

Cause No. D-1-GV-13-001153

<p><b>THE STATE OF TEXAS,</b> <b>Plaintiff</b></p> <p><b>v.</b></p> <p><b>SAN ANTONIO INDEMNITY COMPANY,</b> <b>Defendant</b></p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p><b>IN THE DISTRICT COURT OF</b></p> <p><b>TRAVIS COUNTY, TEXAS</b></p> <p><b>201st JUDICIAL DISTRICT</b></p>
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**APPLICATION TO APPROVE REPORT OF CLAIMS,  
MAKE FINAL DISTRIBUTION, AND DESTROY RECORDS**

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

COMES NOW Milford Consulting, LLC, SDR of San Antonio Indemnity Company (SAIC and SDR, respectively), and files this *Application to Approve Report of Claims, Make Final Distribution, and Destroy Records (Application)* and in support respectfully shows the Court as follows:

**I. INTRODUCTION**

1.1 The SDR has completed all claims processing and asset collection activities in this proceeding. The SDR submits its final report of claims and requests this Court authorize it to make a final distribution of SAIC receivership estate’s assets and dispose of or transfer any remaining records of SAIC. Following the completion of the final distribution, the transfer and destruction of records, and the filing of final tax returns and issuance of any other required tax documents, the SDR will submit an application to dissolve the charter of SAIC, 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).<sup>1</sup> Under § 443.154(a) of the Code, the SDR has all of the Receiver's powers, except as limited by the Receiver.

2.2 The subject matter of this *Application* and the hearing of any objection to the *Application* have been referred to the Master appointed in this proceeding (Master), in accordance with Paragraphs III of the *Order of Reference to Master* entered on October 31, 2013 (*Order of Reference*).

## III. BACKGROUND

### Company History

3.1 SAIC was licensed on September 30, 1980, under the name of San Antonio Reinsurance Company (San Antonio Reinsurance) as a reinsurer for personal auto, mobile home physical damage and personal liability, commercial property, and workers compensation. In January 1995, San Antonio Reinsurance began writing direct business for theft, personal liability and watercraft policies. On June 5, 2008, San Antonio Reinsurance changed its name to San Antonio Indemnity Company. SAIC was organized under the provisions of Chapter 822 of the Code as a property and casualty company and was licensed to transact business only within Texas. SAIC wrote homeowners, dwelling, mobile homeowners, travel trailer, personal theft, and personal liability policies. SAIC is owned 100% by Quirk Group, Inc., which also owns or has owned the following subsidiaries: Quirk & Company, Mission Claims Services, Inc., Dragonflyware, LLC, Texas EZ Auto, LLC, Bejar Indemnity Ltd. (Bermuda), and QAS Bermuda, Ltd. SAIC formerly known as San Antonio Reinsurance has been part of a consolidated tax return

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

filing since inception. After the completion of the receivership estate, SAIC will no longer be a participant in this consolidated tax filing.

### **Initiation of Receivership Proceeding**

3.2 The delinquency proceeding was initiated on October 10, 2013. Pursuant to Chapter 443, SAIC was placed in liquidation by this Court's *Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay (Liquidation Order)* entered on October 31, 2013 (receivership estate).

### **Appointment of Receivers**

3.3 In accordance with § 443.151 and the *Liquidation Order*, Julia Rathgeber, the Texas Commissioner of Insurance (Commissioner), was appointed as Receiver of SAIC (Receiver) on October 31, 2013. Commissioner David Mattax succeeded Julia Rathgeber as Receiver on January 12, 2015, and Commissioner Kent Sullivan succeeded David Mattax as Receiver on October 16, 2017. Kent Sullivan resigned as Commissioner effective September 30, 2020. As a matter of law, all prior Commissioners have been discharged as Receiver.

### **Appointment of SDR**

3.4 On October 31, 2013, the Receiver designated Milford Consulting, LLC, as SDR of SAIC.

### **Referral to Master**

3.5 On October 31, 2013, this Court signed its *Order of Reference* appointing Tom Collins as Master in this proceeding.

### **Impairment**

3.6 On October 31, 2013, the Commissioner entered an order designating SAIC as an impaired insurer. In accordance with Chapter 462 of the Code, the Texas Property and Casualty Insurance Guaranty Association (TPCIGA) became obligated to pay “covered claims” of SAIC. TPCIGA is the only guaranty association involved in the receivership estate.

## IV. FINANCIAL STATEMENTS

4.1 Exhibit B is the Statement of Net Assets and Statement of Net Liabilities and is incorporated by reference as if fully set out. Exhibit B reflects the receivership estate's financial condition as of August 31, 2020. The consolidated Sources and Uses of Cash, which lists all funds received and disbursed from the date of receivership to August 31, 2020, is attached as Exhibit C and incorporated by reference as if fully set out. These exhibits represent the final financial reports for the receivership estate in accordance with § 443.016 of the Code.

## V. ASSETS

### Disposition of Assets

5.1 A Disposition of Assets Schedule is attached as Exhibit D and incorporated by reference as if fully set out. Exhibit D shows all asset transactions since October 31, 2013, and reflects total assets of SAIC as of August 31, 2020.

### Unliquidated Assets

5.2 SAIC owned General Motors stocks and bonds. As a result of General Motors' Chapter 11 bankruptcy, the SDR has been unable to sell or assign this stock, although it has generated nominal distributions. SAIC has no other known unliquidated assets. At closing, the stocks and bonds and any unknown assets will be assigned to the Commissioner as described below in this *Application*.

## VI. CLAIMS

### Notice

6.1 On August 14, 2014, this Court entered its *Order Granting Application to Approve Notice and Set Claims Filing Deadline (CFD Order)* with the date of April 30, 2015, as the claims filing deadline. In accordance with this *CFD Order*, the SDR provided notice of the claims filing deadline to all persons who may have had claims as shown by SAIC's books and records. In addition, in accordance with the *CFD Order*, the SDR published notice of the claims filing

deadline in a newspaper of general circulation, *The San Antonio Current*, that is in the county in which SAIC had its principal place of business.

### **Filing of Claims**

6.2 The summary of POCs filed by the claims-filing deadline is as follows:

- (a) 0 secured claim;
- (b) 1 claim by TPCIGA for claims handling expenses;
- (c) 1 claim by TPCIGA for claim payments;
- (d) 62 timely filed claims by policy claimants;
- (e) 1 claim filed by the United States of America;
- (f) 0 claims for debts due employees for services rendered;
- (g) 38 claims by general creditors;
- (h) 0 claims by state or local governments;
- (i) 0 claims by state or local governments for penalty or forfeiture
- (j) 38 late filed or deemed late filed claims
- (k) 0 claims for surplus debentures/capital contributions; and
- (l) 0 claims of stockholders.

6.3 There were no POCs deemed timely filed pursuant to § 443.251(b)(1). The SDR received a total of 112 proofs of claim (POCs) in the receivership estate, with an additional 28 POCs deemed as filed for a total of 140 POCs. TPCIGA's one POC is counted twice above, as it involved two different claims. The total number of late filed POCs received was 38.

6.4 The POC filed by The United States was withdrawn after the United States completed a review process and determined it did not have any claims to assert against the receivership estate. The Court previously approved one application to deem claims filed as proofs of claim after the claims filing deadline, which is discussed below.

