

NO. D-1-GN-92-02133

STATE OF TEXAS
Plaintiff,

V.

EMPLOYERS CASUALTY COMPANY
and EMPLOYERS OF TEXAS LLOYDS
Defendants

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IN THE DISTRICT COURT

353rd JUDICIAL DISTRICT

TRAVIS COUNTY, TEXAS

**SPECIAL DEPUTY RECEIVER'S FINAL REPORT
AND APPLICATION TO MAKE FINAL DISTRIBUTION
[EMPLOYERS OF TEXAS LLOYDS]**

TO THE HONORABLE JUDGE OF THIS COURT:

Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds (the “SDR” and “ETL”, respectively) files this *Final Report and Application to Make Final Distribution* (the “Application”).

I. INTRODUCTION

I.1 Summary of Relief Requested

The SDR requests this Court to accept its financial reports and authorize a final distribution of ETL’s remaining assets. Following the distribution, the SDR will submit a final accounting and an application to discharge the Receiver and the SDR and terminate this proceeding.

I.2 Scope of Application

This Application does not involve claims filed in the Employers National Insurance Company (“ENIC”) receivership, which has already been terminated, or Employers Casualty Company (“ECC”) receivership, which is consolidated in this action solely for administrative purposes.

II. AUTHORITY

2.1 Statutory Authority

The SDR files this Application pursuant to TEX. INS. CODE §443.302, which provides for the Court's approval of a distribution of assets. The SDR is authorized to file this Application under TEX. INS. CODE §443.154(a). Unless otherwise indicated, all statutory references are to the Texas Insurance Code.

2.2 Reference to Master

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

III. BACKGROUND

3.1 Company History

ETL was organized in 1983 as a Lloyds plan insurance company under Tex. Ins. Code Chapter 18 and operated as a wholly owned subsidiary of ECC until receivership. It was licensed solely in Texas to write property and casualty insurance policies, and was a member of the Texas Property and Casualty Insurance Guaranty Association ("TPCIGA"). Employers of Texas Lloyds, Inc., a Texas corporation incorporated in 1983, was the attorney in fact for ETL. The company was only admitted in the State of Texas. The Texas Department of Insurance Identification Number is 6143. The NAIC identification number is 10600.

3.2 Initiation of Delinquency Proceeding and Appointment of Receiver & SDR

On February 11, 1994, ETL was placed into receivership in Cause Number 94-00949 in the 353rd District Court of Travis County, Texas (the "Original Proceeding"). The Court entered a *Permanent Injunction, Order of Liquidation, and Order Appointing Permanent Receiver* (the

“Liquidation Order”), appointing the Texas Commissioner of Insurance (“Commissioner”) as Receiver. The Receiver designated Jack M. Webb as SDR of ETL on February 11, 1994.

3.3 Impairment Order

On January 18, 1994 the Commissioner entered an order designating ETL as an “impaired insurer” in accordance with article 21.28-C. As a consequence of this order, TPCIGA became obligated to pay covered claims of ETL in accordance with article 21.28-C.

3.4 Initial Closing of the Receivership and Subsequent Re-Opening

The Original Proceeding was closed on November 29, 2001. All approved Class 1 proofs of claim (“POCs”) were paid in full and partial pro-rata distributions were made on approved Class 2 POCs. All unliquidated assets of ETL, which included claims filed in the ECC receivership, were assigned to the Commissioner. In 2009, the ECC receivership made a distribution on the Class 5 claim filed by ETL. On January 25, 2010, the Commissioner filed an application to reopen the ETL Proceeding, and disbursed the funds from the ECC receivership distribution to the ETL receivership. On February 10, 2010, this Court reopened the ETL proceeding, and consolidated the proceeding in this delinquency proceeding for administrative purposes.

3.5 Related Receiverships

Two ETL affiliates, owner ECC and co-subsiary, Employers National Insurance Company (“ENIC”), were also placed into permanent receivership on February 11, 1994 and Jack M. Webb was designated as SDR of both companies. The ENIC receivership case was closed in 2005 and re-opened February 10, 2010. The reopened ENIC proceeding was closed, after full payment to all creditors, including a full Class 10 interest distribution on April 24, 2012. This Court has approved the SDR’s Final Report and Application to Make Final Distribution in the ECC proceeding.

IV. FINANCIAL STATEMENTS

4.1 The Statement of Net Assets and Statement of Net Liabilities for ETL, attached as “Exhibit 1A” and “Exhibit 1B”, respectively, and incorporated herein by reference, are submitted in accordance with §443.016 and incorporated herein by reference. The exhibits reflect the financial condition of the receivership estate as of August 31, 2012. The Consolidated Cash Sources and Uses Statement, which lists all funds received and disbursed from the receivership estate, from the date the court reopened the ETL Proceeding through August 31, 2012, is attached as “Exhibit 2” and incorporated herein by reference.

V. ASSETS

5.1 Inventory of Assets

On February 10, 2010 the Court reopened the ETL proceeding and the SDR recorded \$10,971,958, representing reinsurance collection from the payment of the Class 5 claim filed in the ECC receivership.

5.2 Disposition of Assets

ETL’s Disposition of Assets Schedule is attached as “Exhibit 3” and incorporated herein by reference. The schedule sets forth all asset transactions by year since February 10, 2010. There are no known unliquidated assets.

VI. CLAIMS

6.1 Notice of Claims Filing Deadline

The Court established July 31, 1995, as the deadline to file proofs of claims (“POCs”) with the SDR under its *Order Granting Special Deputy Receiver’s Application to Provide Notice, Set Claims Filing Deadline and Establish a Claims Processing Procedure* in the ETL Original Proceeding. 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 the books and records of ETL. On January 30, 1996, this Court granted the SDR authority to provide late notice to claimants and approving procedures relating to late claims pursuant to article 21.28, §3(b).

