

CAUSE NO. D-1-GN-15-004065

THE STATE OF TEXAS,
Plaintiff,

§
§
§
§
§
§
§

IN THE DISTRICT COURT OF

v.

TRAVIS COUNTY, TEXAS

ALICOT INSURANCE COMPANY,
Defendant.

345TH JUDICIAL DISTRICT

**APPLICATION TO APPROVE REPORT OF CLAIMS AND
MAKE FINAL DISTRIBUTION**

TO THE HONORABLE JUDGE OF THIS COURT

JO ANN HOWARD & ASSOCIATES, P.C., Special Deputy Receiver of Alicot Insurance Company (the “SDR” and “Alicot” respectively), files this *Application to Approve Report of Claims and Make Final Distribution* (the “Application”).

I. INTRODUCTION

1.1 The SDR has completed all claims processing and asset collection activities in this proceeding. The SDR submits its final report and requests this Court to authorize it to make a final distribution of the receivership’s assets and transfer any remaining records of Alicot. Following the completion of the final distribution, the transfer of records, and the filing of current tax returns and issuance of any other required tax documents, the SDR will submit an application to dissolve the charter of Alicot, discharge the Receiver and the SDR, and terminate this proceeding.

II. AUTHORITY

2.1 The SDR is authorized to file this Application pursuant to Chapter 443 of the Texas Insurance Code (the “Code”).¹ Under § 443.154(a) of the Code, the SDR has all of the Receiver’s powers, except as limited by the Receiver.

¹ All statutory references herein are to the Texas Insurance Code, unless otherwise indicated.

2.2 The subject matter of this Application is referred to the Master appointed in this proceeding in accordance with the *Order of Reference to Master* entered on September 24, 2015.

III. BACKGROUND

A. Company History

3.1 Alicot was established as Atlantic Lloyd's Insurance Company of Texas in 1981 and authorized to write business in Texas by the Texas Department of Insurance (Department) as a Lloyd's plan. In 2005, the company converted from a Lloyd's plan to a stock property and casualty insurance company governed by Chapter 822 and changed its name to Alicot Insurance Company. It was licensed to transact business only in Texas and primarily wrote commercial auto and general liability policies. It ceased writing business in 2004.

B. Initiation of Receivership Proceeding

3.2 On September 21, 2015, this proceeding was initiated pursuant to Chapter 443 of the Code. The *Order Appointing Liquidator, Permanent Injunction and Notice of Automatic Stay* ("Liquidation Order") was entered on September 22, 2015.

C. Appointment of Receivers

3.3 In accordance with § 443.151 of the Code, the Commissioner of Insurance ("Commissioner") was appointed Receiver on September 22, 2015. Kent Sullivan is currently Receiver of Alicot, and all predecessors have been discharged as Receiver as a matter of law.

D. Appointment of Special Deputy Receiver

3.4 On September 22, 2015, Jo Ann Howard & Associates, P.C., was appointed as Special Deputy Receiver of Alicot.

E. Referral to Master

3.5 On September 24, 2015, this Court signed its *Order of Reference to Master*

appointing Tom Collins as Special Master in this proceeding.

F. Guaranty Association Coverage

3.6 As Alicot has sufficient assets to pay all policy claims, the Commissioner did not enter an order designating Alicot as an “impaired insurer” under § 462.004(5) of the Code to require the Texas Property and Casualty Insurance Guaranty Association to pay claims. Alicot was not licensed in any other state, and the liquidation order did not trigger any other state’s guaranty associations to pay claims in accordance with their governing statutes.

IV. FINANCIAL STATEMENTS

4.1 The Statement of New Assets and Net Liabilities for the receivership, attached as Exhibit 1, is incorporated herein by reference, and reflects the financial condition of the receivership as of February 28, 2018. The consolidated Sources and Uses of Cash Statement, which lists all funds received and disbursed from the date of receivership to February 28, 2018, is attached as Exhibit 2 and incorporated herein by reference. These exhibits represent the final financial reports for the receivership in accordance with § 443.016 of the Code.

