

NO. D-1-GN-92-002133

STATE OF TEXAS	§	IN THE DISTRICT COURT
<i>Plaintiff,</i>	§	
	§	
V.	§	
	§	
EMPLOYERS CASUALTY	§	TRAVIS COUNTY, TEXAS
COMPANY AND EMPLOYERS	§	
OF TEXAS LLOYDS	§	
<i>Defendants.</i>	§	353rd JUDICIAL DISTRICT

**FINAL ACCOUNTING AND APPLICATION  
TO TERMINATE EMPLOYERS OF TEXAS LLOYDS PROCEEDING  
AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER  
OF EMPLOYERS OF TEXAS LLOYDS**

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

Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds (the “SDR” and “ETL”, respectively) files this *Final Accounting and Application to Terminate Employers of Texas Lloyds Proceeding and Discharge Receiver and Special Deputy Receiver of Employers of Texas Lloyds* (the “Application”).

**I. INTRODUCTION**

1.1 On February 10, 2010, this Court reopened the ETL receivership proceeding (the “ETL Receivership”), and consolidated it into this action solely for administrative purposes. The SDR has completed the distribution of ETL’s assets and hereby submits its final accounting. The SDR requests that the Court terminate the ETL Receivership proceeding, and discharge Eleanor Kitzman, the Commissioner of Insurance of the State of Texas (“Commissioner”), as Receiver of ETL, and Jack M. Webb as the SDR of ETL.

1.2 This Application only involves the ETL Receivership, and does not affect the Employers Casualty Company (“ECC”) receivership.

## II. AUTHORITY

2.1 The SDR files this Application pursuant to TEX. INS. CODE § 443.352, which provides for the termination of the receivership proceeding. The SDR is authorized to file this Application under TEX. INS. CODE § 443.154 (a). Unless otherwise indicated, all statutory references herein are to the Texas Insurance Code.

2.2 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.

## III. DISTRIBUTION

3.1 On November 27, 2012, this Court approved an *Order Approving Final Report and Application to Make Final Distribution* in the ETL Receivership proceeding (the “Distribution Order”). The Distribution Order required the SDR to make a distribution of the assets from the ETL Receivership, and file a final accounting thereof.

3.2 The SDR distributed the estate’s assets in accordance with the Distribution Order, as shown in Exhibit “1” attached hereto”, which is incorporated by reference with the following exceptions, which are identified on the attached Exhibit 2. All such unclaimed and/or undistributed funds shall be remitted to the Commissioner pursuant to Section 443.304.

3.3 The SDR anticipates that there will be funds remaining from the Reserve for Final Expenses approved in the Distribution Order. In accordance with the Distribution Order, the residual funds will be distributed to the ECC receivership, ETL’s sole shareholder, under Section 443.301 (k).

## IV. RECORDS

4.1 The Distribution Order authorized the SDR to dispose of certain records, to convey title of certain records to the ECC receivership estate and to transfer the remaining

records to the Commissioner and grant the Commissioner such discretion to retain or dispose of these records as appropriate. The SDR has transferred or disposed of the records, in the manner described in the Distribution Order and shall transfer the remaining records to the Commissioner.

## **V. FEDERAL INCOME TAX RETURNS**

5.1 The federal income tax return for ETL is filed as part of a consolidated return with its parent, ECC. No taxes are owed to the Internal Revenue Service.

## **VI. FINAL FINANCIAL STATEMENTS**

6.1 Attached hereto are the following final financial statements, which are incorporated by reference:

- a) Statement of Net Assets (Exhibit 3a) and Statement of Net Liabilities (Exhibit 3b)
- b) Sources and uses of cash (Exhibit 4)

## **VII. ASSIGNMENT**

7.1 The Distribution Order authorized the SDR to assign to the ECC Receivership any remaining unknown or non-cash assets of ETL. Attached hereto as Exhibit 5 is the executed Assignment transferring ownership of the remaining assets of ETL to the ECC Receivership.

## **VIII. TERMINATION AND DISCHARGE**

8.1 The SDR requests that this Court issue its final order terminating the ETL receivership proceeding, and discharging the Commissioner as Receiver of ETL and Jack M. Webb as the SDR of ETL.

8.2 Section 443.014 provides immunity to current and former Receivers, SDRs and their assistants and contractors. As immunity continues to apply to such persons after they have been discharged, the termination of this proceeding will not affect the immunity available to the Receiver and SDR, their assistants and contractors, and their predecessors.

## IX. OFFER OF PROOF

9.1 Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds, submits the attached certification and affidavit pursuant to Section 443.017 (b) verifying the statements in this Application and authenticating the attached exhibits.

## X. NOTICE

10.1 This Application has been served on the service list for this proceeding in accordance with Section 443.007(d) in the manner shown on the Certificate of Service, and has been posted on the SDR's website at [www.TexasReceiver.com](http://www.TexasReceiver.com).

10.2 Pursuant to the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices*, all pleadings filed in response to this Application or in regards to this proceeding shall be served by email on the undersigned counsel and all parties shown in the attached Certificate of Service.

## PRAYER

WHEREFORE, PREMISES CONSIDERED, the SDR respectfully prays that this Court grant this Application and enter an order:

1. Accepting the SDR's final financial statements;
2. Approving in all respects this *Final Accounting and Application to Terminate Employers of Texas Lloyds Proceeding and Discharge Receiver and Special Deputy Receiver of Employers of Texas Lloyds*;
3. Discharging the Commissioner as Receiver of ETL, and Jack M. Webb as the SDR of ETL;
4. Terminating the ETL proceeding; and
5. Granting the Receiver and the Special Deputy Receiver such other and further relief to

which they may be justly entitled.