6.2 Filing of Claims

A total of 385 Proofs of Claims (“POCs”) were filed in the Original Proceeding.

6.3 Classification of Claims

Pursuant to this Court’s May 19, 1994 Order approving the *Application Requesting a Claims Processing Scheduling Order*, the SDR reviewed all POCs, and notified all claimants in writing of his determination of the amount and classification of their claims pursuant to article 21.28, § 3 (h). With certain exceptions, classes with a priority of lower than Class 2 under art. 21.28, §8 were adjudicated solely as to classification and not as to liability or amount in the Original Proceeding.

On April 30, 2010, the SDR filed his *Application for Orders Regarding Processing of Proofs of Claims* in the reopened ETL receivership. As a result of the enactment of Insurer Receivership Act, effective September 1, 2005, the priorities of certain claims were reclassified under § 443.301. On May 17, 2010, this Court entered its Order granting the application, which approved the SDR’s proposed process for handling POCs in the reopened proceeding. Thereafter, the SDR adjudicated all remaining POCs and, as necessary reclassified the priority of certain claims to comport with §443.301.

6.4 Reports of Claims

Section 443.258, which provides for this Court’s approval of a Report of Claims, was not in effect when the Original Proceeding was closed in 2001. Following the reopening, the SDR requested Receivership Court approval of his adjudication of claims pursuant to §443.258. On September 22, 2010, this Court entered an order approving the SDR Report of Class 2 Claims

and authorizing a distribution on such claims. On November 23, 2010, this court entered an order approving the SDR's Second Report of Claims and authorizing distribution to one Class 2 claim and all Class 5 claims. On April 24, 2012, this Court granted the SDR's *Application to Approve Plan for Interest on Approved Claims* ("Interest Application"). There were no approved claims in Classes 3, 4, and 6 through 9.

6.5 Claims Payments

In the Original Proceeding, all approved Class 1 POCs were paid in full and partial pro-rata distributions were made on approved Class 2 POCs pursuant to article 21.28. In accordance with the above referenced orders of September 22, 2010 and November 23, 2010, this Court approved a distribution on the unpaid balances of all allowed Class 2 claims totaling \$8,811,188 and a 100% distribution on allowed Class 5 claims totaling \$1,919,759. There were no claims classified as Class 3-4 and 6-9 in the ETL receivership. On April 24, 2012, this Court granted the SDR's Interest Application, approving the SDR's plan to pay Class 10 interest on all approved claims. The SDR has distributed the payments to Claimants, with the exceptions noted below.

6.6 Release of Federal Claims

The SDR entered into a Release Agreement with the U.S. Department of Justice, which is attached as "Exhibit 4". Under this agreement, the United States releases the SDR and the Receiver from any federal claims arising under 31 U.S.C. §3713(b). The agreement is subject to any required approval by this Court. The SDR requests that the Court approve the terms of the Release Agreement.

VII. EXPENSES

7.1 Approval and Payment of Expenses

Since the ETL estate was reopened on February 10, 2010, Statement of Expenses have

been filed pursuant to §443.015, and the terms of compensation of the SDR and subcontractors were approved in accordance with this Court's order entered on May 17, 2010. Section 443.015(g) requires that Statements of Expenses be filed quarterly, or as otherwise provided by this Court. The last Statement of Expenses was filed in this proceeding as of August 31, 2012. The SDR requests that the next Statement of Expenses be filed with the final accounting.

7.2 Reserve for Final Expenses

The fees and expenses of the receivership have been paid through September 2012. The SDR proposes to reserve \$55,867 from the distribution to pay the costs of the closing of the ETL receivership estate. Attached as Exhibit 5 and incorporated by reference is the SDR's Summary of Closing Costs. The SDR will submit a final Statement of Expenses pursuant to §443.015 with the final accounting.

VIII. PROPOSED FINAL DISTRIBUTION OF ASSETS

8.1 Classes Eligible for Distribution

The SDR has previously paid all approved claims in full with the exception of claimants who cannot be located. In accordance with the Interest Application, all funds remaining after the payment of the final expenses of the ETL receivership shall be distributed to all approved Class 10 claims, pro rata to the extent of funds available.

8.2 Calculation of Distribution

As of September 30, 2012, there was \$1,878,304 in cash. After reserving for accrued payables, certain withheld distributions totaling \$728, and final expenses as shown on Exhibit 5, \$1,812,520 will be available for distribution to approved claimants. Attached as "Exhibit 6" and incorporated by reference, is the SDR's Calculations of Final Distribution, which identifies the creditor and/or POC number¹, the total amount of its approved Class 10 claim, and the proposed distribution, if any, to the claimant or TPCIGA.

8.3 Withheld Distributions

The SDR holds funds from earlier distributions, which remain undistributed and/or unclaimed notwithstanding the SDR's efforts to identify and pay the appropriate claimant(s). Funds that remain undistributed and/or unclaimed at the closing of the estate shall be remitted to the Commissioner pursuant to §443.304.

8.4 De Minimis Claims

The SDR requests that this Court establish a *de minimis* claim payment of \$25.00 pursuant to § 443.253(h). The SDR would show that the cost of processing and paying a distribution of \$25.00 or less would exceed the amount of the payment. The SDR proposes that the Court relieve him of the duty to prepare distributions to any claimant whose payment is equal to or less than \$25.00. The *de minimis* claims are identified on Exhibit 6 with an asterisk (*).

8.5 Residual Funds

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 in Paragraphs 8.6 and 8.7, below.

8.6 Supplemental Distribution

If it is economically feasible to distribute Residual Funds to the creditors, the SDR will make a supplemental pro-rata distribution from any such residual funds, after reserving for distribution expenses. Any supplemental distribution will be subject to the *de minimis* distribution threshold approved by the Court.