V. ASSETS

A. Disposition of Assets

5.1 The Disposition of Assets schedule is attached as Exhibit 3 and incorporated herein by reference. The schedule sets forth all asset transactions since September 22, 2015 and reflects total assets of Alicot as of February 28, 2018. The SDR has determined that there are no contingent assets and no uncollectible assets. At closing, all unknown assets will be assigned to the Commissioner as described below in this *Application*.

VI. CLAIMS

A. Notice

6.1 On December 21, 2015, this Court entered its *Order Approving Notice and Setting Claims Filing Deadlines* establishing April 1, 2016 as the claims filing deadline. In accordance with this order, the SDR provided notice of the claim filing deadline to all persons who may have had claims as shown by Alicot's books and records. In addition, in accordance with the order, the SDR published notice of the claims filing deadline in the *New York Law Journal*, a newspaper of general circulation in New York, N.Y.

B. Filing of Claims

6.2 Two proofs of claim ("POCs") were filed by the claim-filing deadline, as follows:

- (a) 1 claim by a policy claimant; and
- (b) 1 claim of stockholders

6.3 The court approved no applications to submit proofs of claim after the claim-filing deadline. No POCs were submitted that were adjudicated to fall into classes 3 through 10.

C. Claims Processing

6.4 All POCs against the receivership estate were adjudicated pursuant to § 443.253(b) of the Code with respect to their classification and amount. The period of time allowed by § 443.253(c) of the Code to appeal the SDR's action on claims has expired, and the SDR's determination on these claims is final and not subject to review. The POCs were processed as follows:

- a) The Class 2 claim filed by the policy claimant was approved for \$270,794.
- b) The one stockholder claim was approved as a Class 11 claim in the amount remaining in the estate after the payment of the Class 2 claim and final costs of administration.

6.5 The SDR processed and approved in full all POCs.

D. Claims Report

6.6 Pursuant to § 443.258 of the Code, the SDR submits its report of its determination of claims, which is attached as Exhibit 4, with the allowed amounts shown on the Statement of Net Liabilities, attached as Exhibit 2. The SDR requests that the receivership court approve the report as provided for in § 443.258.

E. Distributions

6.7 There have been no distributions of assets during the course of the receivership.

VII. EXPENSES

A. Paid Expenses

7.1 The administrative expenses of the Receiver and SDR have been paid through February 28, 2018. On November 3, 2015, this Court approved the terms of compensation of the SDR and other contractors pursuant to § 443.015. The compensation and expenses have been paid in accordance with that order through February 28, 2018.

B. Closing Expenses

7.2 The SDR proposes to reserve \$24,040 for the payment of estimated expenses involved in closing the receivership, including some obligations that continue past closing, as reflected on the detailed breakdown of estimated closing expenses, attached as Exhibit 5. The SDR requests approval of the reserve for closing expenses as reflected on Exhibit 5.

C. Final Statement of Expenses

7.3 Pursuant to § 443.015 of the Code, the SDR will submit a detailed final statement of the actual expenses incurred when the SDR files the verified application to terminate the estate. If the actual expenses differ from the amount reserved, the excess funds or the shortfall (as

applicable) will be handled as described in this Application. The SDR will file a final accounting including the final distribution schedule and a final statement of expenses that reflects the actual expenses incurred.

VIII. DISTRIBUTION OF ASSETS

A. Assets Available for Distribution

8.1 As of February 28, 2018 there was \$2,555,309 in cash in the receivership estate's accounts. After reserving for the remaining administrative expenses through closing as described above, \$2,531,269 will be available for distribution.

B. Eligible Claimants

8.2 There are sufficient assets to pay all approved claims in full. Attached as Exhibit 6 is a Distribution Schedule listing all approved claimants to whom a distribution will be made. This exhibit identifies each claimant's name as shown on the POC, the amount approved by the SDR, and the projected distribution. The projected distribution is an approximate figure based on current financial data, and the actual distribution may vary from this projection. The SDR requests the Court approve the projected distribution and authorize it to distribute the assets of the receivership estate as described in this Application and Exhibit 6.

