurance Company
Monthly Changes in Net Liabilities

For Period Ending
12/10/12

Line		08/31/12	12/10/12	Change
1	Secured Claims			0
2	APF Loan			0
3	Special Deposit Claims			0
Administrative Claims - Class 1				
4	Administrative Claims - State/Receiver			0
	Special Deputy Receiver, Subcontractors Fees & Expenses	21,580	0	(21,580)
	Liquidation Oversight	1,153	0	(1,153)
	Special Master's Fees			0
5	Administrative Claims - Guaranty Assns			0
	Administrative Expense Paid			0
	Administrative Expense Reserves			0
6	LAE - Guaranty Assns			0
	LAE Paid			0
	LAE Reserves			0
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns			0
	Loss Claims Paid			0
	Loss Claims Reserves			0
8	Loss Claims - Other			0
	Other Loss Claims Paid			0
	Other Loss Claims Reserves			0
9	LAE - Other			0
10	Unearned & Advance Premium Claims - GA			0
11	Unearned & Advance Premium Claims - Other			0
Other Liabilities				
12	Class 3 Claims			0
13	Class 4 Claims			0
14	Class 5 General Unsecured Creditor Claims			0
15	Class 5 Reinsurance Related Unsecured Claims	10,436,872	1,085,841	(9,351,031)
16	Class 6 Claims			0
17	Class 7 Claims			0
18	Class 8 Claims			0
19	Class 9 Claims			0
20	Class 10 Interest			0
21	Class 11 Claims			0
22	Other Liabilities			0
	Total Liabilities	10,459,604	1,085,841	(9,373,764)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(1,068,580)	(1,085,841)	(17,260)
	Total Liabilities & Equity	9,391,024	0	(9,391,024)

R-552

**First American Life Insurance Company
Monthly Changes in Net Liabilities**

**For Period Ending
12/10/12**

Please provide an explanation of all significant changes excluding accounts payable

Ref. No.

- 4 All final SDR, subcontractors and expenses have been paid.
Assignment of remaining Receivership assets to LMLIC in payment of
reinsurance POC claim. The balance is the remainder after a 90%
15 distribution.

EXHIBIT B
R-552

First American Life Insurance Company
Sources and Uses of Cash from Date of Receivership
For Period 9/1/12 through 12/10/12

Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	12,000
Recovery of Taxes Previously Paid	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	12,000
Interest & Dividend Receipts, EA Interest	2,619
Cash Deposit Interest	0
Total Cash Receipts	14,619
Disbursements	
SDR Fees & Expenses	28,404
Subcontractor Legal Fees & Expenses	23,220
Subcontractor Other Fees & Expenses	10,404
Non-Subcontractor Fees & Expenses	0
Other Expenses	345
RLO Fees & Expenses	3,092
Total Disbursements for Operations	65,464
Distributions	
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	8,960,373
Total Cash Distributions	8,960,373
Total Cash Disbursements & Distributions	9,025,837
APF Loan Proceeds (Repayment)	
Net Increase(Decrease) in Cash	(9,011,218)
Cash at Beginning of Period	9,011,218
Cash at End of Period	0

EXHIBIT C
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First American Life Insurance Company
Sources and Uses of Cash from Date of Receivership
to 12/10/12

Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	4,971,000
Recovery of Taxes Previously Paid	65,221
Investment Sales/Receipts	1,815,281
Other Asset Receipts	1,000
Total Receipts from Assets/Receivables	6,852,502
Interest & Dividend Receipts, EA Interest	249,658
Cash Deposit Interest	0
Total Cash Receipts	7,102,160
Disbursements	
SDR Fees & Expenses	214,303
Subcontractor Legal Fees & Expenses	172,730
Subcontractor Other Fees & Expenses	88,346
Non-Subcontractor Fees & Expenses	0
Other Expenses	10,063
RLO Fees & Expenses	32,483
Total Disbursements for Operations	517,925
Distributions	
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	8,960,373
Total Cash Distributions	8,960,373
Total Cash Disbursements & Distributions	9,478,298
APF Loan Proceeds (Repayment)	
Net Increase(Decrease) in Cash	(2,376,139)
Cash at Beginning of Period	2,376,139
Cash at End of Period	0

FIRST AMERICAN LIFE INSURANCE COMPANY
DISPOSITION OF ASSETS SCHEDULE
Final

ASSET DESCRIPTION	ASSET BALANCE AS OF 02/18/10	NEW ASSETS	SOURCE OF NEW ASSETS	ASSET RECOVERY	SOURCE OF RECOVERY	DATE OF RECOVERY	AMOUNT OF WRITE OFF	REASON FOR WRITE OFF	DATE OF WRITE OFF	SETTLEMENT	SOURCE OF SETTLEMENT	DATE OF SETTLMNT	ASSET BALANCE AS OF 12/12/12
CASH													
Checking	2,376,139	249,658 65,221 4,971,000 (517,925) 1,000 (8,960,373) 1,815,281	Interest Income IRS Tax refund Transfers from Pershing SDR Disbursements Deposit Refund Transfer of Funds to LMLIC Investment Sale/Receipts										
Subtotal	2,376,139	(2,376,139)		0			0			0			0
INVESTMENTS													
Securities	6,449,965	269,323 166,312 (4,971,000) (705) (387,013)	Investment Interest/Dividends IRS Tax refund Transfers to Checking Bank Service Charges Transfer of Funds to LMLIC	(1,526,882)	Principal reduction adjustments in securities values as principal is returned.	Monthly Adjustments							0
Common Stock	101,082						(101,082)	Write off stock included in other securities	01/31/11				0
Subtotal	6,551,047	(4,923,083)		(1,526,882)			(101,082)			0			0
REINSURANCE													
Assumed Recv TMLIC	573,920						573,920	Allowance for Uncollectability					0
Premium Recapture TMLIC Ceded	1,969,135						1,969,135	Allowance for Uncollectability					0
Reinsurance Recoverable NALIC	72,958						72,958	Allowance for Uncollectability					0
Ceded Premium Due from NALIC	165						165	Allowance for Uncollectability					0
Subtotal	2,616,178	0		0			2,616,178			0			0
RECEIVABLES													
Premium Due	19,181						19,181	Allowance for Uncollectability					0
Deferred Premium	132,151						132,151	Allowance for Uncollectability					0
Subtotal	151,332	0		0			151,332			0			0
OTHER ASSETS													
FF&E	1,379						1,379	Valuation Allowance					0
Subtotal	1,379	0		0			1,379			0			0
RESTRICTED ASSETS													
Subtotal	0	0		0			0			0			0
TOTAL	11,696,075	(7,299,222)		(1,526,882)			2,667,807			0			0

CERTIFICATE OF SERVICE

I certify that pursuant to the Texas Rules of Civil Procedure, the *Order of Reference to Master*, and TEX. INS. CODE ANN. § 443.007(d), on February 4, 2013, a true and correct copy of the *Final Accounting and Application to Close Receivership and Discharge Receiver and Special Deputy Receiver* has been served on all interested parties by email, except as shown below.

Mr. Tom Collins, Receivership Master
c/o Jean Sustaita
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Ms. Rachel Giani
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Texas Department of Insurance
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Receiver of Lincoln Memorial Life Insurance
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as Special Deputy Receiver of Texas Memorial
Life Insurance Company

/s/ Amy Jeanne Welton

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