8.7 Transfer of Remaining Funds

In the event that there are any funds remaining after the final distribution, and it is not economically feasible to distribute such funds, the SDR requests that such funds be transferred to

the Commissioner for deposit in an account established under § 443.304 (c). Such funds will be available to pay any expenses exceeding the expense reserve, or for activities after the closing of the receivership, such as responding to inquiries and handling unclaimed funds.

8.8 Method of Distribution

Upon approval of this Application, distributions will be made by wire transfer or by mailing a check by first class mail to the address provided by the claimant.

IX. ASSIGNMENT

9.1 Section 443.154 authorizes the SDR to transfer, abandon or otherwise dispose of property on terms and conditions that are fair and reasonable. Further, §443.352 permits the Court to enter orders in connection with an application to terminate a receivership proceeding, including orders to transfer any remaining assets that are uneconomic to distribute. There are no known unliquidated assets. The SDR requests that this Court approve the assignment of all unknown assets of ETL to the Commissioner pursuant to §443.352. Attached as “Exhibit 7” and incorporated by reference is the proposed Assignment to the Commissioner of all unknown assets of the ETL receivership.

X. UNCLAIMED FUNDS

10.1 The SDR will deliver any funds that are unclaimed as of the closing of the account to the Commissioner as required by §443.304(a).

XI. RECORDS

11.1 Transfer of Records to the Commissioner

Estate records will be delivered to the Commissioner pursuant to §443.354(b). The SDR estimates that the cost of retaining such records will be \$400, and requests that such amount be reserved for the maintenance of the records. The SDR requests that this Court authorize him to

transfer such records and funds to the Commissioner. Pursuant to §443.354(b), the Commissioner shall have discretion to retain or dispose of these records as appropriate.

XII. TAX RETURNS

12.1 The SDR has filed all required income tax returns with the Internal Revenue Service through 2011, consolidated with ETL's parent company, Employers Casualty Company. The final tax return will be filed with ECC's consolidated filing.

XIII. CHARTER AND LICENSES

13.1 Charter and License

The SDR determined that a sale of the charter and licenses of ETL was not feasible and the Certificate of Authority and Charter were cancelled on December 21, 2001. The charter for Employers of Texas Lloyds, Inc. was forfeited in 1995.

XIV. NOTICE

14.1 Notice of the Application

Pursuant to §443.007(d), this Application has been served on the entire service list for this proceeding in the manner shown on the Certificate of Service. In addition, the SDR will send notice of this Application to taxing authorities in the form attached as "Exhibit 8", which is incorporated by reference. The SDR requests that the Court find that Exhibit 8 constitutes adequate notice to such parties.

14.2 Notice of Electronic Service Requirement

Pursuant to the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices* entered on February 8, 2008, all pleadings filed in response to this application or in regards to this estate shall be served on the undersigned counsel and all parties shown on the attached Certificate of Service.

XV. OFFER OF PROOF

15.1 Jack M. Webb, as Special Deputy Receiver, submits his affidavit and certification pursuant to §443.017(b) verifying the statements in this Application and authenticating the attached exhibits.

XVI. CONCLUSION

16.1 In summary, the SDR has completed the administration of the estate. The SDR has distributed \$10,730,220 representing a 100% distribution to all approved creditors. Upon approval of this Application, the SDR shall distribute all remaining assets, with the exception of the unclaimed distributions, as a partial Class 10 distribution in the amount of \$1,812,520, which represents 43% of the approved Class 10 claims.

PRAYER

WHEREFORE, PREMISES CONSIDERED, the SDR respectfully requests this Court to enter an order as follows:

1. Granting the Application;
2. Accepting Exhibit 1A, Exhibit 1B and Exhibit 2 as the final statements under §443.016, subject to the final accounting;
3. Accepting Exhibit 3, the Disposition of Assets Schedule;
4. Approving the agreement with the United States attached as Exhibit 4;
5. Approving the reserve for estimated expenses described in Exhibit 5;
6. Approving the de minimis threshold;
7. Authorizing the SDR to distribute all cash assets of the ETL receivership remaining after the payment of the final expenses in accordance with §443.302, as described in the Application and Exhibit 6;
8. Authorizing the assignment of ETL's unknown assets to the Commissioner in a

form substantially similar to Exhibit 7;

9. Authorizing the SDR to deliver the remaining records of ETL to the Commissioner, approving the reserve for estimated expenses to maintain such records after the termination of this proceeding, and authorizing the Commissioner to maintain or dispose of such records at her discretion;
10. Approving the SDR's proposed treatment of withheld funds;
11. Authorizing the SDR to deliver all unclaimed funds to the Commissioner pursuant to §443.304(a);
12. Finding that the form of notice attached as Exhibit 8 and service of the form constitutes adequate notice;
13. Authorizing the SDR to file the next expense report with the final accounting; and
14. Granting such further relief to which the SDR may be entitled.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on November 2, 2012, a true and correct copy of this Application was served pursuant to the provisions of the *Second Amended Order of Reference*, the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices*, the Texas Rules of Civil Procedure and TEX. INS. CODE §443.007(d) on the following by electronic mail, except as specifically noted.

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SPECIAL DEPUTY RECEIVER'S NOTICE OF SUBMISSION

Pursuant to the terms of the *Second Amended Order of Reference to Master* entered by the District Court in this cause, the SDR's *Final Report and Application to Make Final Distribution* is hereby set for written submission before the Special Master, Tom Collins, on November 19, 2012.

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

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

Christopher Fuller
Christopher Fuller

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

AFFIDAVIT OF JACK M. WEBB

State of Texas
County of Harris

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

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

By: Jack M Webb
Jack M. Webb

SUBSCRIBED AND SWORN TO BEFOR ME on November 1, 2012, by Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds in receivership.