C. Distribution Process

8.3 The Distribution Notice attached as Exhibit 7 will be mailed to all claimants with approved claims, advising them of the proposed distribution. The Distribution Notice will be mailed to the address provided by the claimant in the POC, or any subsequent address provided by the claimant.² After the Court approves this Application, distributions will be made by wire transfer, if feasible, or by mailing a check by first class mail to the address provided by the

² The *Order Granting Application to Approve Notice and Set Claims Filing Deadline* approved the form of the notice, which required all claimants to provide a current mailing address on the proof of claim and provide any changes of address to the SDR.

claimant. In the event that a Distribution Notice is returned by the Post Office with an address correction, the SDR will send the distribution check to the corrected address.

D. Residual Funds

8.4 It is possible that there may be additional funds in the receivership account after the distribution (“Residual Funds”). Such funds may result from interest on the receivership account, excess reserves for closing expenses, or the collection of assets after the distribution has commenced. Such funds will be handled as described below.

E. Supplemental Distribution

8.5 If it is economically feasible to distribute any Residual Funds, the SDR will make a supplemental distribution from any such residual funds, after reserving for distribution expenses. Section 443.253(h) of the Code provides for the disallowance of claims for *de minimis* amounts, as determined by this Court. The SDR proposes to establish a distribution threshold of \$50.00 for any supplemental distribution, which is reasonable and necessary for cost-effective administration. The SDR requests this Court find that any distribution below the proposed threshold be considered *de minimis* and authorize the SDR to withhold the amount of any such distribution.

F. Transfer of Remaining Funds

8.6 Section 443.352 of the Code provides this Court may issue an order to transfer funds remaining after the final distribution that cannot be economically distributed. In the event that there are any funds remaining after the final distribution and it is not economically feasible to distribute such funds as described above, the SDR requests that such funds be transferred to the Commissioner for deposit in an account established under § 443.304(c) of the Code. Such funds will be available to pay any expenses exceeding the expense reserve or expenses incurred for activities after the closing of the receivership, such as responding to inquiries and handling

unclaimed funds. The SDR requests this Court authorize it to transfer any such Residual Funds remaining after all distributions are made.

IX. UNCLAIMED FUNDS

A. Unclaimed Distributions

9.1 The SDR will maintain the receivership's distribution account for the earlier of forty-five (45) days after the final distribution or until all distributions have been received by wire transfer or checks cashed, which will provide a reasonable amount of time for claimants to receive their funds and/or deposit their checks. The SDR will deliver any funds which are unclaimed as of the closing of the account to the Commissioner as required by § 443.304(a) of the Code to be placed in a segregated unclaimed funds account.

9.2 The SDR has determined that the addresses provided by the two claimants are current at the time of the filing of this Application. In the unlikely event that a Distribution Notice is mailed to an address and returned as undeliverable without a forwarding address, the SDR requests that this Court order that any distribution due to a claimant whose notice is returned as non-deliverable should be treated as unclaimed without the need for the estate to incur the expense of mailing an undeliverable check. The SDR proposes that all distributions to such claimants be withheld from the mailing of the final distribution and be delivered to the Commissioner upon closing of the account as described in this Application. As noted above, the SDR does not expect any unclaimed distributions given the identity of the two claimants.

X. ASSIGNMENTS AND TRANSFERS

A. Assignment of Non-Cash Assets

10.1 Section 443.154 of the Code authorizes the SDR to transfer, abandon, or otherwise dispose of or deal with any property of the insurer upon terms and conditions that are fair and

reasonable. Further, § 443.352 of the Code permits the Court to enter any orders in connection with an application to terminate a receivership proceeding. The SDR is not aware of any non-cash assets. In the event any assets of Alicot, cash or otherwise, are discovered after the termination of this proceeding, the SDR proposes to transfer to the Commissioner any such assets, including but not limited to assets and rights not known at the time of the termination of this proceeding. A copy of the proposed transfer to the Commissioner is attached as Exhibit 8 and incorporated herein by reference.