## **Claims Processing**

6.5 All claims representing covered claims by a guaranty association were referred to TPCIGA pursuant to § 443.253(m). Seventeen POCs were determined to be fully resolved by TPCIGA. Four POCs were withdrawn by the claimants. The remaining POCs against the receivership estate were allowed, disallowed, or classified pursuant to § 443.253(b) with respect to their allowed amount, and/or classification. The SDR provided written notice to all claimants of their determination. The period of time allowed by § 443.253(c) to appeal the SDR's action on these claims has expired, and the SDR's determinations on these claims are final and not subject to review. The POCs were processed as follows:

- a) TPCIGA's Class 1 claim was allowed in the amount of \$1,148,907.44.
- b) TPCIGA's Class 2 claim was allowed in the amount of \$2,174,887.15.
- c) Two allowed Class 2 claims filed by policy claimants that were not payable by TPCIGA were allowed in the amount of \$1032.50.
- d) Thirty-eight POCs of general, unsecured creditors were classified only as Class 5 claims with the reported amount of \$772,277.03 claimed on these POCs.
- e)

Ten POCs were filed late with the reported amount of \$16,568.94 claimed on these POCs, and these POCs were classified only as Class 8 claims.

In accordance with § 443.258(k), the SDR processed some claims in Classes 5 and 8 with respect to their priority only and did not further process such claims, as no assets are available for a distribution to such classes.

## **Claims Reports**

6.6 Pursuant to § 443.258, the SDR submitted its first report of its determination of claims, which was approved by this Court on July 17, 2017. Six POCs filed by policy claimants as extra contractual claims for wrongful settlement practices were allowed in the amount of

\$26,260.39 as Class 5. Twenty-Eight POCs deemed as filed as late claims were allowed in the amount of \$87,267.69.

6.7 The SDR submits its final report of claims, which is attached as Exhibit E and incorporated by reference as if fully set out is the final report of claims.<sup>2</sup> The SDR requests the Court approve its actions on the POCs indicated on Exhibit E pursuant to § 443.258.

### **Distributions**

6.8 During the course of the receivership, a total of \$1,148,907.44 in early access payments was distributed to TPCIGA for its Class 1 claim and \$967,689.56 for part of its Class 2 claim. Pursuant to § 443.303, this Court entered four orders authorizing early access distributions to TPCIGA as follows:

- a) On March 23, 2015, the order authorized the first early access distribution in the amount of \$234,253.
- b) On March 24, 2016, the order authorized the second early access distribution in the amount of \$724,026.
- c) On June 7, 2017, the order authorized the third early access distribution in the amount of \$118,253.
- d) On January 31, 2019, the order authorizing the fourth early access distribution in the amount of \$1,040,065.

## **VII. EXPENSES**

### **Paid Expenses**

7.1 The SDR has filed Statements of Expenses quarterly from January 20, 2014 until August 31, 2020, pursuant to § 443.015(g). On February 21, 2014, this Court approved the terms of compensation for the SDR and subcontractors, or any expense in excess of \$25,000 pursuant to § 443.015(c). The compensation and expenses have been or will be paid in accordance with this order and § 443.015 through August 31, 2020.

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<sup>2</sup> A claim filed by an individual is identified only by POC number to reduce the disclosure of sensitive data pursuant to Tex. R. Civ. P. 21c.

## **Closing Expenses**

7.2 The SDR proposes to reserve \$69,142.50 for the payment of estimated expenses involved in closing the receivership estate, including some obligations that continue past closing, as reflected on the detailed breakdown of estimated closing expenses attached as Exhibit F and incorporated by reference as if fully set out. The SDR requests approval of the reserve for closing expenses as reflected on Exhibit F.

## **Final Statement of Expenses**

7.3 Pursuant to § 443.015, the SDR will submit a detailed final statement of actual expenses incurred when the SDR files the application to terminate the receivership estate. If the actual expenses differ from the amount reserved, the excess funds or the shortfall, as applicable, will be handled as described below 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**

### **Assets Available for Distribution**

8.1 As of August 31, 2020, there was a total of \$1,241,782 in cash in the receivership estate's accounts. After reserving for the remaining administrative expenses through closing as described above, \$1,165,549.79 will be available in cash assets for distribution.

### **Accounting for Early Access Advances**

8.2 Pursuant to § 443.303(b), the previous early access distributions to TPCIGA have been accounted for as advances against final distributions to be made under § 443.302. As discussed above, TPCIGA has received a total of \$2,116,597 in previous early access payments. Pursuant to the previous early access orders detailed above, the SDR shall credit these previous early access payments against a final distribution of 100% to TPCIGA's allowed Class 1 claims totaling \$1,148,907.44. In accordance with § 443.303, the SDR will credit previous early access



payments against a final distribution to TPCIGA's allowed Class 1 claims. As detailed above, the SDR is requesting authority for a final distribution to TPCIGA, by crediting the early access as a 100% of its total Class 1 claim. The remainder of TPCIGA's early access advance will be accounted as a credit against its Class 2 claim.

### **Eligible Claimants**

8.3 As discussed above, a 100% distribution will be credited to TPCIGA's Class 1 claims. Pursuant to § 443.301, all claims within a class must be paid substantially the same percentage of the amount of the claim. There are sufficient assets to make a pro rata distribution of approximately 98.04% on approved Class 2 claims. Attached as Exhibit G and incorporated by reference as if fully set out is the Distribution Schedule which lists the approved claimants to whom a distribution will be made. Exhibit G identifies each claimant's name as shown on the POC (except individuals are referred to as "Individual Claimant"), the amount approved by the SDR, and the projected distribution. The projected distribution is approximate based on current financial data, and the actual distribution may vary from this projection. The SDR requests the Court authorize it to distribute the assets of the receivership estate as described in this *Application*.

### **Distribution Process**

8.4 The Distribution Notice described in Section XV will be sent to the claimants with approved Class 2 claims referenced in Paragraph 6.5(c). The notice will be mailed to the address provided by the claimant on the POC, or any subsequent address provided by the claimant.<sup>3</sup> After the Court approves this *Application*, the SDR will make distributions by wire transfer to TPCIGA, and by mailing certified checks to the other approved Class 2 claimants by first class mail to the address that the Distribution Notice was mailed to, or a corrected address if a Distribution Notice is returned by the United States Post Office with an address correction.

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<sup>3</sup> The *CFD Order* required all claimants to provide a current mailing address on the POC and provide any changes of address to the SDR.

## **Residual Funds**

8.6 It is possible that there may be additional funds in the receivership account after the final 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. In the event that there are any Residual Funds, the SDR requests that such funds be transferred to the Commissioner. Such funds will be applied towards the Receiver's expenses incurred in closing of the receivership, which are not included in the reserve for closing expenses described in Paragraph 7.2. These funds will also be available to pay any expenses incurred in activities after the termination of this proceeding.

8.7 Section 443.352 provides that this Court may issue an order to transfer funds remaining after the final distribution that cannot be economically distributed. In the event that any Residual Funds exceed the amount required for the Receiver's expenses described in Paragraph 8.6, the SDR proposes to transfer such excess amount to TPCIGA as a supplemental distribution on its Class 2 claim. As the unpaid portion of the Class 2 claims will be approximately 1.96%, and TPCIGA's claim comprises over 99.95% of all Class 2 claims, a supplemental distribution to the other Class 2 claimants is not economically feasible.

## **IX. UNCLAIMED FUNDS**

### **Unclaimed Distributions**

9.1 The SDR will maintain the receivership estate's distribution account until December 28, 2020, or until all checks have cleared, which will provide a reasonable amount of time for claimants to receive and deposit their checks. The SDR will issue distribution payments either with certified checks or by wire transfer as described above. The SDR will deliver any funds which are unclaimed to the Commissioner as required by § 443.304(a) to be placed in a segregated unclaimed funds account.

9.2 In the event that a Distribution Notice is mailed to a claimant and returned as undeliverable without a corrected address, the SDR requests that this Court order that any distribution due to the claimant will be treated as unclaimed. 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 receivership account as described in this *Application*.