Shannon Kelly Yang
Notary Public

NO. D-1-GN-92-002133

STATE OF TEXAS
Plaintiff,

§
§
§
§
§
§
§
§

IN THE DISTRICT COURT

V.

TRAVIS COUNTY, TEXAS

EMPLOYERS CASUALTY
COMPANY AND EMPLOYERS
OF TEXAS LLOYDS
Defendants

353rd JUDICIAL DISTRICT

**ORDER APPROVING SPECIAL DEPUTY RECEIVER'S FINAL REPORT AND
APPLICATION TO MAKE FINAL DISTRIBUTION
[EMPLOYERS OF TEXAS LLOYDS]**

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

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

7. The Application should be GRANTED in all respects.

It is therefore ORDERED, ADJUDGED and DECREED as follows

1. The Application is granted in all respects.

2. Exhibits 1A, 1B, 2 and 3 to the Application are accepted and approved.

3. The SDR shall file a final report of expenses with its final accounting. No further interim reports of expenses are required pursuant to TEX. INS. CODE § 443.015 (g).

4. The SDR's Release Agreement with the United States, Exhibit 4 to the Application, is approved.

5. The reserve for the estimated expenses to administer this proceeding through its termination, as set forth in Exhibit 5 to the Application, is approved.

6. The SDR shall distribute all cash assets of the ETL receivership remaining after the payment of the final expenses in accordance with §443.302, as described in the Application and Exhibit 6 thereto.

7. The de minimis threshold for claim payments of \$25.00 is approved.

8. The SDR's proposed treatment of withheld distributions to claimants who cannot be located or identified, or who refuse to accept earlier distributions or failed to cash earlier distribution checks, is approved.

9. The assignment to the Texas Commissioner of Insurance ("Commissioner") of all unknown and unliquidated assets of ETL is approved, and the SDR is authorized to execute an assignment in a form substantially similar to Exhibit 7 to the Application.

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

discretion.

11. The SDR's notice of the Application, Exhibit 8, and the service of the notice described in the Application constitute adequate notice.

12. The SDR is authorized to execute and file any other tax forms as may be necessary.

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

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

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

SIGNED this _____ day of _____, 2012.

JUDGE PRESIDING

R-489

**Employers of Texas Lloyds
Statement of Net Assets**

For the Period Ending
09/30/12

EXHIBIT 1 A

Line		09/30/12
Cash		
1	Cash	
	Cash - Unrestricted	1,878,304
	APF Funds (Loan proceeds)	
Investments		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
	Detail Item if any	
	Detail Item if any	
Restricted Assets		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
	Detail Item if any	
	Detail Item if any	
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
Other Receivables		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders (net of allowance)	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
	Judgements	
	Detail Item if any	
Other Assets		
21	FF&E	
22	Other Assets	
	Detail Item if any	
	Detail Item if any	
	Total Assets	1,878,304

R-489

Employers of Texas Lloyds
Statement of Net LiabilitiesFor Period Ending
09/30/12

EXHIBIT 1 B

Line

09/30/12

1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	8,053
	Liquidation Oversight	
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	98
	Other Loss Claims Paid	
	Other Loss Claims Reserves	
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	630
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	4,869,350
21	Class 11 Claims	
22	Other Liabilities	
	<i>Detail Item if any</i>	
	<i>Detail Item if any</i>	
	Total Liabilities	4,878,131
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(2,999,827)
	Total Liabilities & Equity	1,878,304

	A	B	C	R
1	EXHIBIT 2 SOURCES AND USES OF FUNDS THRU 9/30/12			Inception
2	R-489	Employers of Texas Lloyds		to Date
3	Beginning Unencumbered Cash			-
4	Premium			
5	Premium Collections			-
6	Premium Collection Expense - SDR			-
7	Premium Collection Expense - Legal			-
8	Premium Collection Expense - Other			-
9	Receivable			
10	Agents Balance Receipts			-
11	Agent Balance Expense - SDR			-
12	Agent Balance Expense - Legal			-
13	Agent Balance Expense - Other			-
14	Reinsurance Recovery			10,971,958
15	Reinsurance Expense - SDR			(58)
16	Reinsurance Expense - Legal			-
17	Reinsurance Expense - Other			-
18	Subrogation Recovery			-
19	Subrogation Expense - SDR			-
20	Subrogation Expense - Legal			-
21	Subrogation Expense - Other			-
22	Affiliates Recovery			-
23	Affiliates Expense - SDR			-
24	Affiliates Expense - Legal			-
25	Affiliates Expense - Other			-
26	Settlement/Litigation Recovery			-
27	Settlement/Litigation Expense - SDR			-
28	Settlement/Litigation Expense - Legal			-
29	Settlement/Litigation Expense - Other			-
30	Other Receivable Receipts			1,900,994
31	Other Receivable Expense - SDR			-
32	Other Receivable Expense - Legal			-
33	Other Receivable Expense - Other			-
34	Sale/Conversion of Assets			
35	Sales of Real & Personal Property			-
36	Sales Real & Personal Prop Expense - SDR			-
37	Sales Real & Personal Prop Expense - Legal			-
38	Sales Real & Personal Prop Expense - Other			-
39	Investment Sales/Receipts			-
40	Investment Expense - SDR			-
41	Investment Expense - Legal			-
42	Investment Expense - Other			-
43	Other Asset Receipts			-
44	Other Asset Expense - SDR			-
45	Other Asset Expense - Legal			-
46	Other Asset Expense - Other			-
47	NET INCOME FROM ASSETS/RECEIVABLE			12,872,894
48				
49	Passive Income			
50	Investments Interest/Dividends			-
51	Cash Deposit Interest Income			14,595
52	Early Access Imputed Interest Income			-
53	NET INCOME/INCLUDING PASSIVE			12,887,489