B. Liquidation and Disposition of Assigned Assets

10.2 In the event that any assets transferred to the Commissioner are collected and liquidated, and such amount is sufficient to justify a distribution, this proceeding may be reopened under § 443.353 of the Code. If such amount cannot be distributed economically, the SDR requests that any such funds be deposited in accordance with § 443.304(c) of the Code.

XI. RECORDS

11.1 The remaining records of Alicot will be delivered to the Commissioner pursuant to § 443.354(b) of the Code and maintained in compliance with the Receiver's records retention policy for receivership records. The SDR requests that the Court authorize the Commissioner to retain or dispose of these records at his discretion.

XII. TAX RETURNS

12.1 The SDR has filed income tax returns with the Internal Revenue Service for years 2015 through 2017. The SDR will file the final 2018 tax return for Alicot after the distribution of assets and before the SDR is discharged. No taxes are owed to the Internal Revenue Service.

XIII. CERTIFICATION OF CLOSING ACTIVITIES

13.1 Before or when the SDR files an application to terminate this proceeding and

discharge the Receiver and the SDR, the SDR will file a certification with this Court confirming that all activities necessary to conclude this proceeding have been performed, together with the final accounting of all funds in the estate.

XIV. CHARTER AND LICENSES

14.1 The SDR has determined that a sale of the charter and license of Alicot is not feasible. The SDR requests that this Court dissolve the charter pursuant to § 443.153(e) of the Code on the termination of this proceeding.

XV. OFFER OF PROOF

15.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) of the Code by Jo Ann Howard, President of Jo Ann Howard & Associates, P.C., solely in its capacity as Special Deputy Receiver of Alicot Insurance Company.

XVI. NOTICE

A. Notice of Application

16.1 In accordance with § 443.007(d) and the *Order of Reference*, the SDR served this Application at least 14 days before the submission date of this Application on (i) parties that filed an appearance in this proceeding and (ii) other parties as determined by the SDR as shown on the Certificate of Service.

B. Distribution Notices

16.2 The Distribution Notice attached as Exhibit 7 will be mailed to the claimants with approved claims at least 14 days before the submission date of the Application.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Alicot Insurance Company, respectfully prays that this Court enter an Order:

1. Accepting the final financial statements;
2. Approving in all respects the Application to Make Final Distribution;
3. Approving the estimated expenses through the closing of the receivership pursuant to § 443.015 of the Code;
4. Authorizing the SDR to distribute the cash assets of the receivership as described in the Application and authorizing the SDR to withhold any distribution under \$50.00 as a *de minimis* amount;
5. Authorizing the SDR to transfer to the Commissioner any residual funds remaining after all distributions are made;
6. Authorizing the SDR to deliver all unclaimed funds to the Commissioner, and finding that any distribution to a claimant for whom the Distribution Notice was returned as undeliverable shall be deemed as unclaimed for purposes of § 443.304 of the Code;
7. Authorizing the assignment of non-cash assets to the Commissioner;
8. Approving the SDR's report of claim pursuant to § 443.258 of the Code;
9. Authorizing the SDR to deliver any remaining records to the Commissioner, and authorizing the Commissioner to maintain or dispose of such records at his or her discretion; and
10. Granting such further relief to which the SDR or Receiver may be entitled.

Respectfully submitted,

FULLER LAW GROUP

By: /s/Christopher Fuller

Christopher Fuller

Texas Bar No. 07515500

4612 Ridge Oak Drive

Austin, Texas 78731

Telephone: (512) 470-9544

Email: cfuller@fullerlaw.org

**Attorney for Jo Ann Howard & Associates, P.C.
Special Deputy Receiver of Alicot Insurance
Company**

CERTIFICATE OF SERVICE

I certify that on April 2, 2018, a true and correct copy of this Application was served pursuant to the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. § 443.007(d) on the following by email, except as specifically otherwise noted.