## **X. ASSIGNMENTS AND TRANSFERS**

### **Assignment of Non-Cash Assets**

10.1 Section 443.154 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 permits the Court to enter any orders in connection with an application to terminate a receivership proceeding, including orders transferring any remaining assets that are uneconomical to distribute. With the exception of the stocks and bonds described in Paragraph 5.2 above, there are no known unliquidated assets in the receivership estate; however, it is possible that unknown assets of SAIC exist. The SDR will request this Court to approve a transfer of all unliquidated assets and any unknown assets to the Commissioner in its application to terminate this proceeding.

## **XI. RECORDS**

### **Disposal of Records**

11.1 The SDR has identified records that are not needed after the termination of this proceeding. Attached as Exhibit J and incorporated by reference as if fully set out is a list of the records to be destroyed. The SDR requests authority to dispose of such records in accordance with § 443.354(a).

## **Records Transferred to TPCIGA**

11.2 The SDR requests that this Court authorize it to transfer to TPCIGA those claims records for which it agrees to accept responsibility, and to further authorize TPCIGA to retain or dispose of such records at its discretion.

## **Records Transferred to Commissioner**

11.3 Records that may be required after the termination of this proceeding will be delivered to the Commissioner pursuant to § 443.354(b) and maintained in compliance with the Receiver's records retention policy for receivership records.

## **XII. TAX RETURNS**

12.1 SAIC is owned 100% by Quirk Group, Inc. In 2006, San Antonio Reinsurance, with other subsidiary companies of Quirk Group, Inc., executed a tax sharing agreement with Quirk Group, Inc. as the holding company. The tax sharing agreement provided for consolidated corporate federal tax returns for Quirk Group, Inc. and its subsidiaries for 2005 and all subsequent years. Since the date of receivership, tax returns which include SAIC, have been filed by Quirk Group, Inc. with the Internal Revenue Service for the years 2013 through 2018. The 2019 tax return is being finalized and reviewed by the SDR's accountant pursuant to the protective order entered by the Court on January 21, 2020. The CPA for Quirk Group, Inc. has agreed to provide the SDR's accountant with a preliminary 1120PC final tax return for SAIC for tax year 2020 by five business days after receipt of the final accounting numbers. The SDR's accountant will review this draft. The final consolidated 2020 tax return cannot be filed until after the audit is performed for the rest of the members of the consolidated return. Quirk Group, Inc. has agreed to file this return with a final date for SAIC which tracks the date of the order approving the final accounting.

### **XIII. CHARTER AND LICENSES**

13.1 The SDR has determined that a sale of the charter and license of SAIC is not feasible. The SDR requests that this Court dissolve the charter pursuant to § 443.153(e)(1) on the termination of this proceeding.

### **XIV. OFFER OF PROOF**

14.1 Attached to this *Application* and incorporated by reference as if fully set out is Exhibit A, the *Affidavit of Kathy Milford*, and is the certification submitted under § 443.017(b), authenticating records referenced and verifying the facts contained in this *Application*. The SDR requests that Exhibits A-J be admitted as *prima facie* evidence in support of this *Application*, and that the facts contained in the *Application* and its exhibits be admitted as *prima facie* proof of the matters. The SDR requests that this Court take judicial notice of all matters contained in this Court's file pursuant to Tex. R. Civ. Evid. 201.

### **XV. NOTICE AND HEARING**

#### **Notice of Application**

15.1 This *Application* is filed pursuant to § 443.007 and the *Order of Reference*. The *Order of Reference* modifies the requirement in § 443.007(e) that an objection must be filed no later than the 20th day after the date of notice of the filing of the application. *Order of Reference*, p. 6, paragraph IV, 3(a). This *Application* set for hearing on a date that complies with the fourteen calendar day notice requirement set forth in the *Order of Reference*.

15.2 The SDR has provided notice of the hearing for this *Application* to all persons who have requested notice in the receivership estate in accordance with § 443.007(a) and the notice requirements in the *Order of Reference*. As shown on the certificate of service, the SDR also noticed all known "parties in interest" as that term is defined by § 443.004(a)(17). Moreover, notice has also been provided to persons the SDR has determined need to be noticed pursuant to § 443.007(d) including counsel for the approved Class 2 claimants.

15.3 In accordance with the *Liquidation Order*, the SDR “may provide notice of any application by first class mail, electronic mail, or facsimile transmission, at [his] discretion.” *Liquidation Order*, Section VII, Paragraph 7.6. “Notice and hearing of any matter submitted by the [SDR] to the receivership court for approval under [Chapter 443] must be conducted in accordance with [§ 443.007(c)-(g).]” § 443.007(b). The SDR will provide notice of the *Application* by email as shown on the certificate of service incorporated by reference as if fully set out. Notice of all legal filings has been provided by e-mail to the certificate of service throughout the term of the receivership estate.

### **Distribution Notice**

15.4 Notice of the *Application* will be provided to all claimants with approved POCs at least 14 days before the submission date of the *Application*. Attached as Exhibit H and incorporated by reference as if fully set out is the Distribution Notice to the claimants whose policy claims were approved as Class 2 claims. This notice will be mailed to the address provided by the claimant on the POC, or any subsequent address provided by the claimant. Attached as Exhibit I and incorporated by reference as if fully set out is the Notice to all the allowed or classified claimants below Class 2, advising them that they will not receive a distribution. These notices will be emailed or mailed to the email or mailing address provided by the claimant on the POC, or any subsequent address provided by the claimant.

15.6 The SDR requests the Court find that (i) the notice of the hearing on this *Application* was served on parties in interest as defined in § 443.004(a)(17) and was proper and (ii) the notice of hearing, distribution notice, and notice of closing were all proper and made in accordance with the notice requirements in § 443.007 and the *Order of Reference* and were sufficient.

## **XVI. FINALITY OF ORDERS**

16.1 The SDR requests that this Court’s Order approving the *Application* constitutes a final disposition resolving all matters related to the *Application* for purposes of appeal.

## **XVII. PRAYER**

**WHEREFORE, PREMISES CONSIDERED**, Milford Consulting, LLC, in its capacity as Special Deputy Receiver of San Antonio Indemnity Company, respectfully requests that this Court grant this *Application* in all respects and enter an Order:

1. Admitting into evidence the facts in the *Application*, verified and sworn to in Exhibit A and Exhibits B through J and accepting the facts contained in the *Application* and its exhibits into evidence as prima facie proof of the matters asserted;
2. Taking judicial notice of all matters contained in this Court's file pursuant to Tex. R. Civ. Evid. 201;
3. Accepting the final financial statements;
4. Approving the SDR's actions on the POCs as indicated on Exhibit E under § 443.258;
5. Approving the estimated closing expenses as reflected on Exhibit F;
6. Approving in all respects this *Application* to Make a Final Distribution and approving the proposed distribution as reflected on Exhibit G;
7. Authorizing the SDR to credit previous early access payments against a final distribution to TPCIGA's allowed Class 1 and Class 2 claims, accounting early access as an advance against a final distribution as required by § 443.303(b);
8. Authorizing the SDR to distribute the assets of the receivership estate as described in the *Application* and Exhibit G;
9. Authorizing the SDR to transfer to the Commissioner any Residual Funds remaining after all distributions are made for the payment of closing and post-closing expenses, and authorizing the SDR transfer to TPCIGA any fund in excess of the amount retained for such expenses;
10. Authorizing the SDR to deliver all unclaimed funds to the Commissioner, and 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;