	A	B	C	R
1			EXHIBIT 2 SOURCES AND USES OF FUNDS THRU 9/30/12	Inception
2	R-489		Employers of Texas Lloyds	to Date
55			CLAIMS EXPENSE:	
56			Claims Administrative Expenses:	
57			Claims Expense - SDR	(97,861)
58			Claims Expense - Legal	(16,710)
59			Claims Expense - Other	-
60			TOTAL CLAIMS EXPENSES	(114,571)
61				
62			Distributions: (not included in claims totals)	
63			Refunds	-
64			Loss Claims Payments	(10,730,220)
65			LAE Expense Payments	-
66			Early Access - Guaranty Associations	-
67			Other Distributions	-
68			TOTAL DISTRIBUTIONS	(10,730,220)
69				
70			GENERAL ADMINISTRATION EXPENSES	
71			Takeover Expense (pre-appointment)	-
72			Bank Charges	(2,792)
73			Building/Utilities/Related Expenses	-
74			Employee - Payroll, P/RTax, Benefits, Contract	-
75			Equipment/Lease/Maintenance	-
76			Inventory/Storage/Moving	-
77			IT/Computer Expense	-
78			Mailing/Printing/Postage/Publication	(75)
79			Miscellaneous Expenses	(2,076)
80			Taxes - State & Federal	-
81			Telephone	(100)
82			Receivership Allocation	(19,921)
83			GENERAL ADMINISTRATION EXPENSES	(24,964)
84				
85			SUBCONTRACTOR ADMINISTRATIVE FEES & EXPENSES:	
86			Accounting/Auditing/Federal Income Tax Services	(557)
87			Accounting HSP Administration	-
88			Accounting/Auditing - Expenses	-
89			Consulting Fees/Services	-
90			Consulting Fees/Services - Expenses	-
91			Legal Fees/Services	(4,395)
92			Legal Fees/Services HSP Administration	-
93			Legal Fees/Services - Expenses	(426)
94			SUBCONTRACTOR ADMINISTRATIVE FEES & EXP	(5,378)
95				
96			SDR ADMINISTRATIVE FEES & EXPENSES:	
97			SDR Administration Fees	(119,386)
98			SDR Accounting Fees	(21,516)
99			SDR HSP Administration	-
100			SDR Special Services	(184)
101			SDR Travel Expenses	-
102			SDR Expenses	(1,021)
103			SDR ADMINISTRATIVE FEES & EXPENSES	(142,107)
104				
105			TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(172,449)
106				
107			NET RECOVERIES	12,600,469
108				
109			Net Recoveries including Distributions	1,870,249

	A	B	C	R
1			EXHIBIT 2 SOURCES AND USES OF FUNDS THRU 9/30/12	Inception
2	R-489		Employers of Texas Lloyds	to Date
110				
135			CASH RECONCILIATION	
136			Beginning Unencumbered Cash	-
137			Distributions	(10,730,220)
138			Net Increase (Decrease)	12,600,469
139			Ending Unencumbered Cash	1,870,249
140				
141			Accounts Payable	8,053
142			APF Loan	
143			FY 2012 Reconciliation Adjustments	2
144			Ending Cash Available	1,878,304
145				
146			Cash Assets (from Balance Sheet)	1,878,304
147			Difference (should <2)	-
148				
149			Explanation of Reconciliation Adjustments	

EMPLOYERS OF TEXAS LLOYDS
DISPOSITION OF ASSETS SCHEDULE
Fiscal Year Ending 09/30/12

EXHIBIT 3

ASSET DESCRIPTION	ASSET BALANCE AS OF 02/17/10	NEW ASSETS	SOURCE OF NEW ASSETS	ASSET RECOVERY	SOURCE OF RECOVERY	DATE OF RECOVERY	AMOUNT OF WRITE OFF	REASON FOR WRITE OFF	DATE OF WRITE OFF	SETTLEMENT	SOURCE OF SETTLEMENT	DATE OF SETTLEMENT	ASSET BALANCE AS OF 09/30/12
CASH													
Beginning Cash	0	1,810,246	Cash from Operations										
		8,053	Payables 9/30/12										
		2	Adjustment for Rounding										
Subtotal	0	1,818,304		0			0			0			1,818,304
INVESTMENTS													
Accrued Interest		14,595	Interest Income	14,595	Interest Receipts	Various							0
Subtotal	0	14,595		14,595			0			0			0
REINSURANCE													
Reinsurance	10,971,956			10,971,956	ECC POC Distributions	02/15/10							0
Subtotal	10,971,956	0		10,971,956			0			0			0
RECEIVABLES													
Other Receivable		1,800,694	ECC Class 10 Distribution	1,800,694	ECC Class 10 Distribution	Various							
Subtotal	0	1,800,694		1,800,694			0			0			0
OTHER ASSETS													
Subtotal	0	1,955,904		1,955,904			0			0			0
RESTRICTED ASSETS													
Subtotal	0	0		0			0			0			0
TOTAL	10,971,956	3,793,893		12,867,847			0			0			1,878,384

RELEASE AGREEMENT

In order to permit a distribution of the assets of the estate of Employers of Texas Lloyds (“Lloyds”), pursuant to the orders of the 353d District Court of Travis County, Texas (“Court”), this Release Agreement is being executed by the United States and Jack M. Webb, Special Deputy Receiver of Lloyds (“Deputy Receiver”).

I. PARTIES

The parties to this Release Agreement are the United States and the Deputy Receiver (collectively, the “Parties”).

II. RECITALS

1. The Parties do not intend this Release Agreement to release any possible claims the United States may have or may acquire against anyone for tax, fraud (including, but not limited to, securities and pension benefit fraud), or criminal liabilities to the United States.