Via Email: specialmasterclerk@tdi.texas.gov

Special Master's Clerk
Texas Department of
Insurance PO Box 149104
Austin, Texas 78714-9104

Via Email cynthia.morales@oag.texas.gov

Cynthia Morales
Assistant Attorney General
Office of the Texas Attorney General
PO Box 12548
Austin, Texas 78711-2548

Via Email: james.kennedy@tdi.texas.gov

James Kennedy
Texas Department of Insurance
PO Box 149104
Austin, Texas 78714-9104

Via Email: daxilli@nylb.org

David Axilli
Special Deputy Superintendent
New York Liquidation
Bureau 1100 William Street
New York, New York 10038

Via Email:

vicente.aguillon@tdi.texas.gov

Vicente Aguillon
Texas Department of Insurance
PO Box 149104
Austin, Texas 78714-9104

Via First Class Mail:

Internal Revenue Service
Special Procedures Branch
PO Box 250
300 East 8th Street, Suite 352
Mail Stop
5022AUS Austin,
Texas 78701

Via Email: stumi.phillips@tdi.texas.gov

Stuart Phillips
Texas Department of
Insurance PO Box 149104
Austin, Texas 78714-9104

Via First Class Mail:

Internal Revenue Service
Centralized Insolvency Operation
PO Box 7346
Philadelphia PA 19101-7346

Via Email:

john.alexander@tdi.texas.gov

John Alexander
Director of RLO
Texas Department of Insurance
PO Box 149104
Austin, Texas 78714-9104

Via Email: moses.chao@tdi.texas.gov

Moses Chao
Texas Department of Insurance
PO Box 149104
Austin, Texas 78714-9104

/s/Christopher Fuller
Christopher Fuller

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Order of Reference to Master entered by the District Court in this cause, the SDR's *Application to Approve Report of Claims and Make Final Distribution* is hereby set for written submission before the Special Master, Tom Collins, on **April 16, 2018**.

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

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Christopher Fuller at cfuller@fullerlaw.org; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512)463-6450] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/Christopher Fuller/
Christopher Fuller

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

AFFIDAVIT OF JO ANN HOWARD

State of Texas
County of Travis

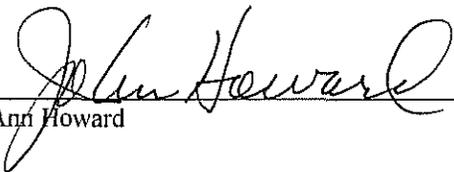
BEFORE ME, the undersigned authority appeared Jo Ann Howard, who after being by me duly sworn, stated the following under oath:

1. "My name is Jo Ann Howard. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.

2. "I am the President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Alico Insurance Company (the "SDR" and "Alico," respectively). I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents contained in the attached notebook were produced pursuant to TEX. INS. CODE ANN. §443.017, are either true and correct copies of records of the insurer and were received from the custody of the insurer or found among its effects or were created by and filed with the Receiver's office in connection with the receivership of these delinquent insurers, and are held by the Special Deputy Receiver in its official capacity.

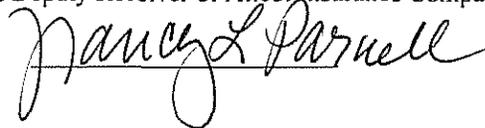
3. I have read the foregoing Application and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with my staff and sub-contractors.

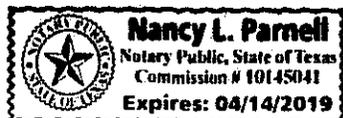
4. Further affiant sayeth not.

By: 
Jo Ann Howard

SUBSCRIBED AND SWORN TO BEFORE ME on April 2, 2018, by Jo Ann Howard, President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Alico Insurance Company.