11. Authorizing the SDR to transfer to TPCIGA claims records for which it agrees to accept responsibility, and authorizing TPCIGA to retain or dispose of such records at its discretion;
12. Authorizing the SDR to dispose of the records listed in Exhibit J and deliver any remaining records that are not transferred to TPCIGA to the Commissioner, and authorizing the Commissioner to maintain or dispose of such records at his or her discretion;
13. Deeming that the Order approving the *Application* constitutes a final disposition resolving all matters relating to the *Application* for purposes of appeal;
14. Finding that (i) the notice of the hearing on this *Application* was served on parties in interest as defined in § 443.004(a)(17) and was proper and (ii) the notice of hearing, distribution notice, and notice of closing were all proper and made in accordance with the notice requirements in § 443.007 and the *Order of Reference*;
15. Authorizing the SDR to execute any documents as necessary to effectuate the purpose of this *Application*; and
16. Granting such further relief to which the SDR or Receiver may be 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**  
**MILFORD CONSULTING, LLC, as**  
**SDR OF**  
**SAN ANTONIO INDEMNITY COMPANY**



## **XVIII. APPLICANT'S NOTICE OF SUBMISSION**

Pursuant to the terms of the *Order of Reference to Master* entered on October 31, 2013, by the District Court in this cause, the *Application to Approve Report of Claims, Make Final Distribution, and Destroy Records* is set for written submission before the receivership master, Tom Collins, on Monday, November 10, 2020.

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) 676-6915] 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 timely file 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*

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**AMY JEANNE WELTON**  
**weltonlaw@gmail.com**

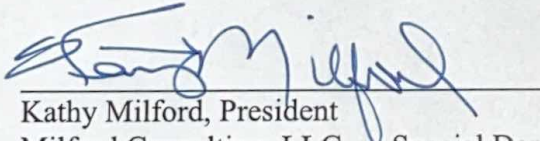


subcontractors engaged on the receivership estate will be collectively referred to as “my staff” below.

3. “I have read the *Application to Approve Report of Claims, Make Final Distribution, and Destroy Records* in the case styled *State of Texas v. San Antonio Indemnity*; Cause No. D-1-GV-13-001153 in the 201<sup>st</sup> 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, which I obtained from my consultation with my staff.
4. “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 of the receivership estate pursuant to Tex. Ins. Code Ann. § 443.017(b). The books, records, documents, and papers of the receivership estate were: received from the custody of the insurer or found amongst its effects; or created by or filed with the Receiver’s office in connection with the receivership of this delinquent insurer, and are held by the Special Deputy Receiver in its official capacity. I request that the Court admit the facts contained in the *Application*, this Affidavit, and all the exhibits into evidence as *prima facie* proof of the matters asserted pursuant to Tex. Ins. Code Ann. § 443.017(c).
5. “I certify that all the known claims against the SAIC receivership estate were either determined to be fully resolved by TPCIGA or have been processed by my staff. All known assets justifying the expense of collection have been collected for distribution, so it is in the best interest of this receivership estate and its creditors to proceed with closing the SAIC receivership estate.

6. "Except for the defaulted GM stocks and bonds, I am unaware of any other assets to be marshaled or liquidated in this receivership estate.
7. "Based upon my consultation with my staff and subcontractors, I recommend the final distribution, destruction or transfer of records, reserve for closing expenses and proceeding with closing the receivership estate are in the best interests of the receivership estate and its creditors.
8. "I request that the Court approve all of the discretionary decisions the SDR has made that are reflected in the *Application* and its exhibits.
9. "I have made the recommendations in this *Affidavit* based on my personal knowledge gained in consultations with my staff.

"The Affiant has nothing further to say."

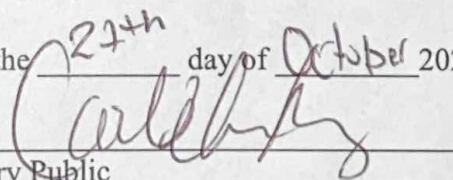
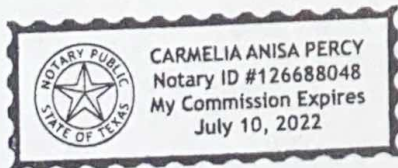


Kathy Milford, President  
Milford Consulting, LLC, as Special Deputy Receiver for  
San Antonio Indemnity Company

STATE OF TEXAS

COUNTY OF HARRIS

SWORN TO AND SUBSCRIBED before me on the 27<sup>th</sup> day of October 2020.



Notary Public

My Commission Expires: July 10, 2022

**Exhibit B**  
**San Antonio Indemnity Company**  
**Statement of Net Assets**

**For the Period Ending**  
**08/31/20**

Line		08/31/20
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	1,241,782
	Cash - Restricted	0
<b>Investments</b>		
2	Short-Term Investments	
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	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
<b>Reinsurance Receivable</b>		
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	
<b>Other Receivables</b>		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	2,116,597
20	Other Receivables	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	<b>Total Assets</b>	<b>3,358,379</b>

**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 reflected.

**San Antonio Indemnity Company  
Statement of Net Assets**

**For the Period Ending  
08/31/20**

---

3

Balance represents unencumbered invested assets carried at amortized costs and adjusted for collectibility. Bonds with a book value of \$50,003 have been non-admitted due to their uncollectible status.

4

Balance represents unencumbered invested assets carried at amortized cost and adjusted for collectibility. Stocks with a book value of \$380 have been non-admitted due to their uncollectible status.

19

Balance represents payment made to TPCIGA for Early Access.

R-556

**Exhibit B**  
**San Antonio Indemnity Company**  
**Statement of Net Liabilities**

For Period Ending  
08/31/20

Line		08/31/20
1	Secured Claims	
2	Reinsurance Liability	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	6,225
	Liquidation Oversight	666
	Special Master's Fees	198
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	299,268
	Administrative Expense Reserves	0
6	LAE - Guaranty Assns	
	LAE Paid	849,640
	LAE Reserves	0
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	1,976,035
	Loss Claims Reserves	0
8	Loss Claims - Other	5
	Other Loss Claims Paid	
	Other Loss Claims Reserves	0
9	LAE - Other	1,027
10	Unearned & Advance Premium Claims - GA	198,852
11	Unearned & Advance Premium Claims - Other	0
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	772,277
15	Class 5 Reinsurance Related Unsecured Claims	26,384
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	103,837
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
	<b>Total Liabilities</b>	4,234,414
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(876,035)
	<b>Total Liabilities &amp; Equity</b>	3,358,379

**San Antonio Indemnity Company  
Statement of Net Liabilities**

**For Period Ending  
08/31/20**

**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. A final determination of all liabilities, with the exception of amounts on line #4, will be concluded during the proof of claim process based on the supporting documentation submitted with the proof of claim and other information contained in the books and records of the receivership estate.

4

Balance represents amounts due/payable to SDR and subcontractors.

5

Balance represents a final determination made by the SDR of the claims in the receivership based upon the information provided in the POC and any additional information requested and received or discovered in the books and records of the company.

6

Balance represents a final determination made by the SDR of the claims in the receivership based upon the information provided in the POC and any additional information requested and received or discovered in the books and records of the company.

7

Balance represents a final determination made by the SDR of the claims in the receivership based upon the information provided in the POC and any additional information requested and received or discovered in the books and records of the company.

8

Balance represents a final determination made by the SDR of the claims in the receivership based upon the information provided in the POC and any additional information requested and received or discovered in the books and records of the company.



**San Antonio Indemnity Company  
Statement of Net Liabilities**

**For Period Ending  
08/31/20**

9

Balance represents a final determination made by the SDR of the claims in the receivership based upon the information provided in the POC and any additional information requested and received or discovered in the books and records of the company.

10

Balance represents a final determination made by the SDR of the claims in the receivership based upon the information provided in the POC and any additional information requested and received or discovered in the books and records of the company.