2. Except for the express terms of this Release Agreement, the Parties do not intend to create, enhance, diminish, defeat or otherwise affect such claims, if any, as the United States may have against the Deputy Receiver or the estate of Lloyds.

3. The Parties understand that this Release Agreement may be subject to the approval of the Court, which is supervising the liquidation of Lloyds.

4. The United States enters into this Release Agreement in reliance upon the representations of the Deputy Receiver contained in his affidavit dated November 11, 2010, attached as Exhibit A to this Release Agreement (“Affidavit”).

III. AGREEMENT

1. Except only for possible federal tax, fraud, or criminal claims, the United States hereby releases and discharges the Deputy Receiver and the estate of Lloyds from any and all liability under 31 U.S.C. § 3713(b) in connection with the Lloyds liquidation.

2. Under the terms of this Release Agreement, the United States or its duly authorized representative shall have the right, prior to the destruction of Lloyds's records in accordance with the orders of the Court, during normal business hours, on a date and at a location agreed upon by the Parties, to inspect, and if it wishes, to copy at its own expense, such documents, books, and records of the estate, and of the Deputy Receiver, as shall be reasonably necessary to determine the existence and amount of claims the United States may have against the Lloyds estate, or to determine the Deputy Receiver's compliance with the terms of this Release Agreement. No documents, books, or records of the estate or Deputy Receiver may be destroyed unless notice is given to the United States of any motion filed with the Court requesting approval of the destruction. If the Deputy Receiver does not request approval from the Court, he must obtain prior written authorization from the United States before destruction of any documents, books, or records of the estate or Deputy Receiver.

3. Except for the express undertakings of the Deputy Receiver and the United States in this Release Agreement, nothing in this Release Agreement shall be construed

(a) to establish or perfect any claims, substantive rights, or procedural rights of the United States;

(b) to limit, restrict, diminish, or defeat any claims, substantive rights, or procedural rights of the United States;

(c) to establish or perfect any objections or defenses, substantive rights, or procedural rights of the Special Deputy Liquidator; or

(d) to limit, restrict, diminish, or defeat any defenses, substantive rights, or procedural rights of the Deputy Receiver.

4. The Parties agree that this Release Agreement shall not be effective unless and until it is approved by the Court, if approval is required, and the time for appeals of any such approval has expired. The Parties further agree to cooperate with each other in seeking prompt approval of this Release Agreement from the Court, including but not limited to making the necessary witnesses available for testimony considered necessary or appropriate to provide the Court with an adequate record upon which to approve this Release Agreement.

Dated: 1/20/11

SCCW
By: Sharon C. Williams
Trial Attorney
Civil Division
Department of Justice
Attorney for the United States

Dated: 1/31/11

Jack M. Webb
By: Jack M. Webb
Special Deputy Receiver
Employers of Texas Lloyds,
In Liquidation

**SPECIAL DEPUTY RECEIVER'S CERTIFICATION PURSUANT TO
TEX. INS. CODE ANN. SEC 443.017(b)
AFFIDAVIT OF JACK M. WEBB**

State of Texas

County of Harris

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

1. My name is Jack M. Webb. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.
2. I am the Special Deputy Receiver ("SDR") of Employers of Texas Lloyds ("ETL") and I am authorized to make this Certification and Affidavit.
3. ETL issued no policies of insurance for the benefit of the United States.
4. ETL was placed in permanent receivership and ordered liquidated in a lawsuit styled *The State of Texas v Employers of Texas Lloyds and Employers of Texas Lloyds, Inc.*, Cause No. 94-00949 in the 353d District Court of Travis County, Texas. The Court entered a *Permanent Injunction and Order Appointing Permanent Receiver* on February 11, 1994, appointing the Texas Commissioner of Insurance as Receiver. The Receiver designated Jack M. Webb as SDR of ECC on February 11, 1994.
5. This Court established July 31, 1995 as the deadline to file claims against ETL in its *Order Setting Claims Filing Deadline*. All timely filed Proofs of Claims ("POCs") were processed by the SDR. The SDR's adjudication of POCs is now final and there are no outstanding or unresolved POCs.
6. During the administration of Employers of Texas Lloyds in receivership one federal claim was filed. Proof of Claim No. 396 was filed by the Pension Benefit Guaranty Corporation as a contingent claim for possible underfunding of the retirement plan sponsored by Employers Casualty Company, the parent company of ETL. This Proof of Claim was withdrawn by the PBGC after it was determined the retirement plan was fully funded. Copies of the Proof of Claim and the PBGC's letter withdrawing it are attached as Exhibits A-1 and A-2.
7. The table of all claims filed, entitled "Returned POC by Name", dated February 23, 2001 submitted with this affidavit is a complete listing of all claims filed in the receivership estate.
8. The most recent accounting filed by the ETL estate consisting of its Statement of Assets and Statement of Liabilities are attached hereto as Exhibits B-1 and B-2.

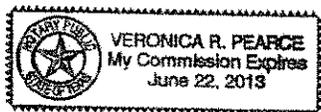
EXHIBIT "A"

9. I certify that the exhibits, books, accounts, records, papers, correspondence and/or other records accompanying the Special Deputy Receiver's request for a release of federal claims were produced pursuant to TEX INS CODE ANN Sec 443.017(b), are true and correct copies of records created by and filed with the Receiver's office in connection with the receivership of this insolvent insurer, and are held by the Special Deputy Receiver in his official capacity.

10. Further affiant sayeth not.

By: Jack M. Webb
Jack M. Webb, Special Deputy Receiver

SUBSCRIBED AND SWORN TO BEFORE ME on November 11 2010, by Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds.