Notary Public





R-557

**Alicot Insurance Company
Statement of Net Assets**

**For Period Ending
February 28, 2018**

EXHIBIT 1

02/28/18

Cash		
	Cash - Unrestricted	2,555,309
	APF Funds	
Other Assets		
	Investments, Reinsurance, Receivable, Other Assets	
Restricted Assets		
	Restricted funds	
	Total Assets	2,555,309

EXHIBIT 2		SOURCES AND USES OF CASH	Inception
R-557	ALICOT INSURANCE COMPANY		to Date
	02/28/18		
Beginning Unencumbered Cash			2,275,400
Premium			
	Premium Collections		-
	Premium Collection Expense - SDR		-
	Premium Collection Expense - Legal		-
	Premium Collection Expense - Other		-
Receivable			
	Agents Balance Receipts		-
	Agent Balance Expense - SDR		-
	Agent Balance Expense - Legal		-
	Agent Balance Expense - Other		-
	Reinsurance Recovery		-
	Reinsurance Expense - SDR		-
	Reinsurance Expense - Legal		-
	Reinsurance Expense - Other		-
	Subrogation Recovery		-
	Subrogation Expense - SDR		-
	Subrogation Expense - Legal		-
	Subrogation Expense - Other		-
	Affiliates Recovery		-
	Affiliates Expense - SDR		-
	Affiliates Expense - Legal		-
	Affiliates Expense - Other		-
	Settlement/Litigation Recovery		-
	Settlement/Litigation Expense - SDR		-
	Settlement/Litigation Expense - Legal		-
	Settlement/Litigation Expense - Other		-
	Other Receivable Receipts		445,210
	Other Receivable Expense - SDR		-
	Other Receivable Expense - Legal		-
	Other Receivable Expense - Other		-
Sale/Conversion of Assets			
	Sales of Real & Personal Property		-
	Sales Real & Personal Prop Expense - SDR		-
	Sales Real & Personal Prop Expense - Legal		-
	Sales Real & Personal Prop Expense - Other		-
	Investment Sales/Receipts		-
	Investment Expense - SDR		(50)
	Investment Expense - Legal		-
	Investment Expense - Other		-
	Other Asset Receipts		-
	Other Asset Expense - SDR		-
	Other Asset Expense - Legal		-
	Other Asset Expense - Other		-
NET INCOME FROM ASSETS/RECEIVABLE			445,160
Passive Income			
	Investments Interest/Dividends		-
	Cash Deposit Interest Income		33,521
	Early Access Imputed Interest Income		-
NET INCOME/INCLUDING PASSIVE			478,681

EXHIBIT 2	SOURCES AND USES OF CASH	Inception
R-557	ALICOT INSURANCE COMPANY	to Date
	02/28/18	
CLAIMS EXPENSE:		
Claims Administrative Expenses:		
Claims Expense - SDR		(813)
Claims Expense - Legal		(12,700)
Claims Expense - Other		(2,859)
TOTAL CLAIMS EXPENSES		(16,372)
Distributions: (not included in claims totals)		
Refunds		-
Loss Claims Payments		-
LAE Expense Payments		-
Early Access - Guaranty Associations		-
Other Distributions		-
TOTAL DISTRIBUTIONS		-
GENERAL ADMINISTRATION EXPENSES		
Takeover Expense (pre-appointment)		-
Bank Charges		(3,576)
Building/Utilities/Related Expenses		-
Employee - Payroll, P/RTax, Benefits, Contract		-
Equipment/Lease/Maintenance		-
Inventory/Storage/Moving		-
IT/Computer Expense		-
Mailing/Printing/Postage/Publication		(3,068)
Miscellaneous Expenses		-
Taxes - State & Federal		-
Telephone		-
Receivership Allocation		(17,996)
GENERAL ADMINISTRATION EXPENSES		(24,640)
SUBCONTRACTOR ADMINISTRATIVE FEES & EXPENSES:		
Accounting/Auditing/Federal Income Tax Services		(4,707)
Accounting HSP Administration		(72)
Accounting/Auditing - Expenses		(32)
Consulting Fees/Services		(2,527)
Consulting Fees/Services - Expenses		(584)
Legal Fees/Services		(43,932)
Legal Fees/Services HSP Administration		-
Legal Fees/Services - Expenses		(385)
SUBCONTRACTOR ADMINISTRATIVE FEES & EXP		(52,239)
SDR ADMINISTRATIVE FEES & EXPENSES:		
SDR Administration Fees		(77,303)
SDR Accounting Fees		(27,420)
SDR HSP Administration		(1,821)
SDR Special Services		-
SDR Travel Expenses		-
SDR Expenses		(7,749)
SDR ADMINISTRATIVE FEES & EXPENSES		(114,293)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE		(191,172)
NET RECOVERIES		271,137
Net Recoveries including Distributions		271,137