14

Balance represents amounts stated by the claimant or approved by the SDR on filed proof of claims for possible General Unsecured Creditor Claims. These amounts are based solely on information provided with the initial proof of claim and are not to be considered as approved claims in the receivership. A final determination of the approved claim amounts will be made by the SDR if this class will receive a distribution.

15

Balance represents amounts stated by the claimant or approved by the SDR on filed proof of claims for possible Reinsurance Related Unsecured Claims. These amounts are based solely on information provided with the initial proof of claim and are not to be considered as approved claims in the receivership. A final determination of the approved claim amounts will be made by the SDR if this class will receive a distribution.

18

Balance represents amounts stated by the claimant on filed proof of claims for possible Late Filed - Unexcused Claims. These amounts are based solely on information provided with the initial proof of claim and are not to be considered as approved claims in the receivership. A final determination of the approved claim amounts will be made by the SDR if this class will receive a distribution.

**EXHIBIT C**

**SAN ANTONIO INDEMNITY COMPANY R-556  
SOURCES & USES OF CASH STATEMENT  
INCEPTION TO 8/31/2020**

Receipts	
Receipts from Assets/Receivables	
Premium Receipts	\$239,880
Agents Balance Receipts	
Reinsurance Recoveries	3,246,298
Salvage & Subrogation Recoveries	
Settlement/Litigation Recoveries	
Other Receipts	1,498,089
Sale of Real & Personal Property	
Investment Sales/Receipts	<u>929,843</u>
Total Receipts from Assets/Receivables	\$5,914,110
Passive Receipts	
Interest & Dividend Receipts	169,911
Cash Deposit Interest	<u>124,385</u>
Total Passive Receipts	<u>294,296</u>
Total Cash Receipts	6,208,406
Disbursements for Operations	
SDR Fees & Expenses	1,729,689
Subcontractor Legal Fees & Expenses	802,659
Subcontractor Other Fees & Expenses	554,655
Non-Subcontractor Fees & Expenses	44,489
Other Expenses	23,880
RLO Fees & Expenses	<u>234,812</u>
Total Disbursements for Operations	<u>3,390,184</u>
Net Cash from Operations	2,818,222
Cash Distributions	
Loss Claims & LAE Expense Payments	88,866
Early Access Payments- Guaranty Associations	2,116,597
Refunds & Other Distributions	<u>2,205,463</u>
Net Increase in Cash	612,759
Cash at Beginning of Period	<u>629,023</u>
Cash at End of Period	<u><u>\$1,241,782</u></u>

**SAN ANTONIO INDEMNITY COMPANY**  
**DISPOSITION OF ASSETS SCHEDULE**  
 Inception to 08/31/20

ASSET DESCRIPTION	ASSET BALANCE AS OF 10/31/13	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 08/31/20
<b>CASH</b>													
Beginning Cash	629,023		Cash at Inception of Receivership Recoveries										
		3,658,031	Pronto settlement										
		1,500,000	NGM Settlement										
		566,079	Quirk settlement										
		190,000	Investment Interest										
		169,911	Income										
			Cash Deposit Interest										
		124,379	Income										
		(88,866)	Loss Claims Expense										
		(2,116,597)	Early Access										
		(3,390,178)	Distributions										
			Operational Expenses										
Subtotal	629,023	612,759		0			0			0			1,241,782
<b>INVESTMENTS</b>													
Bonds-Unrestricted	771,531	50,000	TX Statutory deposit released-reclassified to Bonds	25,868	Bell South	11/14/13	(550)	Bell South	11/14/13				
				50,000	Lubbock GO	02/18/14	(183)	Lubbock GO	02/18/14				
					Houston TX Airport Revenue Bond	09/05/14	(22)	Houston TX Airport Rev Bond	09/05/14				
					GE Capital Corp	10/15/14							
					US West	10/13/15	78	US West	10/13/15				
					Morgan Stanley	10/15/15	57	Morgan Stanley	10/15/15				
					Arkansas Dev Rev	11/02/15	1	Arkansas Dev Rev	11/02/15				
					GE Capital	01/08/16	(106)	GE Capital	01/08/16				
					Westpac	04/17/17							
					SLM/Navient	06/15/17	(341)	SLM/Navient	06/15/17				
					JP Morgan Chase	09/28/17							
					N Texas Tollway	11/01/17	(909)	N Texas Tollway	11/01/17				
		0		398,421	Various bond sales	12/21/18	(7,364)	Bond sales	12/21/18				
		50,000		780,867			(9,339)						50,003
Common Stock	53,576	4,872	Conversion of GM Stock warrants to stock	71,932	Various stock sales	12/28/18	(13,864)	Stock sales	12/28/18				380
Allowance for Securities	(50,003)	(380)	Allowance recorded for Common Stock										(50,383)
Preferred Stock	25,000			23,940	Assured Guaranty sale	12/21/18	1,060	Assured Guaranty sale	12/21/18				0
Stock Warrants	7,957	(4,872)	Conversion of GM stock warrants to stock	4	Cash payout on stock conversion	06/06/16							0
		0		3,081	General Motors	12/28/18							0
		(4,872)		3,085									0
Subtotal	808,061	49,620		879,824			(22,143)			0			0
<b>REINSURANCE</b>													
Reinsurance recoverable on Paid Losses	571,247	3,438,183	Additional billings	3,896,077	Various recoveries	Oct13-Aug20							0
		(113,353)	Checks written to Willis Re for reinsurance credits	0									0
		3,324,830		3,896,077									0
Allowance for Reinsurance on Paid Losses	(163,655)	163,655	Balance adjustment based on aging and collections of receivables										0
Subtotal	407,592	3,488,485		3,896,077			0			0			0
<b>RECEIVABLES</b>													
A/R Premiums	235,243	1,346	Record amount in IMGA escrow account	235,805	Various recoveries	Oct13-Aug20	784	uncollectible	04/27/18				0

ASSET DESCRIPTION	ASSET BALANCE AS OF 10/31/13	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 08/31/20
<b>CASH</b>													
Allowance for A/R Premiums	(235,243)	235,243	Adjustment based on collections and writeoffs										0
Premium Tax Receivable	28,016	(6,228)	Balance adjustment based on 2013 premium tax return	21,768	Premium Tax Receipt	05/01/14	20	Write off remaining balance	05/01/14				0
Allowance for Other Receivables	(28,016)	28,016	Adjustment based on collections and writeoffs										0
Receivable from Guaranty Associations	0	2,116,597	Early Access payments to TPCIGA										2,116,597
Accrued Investment Income	9,865			9,865	Various recoveries	Oct13-Aug14							0
Subtotal	9,865	2,374,974		267,438			804			0			2,116,597
<b>OTHER ASSETS</b>													
Deferred Tax Asset	149,353	79,917	Adjustment based on review of tax returns				229,270	Uncollectible	08/31/20				0
Allowance for Other Assets	(149,353)	149,353	Adjustment based on review and writeoff										0
Subtotal	0	229,270		0			229,270			0			0
<b>RESTRICTED ASSETS</b>													
Restricted - Statutory Deposits	99,622	(50,000)	TX Statutory deposit released-reclassified to Bonds	50,000	Tx statutory deposit	06/16/14	(378)	Tx statutory deposit	06/16/14				0
Subtotal	99,622	(50,000)		50,000			(378)			0			0
<b>TOTAL</b>	<b>1,954,163</b>	<b>6,475,838</b>		<b>5,093,339</b>			<b>(21,717)</b>			<b>0</b>			<b>3,358,379</b>