Veronica Pearce
Notary Public

R-489 EMPLOYERS OF TEXAS LLOYDS
SDRs SUMMARY OF CLOSING COSTS

EXHIBIT 5

	Estimated Expenses
Estimated SDR Fees	
Administration	19,296.00
Accounting	6,730.00
Claims	10,279.00
Other	4,165.00
Total SDR Fees	<u>40,470.00</u>
 Estimated Miscellaneous Expenses	
Miscellaneous Expenses:	
Copies, Faxes and Postage	400.00
Record Shipping	300.00
Total Miscellaneous Expenses	<u>700.00</u>
 Estimated Subcontractor Fees & Expenses	
Legal	11,974.00
Bank Charges	200.00
Total Subcontractor Fees & Expenses	<u>12,174.00</u>
 Estimated TDI Fees	
* TSL Records Storage	400.00
Liquidation Oversight	2,123.00
Total TDI Fees	<u>2,523.00</u>
 Grand Total of All Expenses	 <u><u>55,867.00</u></u>

* Texas State Library Records Storage fees should be remitted by separate check

**EMPLOYERS TEXAS LLOYDS
SDRs CALCULATION OF FINAL DISTRIBUTION**

EXHIBIT 6

<u>POC #</u>	<u>POC NAME</u>	<u>APPROVED CLASS 10 INTEREST</u>	<u>CLASS 10 INTEREST DISTRIBUTION 42.83795%</u>
2	GRAY & BECKER	2,233	957
3	CHARLES H. CLARK, P.C.	330	141
21	HAR-WHIT, INC.	84	36
29	FILLMORE & PURTLE	356	152
31		150	64
117	J.J. GRADONI & ASSOCIATES	906	388
120	THE FILLMORE LAW FIRM, PC	16	7
121	THE FILLMORE LAW FIRM, PC	1	0
122	THE FILLMORE LAW FIRM, PC	409	175
125		427	183
132	TRI-PAK MACHINERY, INC.	637	273
155a	TURPIN, SMITH, DYER, SAXE & MACDONALD (Lloyd McDonald)	47	20
155b	TURPIN, SMITH, DYER, SAXE & MACDONALD (Richard Saxe)	47	20
156	NAMAN, HOWELL, SMITH & LEE	44	
157	HARTFORD FIRE INSURANCE COMPANY	352,787	151,127
165	MERRYMAN DRILLING CO., INC	29	
166		79	34
175	SPARR & ASSOCIATES, INC.	18	
176	SPARR & ASSOCIATES, INC.	37	
184		87	37
187	TINDELL & ASSOCIATES CLAIM SERVICE	675	289
192		37	
203	NAMAN, HOWELL, SMITH & LEE	158	67
204		39	
206	CANTEY & HANGER, LLP	5,876	2,517
207	LOONEY & COMPANY	176	75
208		414	177
210	JOHN P. CAMP P. C.	182	78
211	JOHN P. CAMP P. C.	1,402	601
214	LONE STAR REPORTERS, INC.	263	113
215	GIESSEL, STONE, BARKER & LYMAN	29	13
216	GIESSEL, STONE, BARKER & LYMAN	54	23
217	GIESSEL, STONE, BARKER & LYMAN	9,580	4,104

All amounts in whole dollars

**EMPLOYERS TEXAS LLOYDS
SDRs CALCULATION OF FINAL DISTRIBUTION**

EXHIBIT 6

<u>POC #</u>	<u>POC NAME</u>	<u>APPROVED CLASS 10 INTEREST</u>	<u>CLASS 10 INTEREST DISTRIBUTION 42.83795%</u>
218	GIESSEL, STONE, BARKER & LYMAN	390	167
219	GIESSEL, STONE, BARKER & LYMAN	62	26
220	GIESSEL, STONE, BARKER & LYMAN	95	41
221		150,062	64,283
235	UNDERWOOD, WILSON, BERRY, STEIN & JOHNSON	1,337	573
245	HAYNES AND BOONE, LLP	1,111	476
246	WELLER, GREEN, MCGOWN & TOUPS	5	2
247	WELLER, GREEN, MCGOWN & TOUPS	397	170
248	WELLER, GREEN, MCGOWN & TOUPS	2	1
250	WATSON & CARAWAY	38	16
251	WATSON & CARAWAY	601	257
252	WATSON & CARAWAY	8	3
272		25	
285	ACOCK ENGINEERING & ASSOCIATES	447	192
286	BRYANT, STINGLEY & ASSOCIATES	234	100
289a	REDFORD, WRAY & WOOLSY (James W. Wray Jr.)	169	73
289b	REDFORD, WRAY & WOOLSY (Jo Woolsey)	169	73
289c	REDFORD, WRAY & WOOLSY (James Anthony)	169	73
291	BP Oil	102,049	43,716
304	BENCKENSTEIN, NORVELL & NATHAN, L.L.P.	6,055	2,594
305	RAY & McCHRISTIAN P.C.	392	168
306	RAY & McCHRISTIAN P.C.	266	114
307	RAY & McCHRISTIAN P.C.	203	87
310	STELWAGON MANUFACTURING COMPANY	150,072	64,288
313	GLUSMAN, MOORE, ARBOUR, BROYLES & GLUSMAN	1,223	524
314	SUMMIT REPORTING	486	208
315	ABACTIS REPORTERS, INC.	160	68
317	STUBBEMAN, MCRAE, SEALY, LAUGHLIN & BROWDER	131	56
318	THE FILLMORE LAW FIRM, PC	410	175
329a	LOVRETOVICH & KAREN (David M. Karen)	4,958	2,124
329b	LOVRETOVICH & KAREN (Joseph M. Lovretovich)	4,958	2,124
320	SOUTHWEST REPORTING & VIDEO	928	398
321	SYSTEM ENGINEERING & LABS	1,010	433