EXHIBIT 2**SOURCES AND USES OF CASH**

R-557

ALICOT INSURANCE COMPANY

02/28/18

Inception

to Date

CASH RECONCILIATION	
Beginning Unencumbered Cash	2,275,400
Distributions	-
Net Increase (Decrease)	271,137
Ending Unencumbered Cash	2,546,537
Accounts Payable	8,773
APF Loan	
FY 2018 Reconciliation Adjustments	(1)
Ending Cash Available	2,555,309
Cash Assets (from Balance Sheet)	2,555,309
Difference (should <2)	-

EXHIBIT 3

R-557 ALICOT INSURANCE COMPANY
DISPOSITION OF ASSETS SCHEDULE
Fiscal Year Ending 02/28/18

ASSET DESCRIPTION	ASSET BALANCE AS OF 09/22/15	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 02/28/18
CASH													
Beginning Cash	2,275,400	271,137 8,773 (1)	Cash from Operations Payables 2/28/18 Adjustment for Rounding										
Subtotal	2,275,400	279,909		0			0			0			2,555,309
INVESTMENTS													
Accrued Interest		33,521	Interest Income	33,521	Interest Income	Various							0
Subtotal	0	33,521		33,521			0			0			0
REINSURANCE													
Subtotal	0												0
RECEIVABLES													
Subtotal	0	0		0			0			0			0
OTHER ASSETS													
Subtotal	0	0		0			0			0			0
Other Assets	445,210			445,210	NJ Abandoned Prop. Fund	12/04/15							0
Subtotal	445,210	0		445,210			0			0			0
RESTRICTED ASSETS													
Subtotal	0	0		0						0			0
TOTAL	2,720,610	313,430		478,731			0			0			2,555,309

REPORT OF CLAIMS

Proof of Claim No. 2
Optek Technologies, Inc.
c/o R. Steven DeGeorge
Robinson, Bradshaw & Hinson, P.A.
101 N. Tryon Street, Suite 1900
Charlotte, NC 28246
Approved Amount: \$270,794

Class 11 Claims
Proof of Claim No.1
Shirin Emani, Acting Supt. of Financial Services of the State of New York as Liquidator of
Centennial Insurance Company
c/o New York Liquidation Bureau
101 William Street, 15th Floor
New York, NY 10038
Approved Amount: all assets remaining in the estate at the time of its closing after
payment of all higher priority claims.

**EXHIBIT 5
R-557 ALICOT INSURANCE COMPANY
ESTIMATED CLOSING EXPENSES**

	ESTIMATED EXPENSES
ESTIMATED SDR FEES	<u>10,855.00</u>
ESTIMATED SUBCONTRACTOR FEES/EXPENSES	
Legal	6,250.00
Paralegal	300.00
Claims Administrator	1,425.00
CPA/Tax Returns	3,000.00
Total Subcontractor Fees/Expenses	<u>10,975.00</u>
ESTIMATED GENERAL ADMINISTRATION EXPENSES	
Copies, Faxes, Postage, Courier	150.00
Bank Fees/Wiring Fees/Treasury Fees	450.00
Shipping Records	50.00
Receivership Allocation Fees	1,560.00
Total General Administration Expenses	<u>2,210.00</u>
TOTAL ESTIMATED EXPENSES	<u><u>13,185.00</u></u>

DISTRIBUTION SCHEDULE

Proof of Claim No. 2

Optek Technologies, Inc.

Approved Amount: \$270,794

Proposed Distribution: \$270,794

Proof of Claim No.1

Shirin Emani, Acting Supt. of Financial Services of the State of New York as Liquidator of Centennial Insurance Company

Approved Amount: all assets remaining in the estate at the time of its closing after payment of all higher priority claims.