**EXHIBIT E**  
**R-556 SAN ANTONIO INDEMNITY COMPANY**  
**FINAL REPORT OF CLAIMS**

POC Number	Claimant	Class	Claim Disposition	Amount Allowed
1	Allen Law Firm / Greg Allen	2	Allowed	\$ 1,027.50
16.1	Texas Property and Casualty Insurance Guaranty Association	1	Allowed	\$ 1,148,907.44
16.2	Texas Property and Casualty Insurance Guaranty Association	2	Allowed	\$ 2,174,887.15
35	(individual claimant)	2	Allowed	\$ 5.00
43	(individual claimant)	5	Allowed	\$ 2,422.23
60/61	(individual claimant)	5	Allowed	\$ 5,123.73
72	(individual claimant)	5	Allowed	\$ 5,479.19
77	(individual claimant)	5	Allowed	\$ 10,689.94
99	(individual claimant)	5	Allowed	\$ 2,545.30
113	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 1,783.06
114	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 5,979.87
115	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 5,888.32
116	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 1,173.85
117	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,549.85
118	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,706.12
119	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 4,687.63
120	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,433.52
121	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,791.49
122	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 4,429.66
123	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 3,033.78
124	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,398.10
125	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,475.92
126	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,019.51
127	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 1,218.94
128	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 1,523.72
129	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,162.44
130	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 12,251.30
131	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 979.26

**EXHIBIT E**  
**R-556 SAN ANTONIO INDEMNITY COMPANY**  
**FINAL REPORT OF CLAIMS**

POC Number	Claimant	Class	Claim Disposition	Amount Allowed
132	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,973.15
133	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 6,590.45
134	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 860.18
135	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,679.43
136	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 3,236.72
137	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 1,724.37
138	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,043.10
139	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 2,824.20
140	(individual claimant)	8	Deemed Allowed POC and Class 8 per Order dated 7/17/2017	\$ 1,849.75
			Total Allowed	\$ 3,438,355.17
2	(individual claimant)	2	Resolved by TPCIGA	
3	(individual claimant)	2	Withdrawn	
4	(individual claimant)	2	Disallowed	
5	(individual claimant)	2	Disallowed	
6	Mission Claims Service, Inc.	5	Classified Only	
7	ALE Solutions, Inc.	2	Resolved by TPCIGA	
8	(individual claimant)	2	Withdrawn	
9	(individual claimant)	2	Disallowed	
10	(individual claimant)	2	Disallowed	
11	(individual claimant)	2	Disallowed	
12	(individual claimant)	2	Disallowed	
13	(individual claimant)	2	Disallowed	
14	(individual claimant)	2	Disallowed	
15	(individual claimant)	2	Disallowed	
17	(individual claimant)	2	Disallowed	
18	Donan Engineering	5	Classified Only	
19	Donan Engineering	5	Classified Only	
20	(individual claimant)	2	Disallowed	
21	(individual claimant)	2	Resolved by TPCIGA	
22	(individual claimant)	2	Disallowed	
23	(individual claimant)	2	Disallowed	
24	(individual claimant)	2	Resolved by TPCIGA	
25	(individual claimant)	2	Disallowed	

**EXHIBIT E**  
**R-556 SAN ANTONIO INDEMNITY COMPANY**  
**FINAL REPORT OF CLAIMS**

POC Number	Claimant	Class	Claim Disposition	Amount Allowed
26	The United States/Sharon C. Williams	3	Withdrawn	
27	(individual claimant)	2	Disallowed	
28	(individual claimant)	2	Withdrawn	
29	E. E. Ethridge Claims Service, Inc.	5	Classified Only	
30	E. E. Ethridge Claims Service, Inc.	5	Classified Only	
31	(individual claimant)	2	Disallowed	
32	(individual claimant)	2	Disallowed	
33	(individual claimant)	2	Resolved by TPCIGA	
34	(individual claimant)	2	Disallowed	
36	(individual claimant)	2	Disallowed	
37	(individual claimant)	2	Disallowed	
38	(individual claimant)	2	Disallowed	
39	(individual claimant)	2	Disallowed	
40	(individual claimant)	2	Disallowed	
41	(individual claimant)	2	Disallowed	
42	(individual claimant)	2	Disallowed	
44	(individual claimant)	2	Disallowed	
45	(individual claimant)	2	Resolved by TPCIGA	
46	(individual claimant)	2	Disallowed	
47	(individual claimant)	2	Resolved by TPCIGA	
48	(individual claimant)	2	Disallowed	
49	(individual claimant)	2	Disallowed	
50	(individual claimant)	2	Resolved by TPCIGA	
51	(individual claimant)	5	Classified Only	
52	(individual claimant)	2	Disallowed	
53	(individual claimant)	2	Resolved by TPCIGA	
54	(individual claimant)	5	Classified Only	
55	(individual claimant)	5	Classified Only	
56	(individual claimant)	5	Classified Only	
57	(individual claimant)	5	Classified Only	
58	(individual claimant)	5	Classified Only	
59	(individual claimant)	2	Resolved by TPCIGA	
62	(individual claimant)	5	Disallowed	
63	(individual claimant)	5	Disallowed	
64	(individual claimant)	5	Classified Only	
65	(individual claimant)	2	Resolved by TPCIGA	
66	(individual claimant)	2	Resolved by TPCIGA	
67	(individual claimant)	2	Resolved by TPCIGA	
68	(individual claimant)	2	Disallowed	
69	(individual claimant)	2	Disallowed	
70	(individual claimant)	2	Disallowed	

**EXHIBIT E**  
**R-556 SAN ANTONIO INDEMNITY COMPANY**  
**FINAL REPORT OF CLAIMS**

POC Number	Claimant	Class	Claim Disposition	Amount Allowed
71	(individual claimant)	2	Disallowed	
73	(individual claimant)	5	Classified Only	
74	(individual claimant)	5	Classified Only	
75	(individual claimant)	5	Classified Only	
76	(individual claimant)	5	Classified Only	
78	(individual claimant)	5	Classified Only	
79	(individual claimant)	5	Classified Only	
80	(individual claimant)	5	Classified Only	
81	(individual claimant)	5	Classified Only	
82	(individual claimant)	5	Classified Only	
83	(individual claimant)	5	Classified Only	
84	(individual claimant)	5	Classified Only	
85	(individual claimant)	5	Classified Only	
86	(individual claimant)	5	Classified Only	
87	(individual claimant)	5	Classified Only	
88	(individual claimant)	5	Classified Only	
89	(individual claimant)	5	Classified Only	
90	(individual claimant)	5	Classified Only	
91	Guy Carpenter & Co, LLC	5	Classified Only	
92	(individual claimant)	2	Resolved by TPCIGA	
93	(individual claimant)	2	Disallowed	
94	(individual claimant)	2	Disallowed	
95	(individual claimant)	2	Disallowed	
96	(individual claimant)	2	Disallowed	
97	(individual claimant)	2	Disallowed	
98	(individual claimant)	2	Disallowed	
100	(individual claimant)	2	Resolved by TPCIGA	
101	(individual claimant)	2	Resolved by TPCIGA	
102	(individual claimant)	8	Classified Only	
103	Frontier Adjusters, Inc.	8	Classified Only	
104	(individual claimant)	8	Classified Only	
105	(individual claimant)	8	Classified Only	
106	(individual claimant)	8	Classified Only	
107	(individual claimant)	8	Classified Only	
108	Frontier Adjusters, Inc.	8	Classified Only	
109	(individual claimant)	8	Classified Only	
110	(individual claimant)	8	Classified Only	
111	(individual claimant)	2	Disallowed	
112	(individual claimant)	8	Classified Only	