All amounts in whole dollars

**EMPLOYERS TEXAS LLOYDS
SDRs CALCULATION OF FINAL DISTRIBUTION**

EXHIBIT 6

<u>POC.#</u>	<u>POC.NAME</u>	<u>APPROVED CLASS 10 INTEREST</u>	<u>CLASS 10 INTEREST DISTRIBUTION 42.83795%</u>
325	MERIT RECORDS SERVICE	540	231
327	EMPLOYERS CASUALTY CO.	**	-
319a	CARTER & CARROLL (Thomas Glenn Carter)	31	13
319b	CARTER & CARROLL (Larry Carroll)	31	13
336	CLUISS, ESTATE OF RUTH STONE	61	26
341	BURLESON, PATE & GIBSON	4,838	2,072
343	WOLFE CLARK & HENDERSON	87	37
356	BURFORD & RYBURN, LLP	48	*
361		232	100
365	M.R.S. DATASCOPE, INC.	345	148
367	U. S. CONTRACTORS, INC.	1,269	543
377	TPCIGA ASSIGNED FROM TCVIE	120,064	51,433
378	CHARLES H. CLARK, P.C.	137	59
379	THE FILLMORE LAW FIRM, PC	409	175
391		401,730	172,093
400	ADAMS & GRAHAM, LLP	2,532	1,085
401	ADAME REPORTING, INC.	244	105
402	FEDERAL COURT REPORTERS OF SAN ANTONIO	307	132
414	WRIGHT, LINDSEY & JENNINGS	298	128
418	ADAMS & GRAHAM, LLP	3,965	1,699
428	WESTERN ALLIANCE INSURANCE COMPANY	9,098	3,898
465	WELLER, GREEN, MCGOWN & TOUPS	1,149	492
466	WELLER, GREEN, MCGOWN & TOUPS	576	247
467	WELLER, GREEN, MCGOWN & TOUPS	20	9
468	WELLER, GREEN, MCGOWN & TOUPS	233	100

All amounts in whole dollars

**EMPLOYERS TEXAS LLOYDS
SDRs CALCULATION OF FINAL DISTRIBUTION**

EXHIBIT 6

<u>POC.#</u>	<u>POC NAME</u>	<u>APPROVED CLASS 10 INTEREST</u>	<u>CLASS 10 INTEREST DISTRIBUTION 42.83795%</u>
469	KRUSEN, EVANS & BYRNE	1,034	443
473	CHRISTI, PABARUE, MORTENSEN & YOUNG	3,804	1,629
485	TEXAS PROPERTY & CASUALTY INS. GUARANTY ASSN.	2,870,172	1,229,524
486	HINDMAN ENGINEERING SERVICE	1,899	813
TOTAL	TOTAL - ALL APPROVED CLAIMS	<u>4,231,385</u>	<u>1,812,520</u>

Note 1: Distribution percent is based on the approved class 10 interest amount of \$4,869,350 less \$277 for de minimis claims and \$637,965 for Employers Casualty Company noted below. \$1,822,487 divided by \$4,231,108 equals 42.83795% distribution.

Note 2: Pursuant to the Court Order Approving Special Deputy Receiver's Final Report And Application To Make Final Distribution entered on August 20, 2012 net class 10 interest was paid by Employers Casualty Company to Employers of Texas Lloyds, therefore Employers Casualty Company will not receive any distribution.

* de minimis

ASSIGNMENT

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

Whereas ETL was placed into permanent receivership on February 10, 2010, and Jack M. Webb., was appointed as Special Deputy Receiver;

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

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

Whereas, the Court's order approving the Final Report authorized the SDR to convey any and all unknown assets of ETL 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 ETL, including but not limited to unknown assets, whether known or unknown, and any assets that have been written off by ETL or the SDR. Such right, title and interest shall include any and all claims, potential claims, suits, demands, causes of action, charges or grievances of any kind or character, regardless of the nature or extent, whether arising in tort, contract, by statute or otherwise, and include claims for breach of fiduciary duty, constructive fraud and fraud. It is the intent of the Parties to this Assignment to convey to the Commissioner all legal and equitable rights held by the receivership estate of ETL, 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 ETL.

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

Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds.

By: _____
Jack M. Webb

Date: _____

Employers of Texas Lloyds in Liquidation

**NOTICE REGARDING EMPLOYERS OF TEXAS LLOYDS
[TAXING AUTHORITIES NOTICE]**

As you were previously notified, Employers of Texas Lloyds was placed in receivership. This notice is to inform you that Jack M. Webb, the Special Deputy Receiver, has filed his Final Report and Application to Make Final Distribution (the "Application"). The Special Deputy Receiver will file an application to close the receivership, discharge the Receiver and Special Deputy Receiver, and dismiss this proceeding after the Receivership Court approves the Application. **You are *not* required to take any further action in response to this Notice.**

The Application in the *State of Texas v. Employers of Texas Lloyds*, Cause No. D-1-GN-92-002133 in the 353d Judicial District Court of Travis County, Texas will be submitted for approval on November 19, 2012 (the "Submission Date"). If granted, the distribution will be made within approximately thirty (30) days after the approval of the Final Report and Application to Make Final Distribution.

If you do have any questions you may contact this office at 281-586-7166. If you wish to review the Application, a copy is available at the Travis County District Clerks' Office, 1000 Guadalupe Street, Austin, Texas or at the estate's website at www.TexasReceiver.com. 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 comply with the following rules:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
 - (a) The Special Master's Docket Clerk, Ms. Jean Sustaita, at Jean.Sustaita@tdi.state.tx.us.
 - (b) All interested parties by email, including the SDR's counsel, Christopher Fuller at cfuller@fullerlaw.org and those listed on the Applicant's Certificate of Service.
3. The objecting party shall coordinate with opposing counsel and the Docket Clerk at (512) 463-6450 to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.

4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least (3) calendar days before the submission or hearing date.

You are required to follow these procedures only if you have an objection to the Application.