Proposed Distribution: \$2,260,475

THE STATE OF TEXAS, <i>Plaintiff</i>	§ § § § § §	IN THE DISTRICT COURT OF TRAVIS COUNTY, TEXAS 345TH JUDICIAL DISTRICT
v.		
ALICOT INSURANCE COMPANY <i>Defendant</i>		

Notice of Distribution to Claimants

The Special Deputy Receiver has filed its *Final Report and Application to Approve Report of Claims, Make Final Distribution, and Destroy Records* (the “Application”). Pursuant to the terms of the *Order of Reference to Master* entered by the District Court in this cause, the Application is hereby set for written submission before the Special Master, Tom Collins, on April 16, 2018. Upon approval by the Receivership Court, the Special Deputy Receiver proposes to, after allowance for the payment of administrative expenses, distribute the assets of the estate to approved claimants in order to pay the one approved policyholder claim in full and to distribute the remaining assets to the one approved Class 11 claimant. The Application and all other receivership filings are posted on the estate website at www.Alicotsdr.com.

You do not need to respond to the Application or have to call or write the SDR in order to receive your distribution, except to advise the SDR of any changes to your address. The distributions will be made after the Receivership Court approves the Application.

If you wish to file an objection to the Application, including, but not limited to, any objection to the approved expenses, or any claims, you must follow these rules:

1. The Master may consider the Application by written submission or oral hearing.
2. If no objection is filed in compliance with the Amended Order of Reference, the Master may consider the Application without a hearing, and the Court may enter the order recommended by the Master upon its submission to the Court. A party waives any right to object to the recommendation of the Master if the party does not file an objection in compliance with the Order of Reference.
3. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date in the above referenced case.
4. A copy of any objection shall be served by email by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Christopher Fuller at cfuller@fullerlaw.org; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service attached to the Application.
5. Any objection must specifically set out the reasons for objection, with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally by the Master.

6. An objecting party must expeditiously coordinate with the SDR's counsel and the Master's Docket Clerk [(512) 676-6915] to request a hearing, unless the Master determines that a hearing is not necessary. If the hearing is granted, the objecting party must send a Notice of Oral Hearing to the Applicant's counsel and all parties listed on the Certificate of Service.
7. Any Acknowledgment of Notice and Waiver by a party in interest party should be filed at least three (3) calendar days before the submission or hearing date.

Exhibit 8

TRANSFER OF ASSETS OF ALICOT INSURANCE COMPANY

This Transfer of Assets is made by Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Alicot Insurance Company (the “SDR” and “Alicot” respectively), to Kent Sullivan, the Commissioner of Insurance for the State of the Texas (hereinafter the “Commissioner”).

Whereas Alicot placed into liquidation on September 22, 2015 and Jo Ann Howard & Associates, P.C., was appointed as Special Deputy Receiver;

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

Whereas, the Court has approved the SDR’s *Application to Approve Report of Claims and Make Final Distribution* (the “Application”), and pursuant to such order the SDR has distributed of the remaining cash assets of the receivership estate of Alicot;

Whereas, the Court’s order approving the Application authorized the SDR to convey any and all assets of Alicot remaining after the final distribution to the Commissioner;

Therefore, for value received, the sufficiency of which is acknowledged, the SDR conveys to the Commissioner all right, title and interest in any and all assets of Alicot whether known or unknown, and any assets that have been written off by Alicot or the SDR. Such right, title and interest shall include any and all claims, potential claims, suits, demands, causes of action, charges or grievances of any kind or character, regardless of the nature or extent, whether arising in tort, contract, by statute or otherwise, and include claims for breach of fiduciary duty, constructive fraud and fraud. The unknown assets conveyed include those that may exist now or that may arise in the future. It is the intent of the Parties to this Assignment to convey to the Commissioner all legal and equitable rights held by the receivership estate of Alicot, whether or not specifically identified herein.

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

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

Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Alicot Insurance Company

By: _____
Jo Ann Howard, President