**Exhibit F**  
**R- 556**  
**Estimated Closing Budget**

<b>Estimated SDR Fees</b>	<b>Amount</b>
Administration	\$ 20,147.50
Accounting	\$ 12,855.00
Claims	\$ 2,925.00
Total SDR Fees	\$ 35,927.50
<b>Estimated Miscellaneous Expenses</b>	
Records Storage and Disposal	\$ 1,340.00
Toll Free Line and Conference Line	\$ 130.00
Copies, Faxes, Postage/Courier	\$ 95.00
Bank Charges, Wiring Fees & Treasury Account	\$ 40.00
Special Deputy Receiver Bond	\$ 190.00
Total Miscellaneous Expenses	\$ 1,795.00
<b>Estimated Subcontractors Fees &amp; Expenses</b>	
Legal	\$ 14,200.00
Accounting Subcontractors	\$ 6,800.00
IT Subcontractor	\$ 4,995.00
Records Subcontractor	\$ 2,125.00
Total Subcontractor Fees & Expenses	\$ 28,120.00
<b>Estimated Other Fees &amp; Expenses</b>	
Records Scanning	\$ 1,800.00
Liquidation Oversight Allocated Expenses	\$ 1,200.00
Special Master Fees	\$ 300.00
Total Other Fees & Expenses	\$ 3,300.00
<b>Total Estimated Fees and Expenses</b>	<b>\$ 69,142.50</b>

**Exhibit G  
Distribution Schedule**

POC No.	Claimant	Plaintiff in Care of Attorney(s)	Court Approval Date	Amount Allowed	Gross Distribution Percentage	Gross Distribution	Previous Distribution	Projected Distribution
<b>Class 1 Claim</b>								
16.1	TPCIGA		To be approved with final report	\$1,148,907.44	100%	\$1,148,907.44	\$1,148,907.44	\$0.00
			<b>Total Class 1 Claims</b>	<b>\$1,148,907.44</b>		<b>\$1,148,907.44</b>	<b>\$1,148,907.44</b>	<b>\$0.00</b>
<b>Class 2 Claims</b>								
16.2	TPCIGA		To be approved with final report	\$2,174,887.15	98.04%	\$2,132,227.10	\$967,689.56	\$1,164,537.54
1	Allen Law Firm / Greg Allen		To be approved with final report	\$1,027.50	98.04%	\$1,007.35	\$ -	\$1,007.35
35	Individual Claimant		To be approved with final report as de minimis with no distribution	\$5.00	98.04%	\$4.90	\$ -	\$4.90
			<b>Total Class 2 Claims</b>	<b>\$2,175,919.65</b>		<b>\$2,133,239.35</b>	<b>\$967,689.56</b>	<b>\$1,165,549.79</b>
			<b>Total Class 1 and Class 2 Claims</b>	<b>\$3,324,827.09</b>		<b>\$3,282,146.79</b>	<b>\$2,116,597.00</b>	<b>\$1,165,549.79</b>

## Exhibit H

### NOTICE REGARDING SAN ANTONIO INDEMNITY COMPANY

You filed a claim in the SAIC receivership, and the Special Deputy Receiver (SDR) classified your claim as a Class 2 claim. The SDR has filed an application to make final distribution (Application) in *The State of Texas v. San Antonio Indemnity Company*, Cause No. D-1-GV-13-001153 in the 201st Judicial District, Travis County, Texas. The Application requests approval and payment of Class 1 expenses and a final distribution of approximately 98.04% on approved Class 2 claims. This is an estimate, and the actual distribution may vary from this projection. The Application is available at [www.texasdr.com](http://www.texasdr.com), or you can request a copy by mail by calling 877-523-3977. You may also call this number if you have any questions.

You do not need to call or write the SDR to receive your check, except to notify the SDR of any change to your address. After the court approves the distribution, your check will be mailed to the address you provided on the proof of claim form or any updated address you provided. **Your check should be cashed as soon as possible when you receive it.**

The Application will be submitted to the Master appointed by the Court on November 10, 2020 (Submission Date) under the *Order of Reference to Master* (Order of Reference). The Order of Reference established these rules for the Master's consideration of the Application:

1. The Master may consider the Application by written submission or oral hearing.
2. If no objection is filed in compliance with the *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 must be sent by email to the following:
  - (a) The Master's Docket Clerk at [SpecialMasterClerk@tdi.texas.gov](mailto:SpecialMasterClerk@tdi.texas.gov).
  - (b) All parties listed on the Certificate of Service attached to the Application.
  - (c) The Applicant's counsel: Amy Jeanne Welton at [weltonlaw@gmail.com](mailto:weltonlaw@gmail.com).
5. Any objection must specifically set out the reasons for the 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. An objecting party must expeditiously coordinate with the Applicant's counsel and with the Master's docket clerk at (512) 676-6915 to request a hearing, unless the Master determines that a hearing is not necessary. If a 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.
6. Any Acknowledgment of Notice and Waiver by a party in interest should be filed at least three (3) calendar days before the submission or hearing date.

**You need to follow these procedures only if you have an objection to the Application.**

## Exhibit I

### NOTICE REGARDING SAN ANTONIO INDEMNITY COMPANY

You filed a claim in the SAIC receivership, and the Special Deputy Receiver (SDR) classified your claim as a Class 5 or a Class 8 claim. The SDR has filed an application to make final distribution (Application) in *The State of Texas v. San Antonio Indemnity Company*, Cause No. D-1-GV-13-001153 in the 201st Judicial District, Travis County, Texas. The Application requests approval and payment of Class 1 expenses and a final distribution of approximately 98.04% on approved Class 2 claims. After the payment of Class 1 expenses and Class 2 claims, no funds will be available for distribution to Class 5 or Class 8. The Application is available at [www.texassdr.com](http://www.texassdr.com), or you can request a copy by mail by calling 877-523-3977. You may also call this number if you have any questions.

The Application will be submitted to the Master appointed by the Court on November 10, 2020 (Submission Date) under the *Order of Reference to Master* (Order of Reference). The Order of Reference established these rules for the Master's consideration of the Application:

1. The Master may consider the Application by written submission or oral hearing.
2. If no objection is filed in compliance with the 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 must be sent by email to the following:
  - (a) The Master's Docket Clerk at [SpecialMasterClerk@tdi.texas.gov](mailto:SpecialMasterClerk@tdi.texas.gov).
  - (b) All parties listed on the Certificate of Service attached to the Application.
  - (c) The Applicant's counsel: Amy Jeanne Welton at [weltonlaw@gmail.com](mailto:weltonlaw@gmail.com).
5. Any objection must specifically set out the reasons for the 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 Applicant's counsel and with the Master's docket clerk at (512) 676-6915 to request a hearing, unless the Master determines that a hearing is not necessary. If a 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 should be filed at least three (3) calendar days before the submission or hearing date.

**You need to follow these procedures only if you have an objection to the Application.**

**Exhibit J**  
**SAIC Records Destruction Inventory**

<b>Receivership #</b>	<b>Box #</b>	<b>Description</b>	<b>Retention Period</b>
556	PJP100001	Claim Files	AC
556	PJP100002	Claim Files	AC
556	PJP100003	Claim Files	AC
556	PJP100004	Claim Files	AC
556	PJP100005	Claim Files	AC
556	PJP100006	Claim Files	AC
556	PJP100007	Claim Files	AC
556	PJP100008	Claim Files	AC
556	PJP100009	Claim Files	AC
556	PJP100010	Claim Files	AC
556	PJP100011	Claim Files	AC
556	PJP100012	Claim Files	AC
556	PJP100013	Claim Files	AC
556	PJP100014	Claim Files	AC
556	PJP100015	Claim Files	AC
556	PJP100016	Policy Forms	AC
556	PJP100017	Policy Forms	AC
556	PJP100018	Claim Files	AC
556	PJP100019	Annual Statement	AC
556	PJP100020	Rate Filings / Policy Forms	AC
556	PJP100021	Rate filings	AC
556	PJP100022	Litigation files (Claims Related)	AR+4
556	PJP100023	Various Financial Statements, Auditor Reports and Actuarial Review Reports	AC
556	PJP100024	General Journal and Ledgers; and Board Meeting Minutes & Agendas; including Waiver of Notice to the Board of Directors Meeting	AC
556	PJP100025	Financial Statements	AR+7
556	PJP100026	Litigation files	AR+4
556	PJP100027	Claim Payments	AC
556	PJP100028	SDR Monthly Report Workpaper	PS
556	PJP100030	Pronto Loss Adjustment Expenses	AC
556	PJP100031	Policy Records and Claim Records	AC
556	PJP100032	Bank Statements/reconciliations	PS
556	PJP100033	Claim Filed Closed	AC
556	PJP100034	Claim Filed Closed	AC
556	PJP100035	Claim Filed Closed	AC
556	PJP100036	Claim Filed Closed	AC
556	PJP100037	Claim Filed Closed	AC
556	PJP100038	Claim Filed Closed	AC
556	PJP100039	Claim Filed Closed	AC
556	PJP100040	SDR Monthly Report Workpaper	PS
556	PJP100041	Claim Filed Closed	AC
556	PJP100042	Claim Filed Closed	AC
556	PJP100043	Claim Filed Closed	AC
556	PJP100044	Claim Filed Closed	AC
556	PJP100045	Claim Filed Closed / Reinsurance Treaties	AC
556	PJP100046	Claim Filed Closed	AC
556	PJP100047	Phone Records	PS
556	PJP100047	Legal Claim Files	AR+4

**Exhibit J**  
**SAIC Records Destruction Inventory**

556	PJP100048	Status Conference Folders/Fraud Referrals/Takeover Notes/Phone Logs/Emails	PS
556	PJP100049	SDR Monthly Report Workpaper	PS
556	PJP100050	Claim Filed Closed	AC
556	PJP100051	Claim Filed Closed	AC
556	PJP100052	SDR Monthly Report Workpapers	PS
556	PJP100052	Mortgage Company Letters	AC
556	PJP100052	Subrogation Review SAIC	PS
556	PJP100052	Status Conference Folders/Subcontractor Agreements and Misc Mail	PS
556	PJP100052	Cancellation Notices	AC
556	PJP100053	SAIC Reinsurance/NGM - Reinsurance Pronto QS Notes - Mostly Handwritten Notes	PS
556	PJP100053	Claimant Release and claim 647 and 1756 Info	AC
556	PJP100053	Fraud Report/SDR Subcontractor Agreements/Misc UEP Docs	PS
556	PJP100056	Proof of Claim Misc. Information and Worksheets / Subcontractor Invoices January 2020 to January 2021; SDR Monthly Report Workpapers January 2020 to January 2021 / Misc. Records Inventory / Status Conf. Reports / State Travel Info / TX Auto Burglary & Theft Worksheets and Info / Texas Comptroller Assorted Forms / Notice Postcards (Blank) / Surplus SAIC Frost Checks	PS
556	PJP100057	Meeting Notes / Securities Liquidation / Early Access Information	PS
556	No Box #	SDR and SDR Subcontractor Work Product (Physical and Electronic records)	PS

## CERTIFICATE OF SERVICE

I certify that pursuant to the *Order of Reference to Master*, Texas Rules of Civil Procedure, and Tex. Ins. Code Ann. § 443.007(d), on October 27, 2020, a true and correct copy of the *Application to Approve Report of Claims, Make Final Distribution, and Destroy Records* was served on all interested parties by email.

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by serving his Docket Clerk  
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/s/ Amy Jeanne Welton  
**Amy Jeanne Welton**  
**weltonlaw@gmail.com**

Cause No. D-1-GV-13-001153

<p><b>THE STATE OF TEXAS,</b>  <b>Plaintiff</b></p>	<p>§ § § § § § § § §</p>	<p><b>IN THE DISTRICT COURT OF</b></p> <p><b>TRAVIS COUNTY, TEXAS</b></p> <p><b>201st JUDICIAL DISTRICT</b></p>
<p>v.</p>		
<p><b>SAN ANTONIO INDEMNITY COMPANY,</b>  <b>Defendant</b></p>		

**ORDER APPROVING APPLICATION TO APPROVE REPORT OF CLAIMS, ABANDON SECURITIES, MAKE FINAL DISTRIBUTION AND DESTROY RECORDS**

On this day the Court considered the *Application to Approve Report of Claims, Make Final Distribution, and Destroy Records (Application)* filed by Milford Consulting LLC as Special Deputy Receiver of San Antonio Indemnity Company (SAIC and SDR, respectively). The *Application* requests an order pursuant to Tex. Ins. Code Ann. §§ 443.253, 443.258, 443.301, 443.302, and 443.354 authorizing the SDR to report claims, make a final distribution of the receivership estate’s assets, and dispose of or transfer any remaining records of SAIC. SDR appeared by and through its counsel. The Texas Property and Casualty Insurance Guaranty Association also appeared through its counsel of record. Although duly and timely notified of the *Application*, no one else appeared on behalf of any other party in interest.

In accordance with the *Order of Reference to Master* (Master) entered on October 31, 2013 (*Order of Reference*), 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 *Order of Reference* provides that motions filed pursuant to TEX. INS. CODE § 443.007, § 443.258, § 443.354 and 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, and (ii) the notice of hearing, distribution notice, and notice of closing were all proper and 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 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*, and all discretionary decisions of the SDR included in the *Application*, are approved in all respects;
2. The facts in the *Application*, verified and sworn to in Exhibit A, and Exhibits B through K are admitted into evidence and the facts contained in the *Application* and its exhibits are accepted into evidence as prima facie proof of the matters asserted;
3. This Court takes judicial notice of all matters contained in this Court's file pursuant to Tex. R. Civ. Evid. 201;
4. The final financial statements are accepted;
5. Approving the estimated closing expenses as reflected on Exhibit F;

6. Approving the SDR's actions on the POCs as indicated on Exhibit E under § 443.258;
7. The SDR is authorized to credit previous early access payments against a final distribution to TPCIGA's allowed Class 1 claims and part of TPCIGA's allowed Class 2 claim;
8. The SDR is authorized to distribute the cash assets of the receivership estate as described in the *Application* and shown in Exhibit G;
9. The SDR is authorized to transfer to the Commissioner any Residual Funds remaining after all distributions are made;
10. The SDR is authorized to deliver any unclaimed funds to the Commissioner, and any distribution to a claimant whose notice is returned as undeliverable is deemed unclaimed for purposes of § 443.304;
11. The SDR is authorized to assign non-cash assets to the Commissioner, including but not limited to, assets and rights not known at the time of the termination of this proceeding;
12. The SDR is authorized to transfer to TPCIGA claims records for which it agrees to accept responsibility, and authorizing TPCIGA to retain or dispose of such records at its discretion;
13. The SDR is authorized to dispose of the records listed in Exhibit J and deliver any remaining records that are not transferred to TPCIGA to the Commissioner, and authorizing the Commissioner to maintain or dispose of such records at his or her discretion;

14. The SDR is authorized to transfer records to the Commissioner and the Commissioner is authorized to retain or dispose of such records at his discretion;
15. This Order constitutes a final disposition resolving all matters relating to the *Application*;
16. The SDR is authorized to execute any documents as necessary to effectuate purposes of the *Application* and this Order; and
17. Granting such further relief to which the SDR or Receiver may be entitled.

SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

---

TIM SULAK  
DISTRICT JUDGE PRESIDING