RESPECTFULLY SUBMITTED,

By: Christopher Fuller

Christopher Fuller

Texas Bar No. 07515500

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Tel. (512) 470-9544

[cfuller@fullerlaw.org](mailto:cfuller@fullerlaw.org)

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

**CERTIFICATE OF SERVICE**

I certify that on March 4, 2013, a true and correct copy of this Application was served pursuant to the provisions of the *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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Christopher Fuller

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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 Accounting and Application to Terminate Employers of Texas Lloyds Proceeding and Discharge Receiver and Special Deputy Receiver of Employers of Texas Lloyds* is hereby set for written submission before the Special Master, Tom Collins, on March 18, 2013.

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.texas.gov](mailto:Jean.Sustaita@tdi.texas.gov).
  - (b) All interested parties by email, including the undersigned counsel, Christopher Fuller at [cfuller@fullerlaw.org](mailto: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

Exhibit 1

Filed in The District Court  
of Travis County, Texas

NOV 27 2012

At 11:30 A.M.  
Amalia Rodriguez-Mandoza, Clerk

NO. D-1-GN-92-002133

STATE OF TEXAS	§	IN THE DISTRICT COURT
<i>Plaintiff,</i>	§	
	§	
V.	§	TRAVIS COUNTY, TEXAS
	§	
EMPLOYERS CASUALTY	§	
COMPANY AND EMPLOYERS	§	
OF TEXAS LLOYDS	§	
<i>Defendants</i>	§	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 (a) and (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.

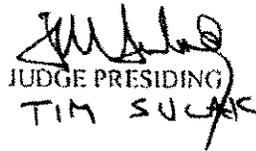
13. The SDR is authorized to file a final expense report with the final accounting.

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 T

EX. INS. CODE Chapter 443.

SIGNED this 27<sup>th</sup> day of NOVEMBER, 2012.

  
JUDGE PRESIDING  
TIM SUGAR

PROPER NOTICE GIVEN  
ACKNOWLEDGMENT OF NOTICE AND WAIVER  
OF OBJECTION PRESENTED  
SUBMITTED  
RECOMMENDED  
SIGNED ON 21<sup>st</sup> DAY OF Nov. 2012  
  
TOM COLLINS, RECEIVERSHIP SPECIAL MASTER

**EMPLOYERS OF TEXAS LLOYDS  
PROOF OF CLAIMS WITHHELD DISTRIBUTIONS**

**EXHIBIT 2**

<u>POC Number</u>	<u>Withheld Distributions</u>
315	324.56
361	473.00
336	124.00
TOTAL	<u>921.56</u>

R-489

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

For the Period Ending  
02/06/13

**EXHIBIT 3 a**

Line

02/06/13

<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	0
	APF Funds (Loan proceeds)	
<b>Investments</b>		
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	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
	Detail Item if any	
	Detail Item if any	
<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 (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	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	Detail Item if any	
	Detail Item if any	
	<b>Total Assets</b>	<b>0</b>

R-489

Employers of Texas Lloyds  
Statement of Net Liabilities

For Period Ending  
02/06/13

## EXHIBIT 3 b

Line

02/06/13

1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	
	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	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	
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	3,052,827
21	Class 11 Claims	
22	Other Liabilities	
	Detail Item if any	
	Detail Item if any	
	<b>Total Liabilities</b>	<b>3,052,827</b>
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(3,052,827)
	<b>Total Liabilities &amp; Equity</b>	<b>0</b>

	A	B	C	R
1			<b>RLO Income Statement</b>	<b>Inception</b>
2	R-489		<b>Employers of Texas Lloyds</b>	<b>to Date</b>
3			Sources and Uses of Funds thru 2/06/13	
4			<b>EXHIBIT 4</b>	
5			<b>Beginning Unencumbered Cash</b>	-
6			<b>Premium</b>	
7			Premium Collections	-
8			Premium Collection Expense - SDR	-
9			Premium Collection Expense - Legal	-
10			Premium Collection Expense - Other	-
11			<b>Receivable</b>	
12			Agents Balance Receipts	-
13			Agent Balance Expense - SDR	-
14			Agent Balance Expense - Legal	-
15			Agent Balance Expense - Other	-
16			Reinsurance Recovery	10,971,958
17			Reinsurance Expense - SDR	(58)
18			Reinsurance Expense - Legal	-
19			Reinsurance Expense - Other	-
20			Subrogation Recovery	-
21			Subrogation Expense - SDR	-
22			Subrogation Expense - Legal	-
23			Subrogation Expense - Other	-
24			Affiliates Recovery	-
25			Affiliates Expense - SDR	-
26			Affiliates Expense - Legal	-
27			Affiliates Expense - Other	-
28			Settlement/Litigation Recovery	-
29			Settlement/Litigation Expense - SDR	-
30			Settlement/Litigation Expense - Legal	-
31			Settlement/Litigation Expense - Other	-
32			Other Receivable Receipts	1,900,994
33			Other Receivable Expense - SDR	-
34			Other Receivable Expense - Legal	-
35			Other Receivable Expense - Other	-
36			<b>Sale/Conversion of Assets</b>	
37			Sales of Real & Personal Property	-
38			Sales Real & Personal Prop Expense - SDR	-
39			Sales Real & Personal Prop Expense - Legal	-
40			Sales Real & Personal Prop Expense - Other	-
41			Investment Sales/Receipts	-
42			Investment Expense - SDR	-
43			Investment Expense - Legal	-
44			Investment Expense - Other	-
45			Other Asset Receipts	-
46			Other Asset Expense - SDR	-
47			Other Asset Expense - Legal	-
48			Other Asset Expense - Other	-
49			<b>NET INCOME FROM ASSETS/RECEIVABLE</b>	<b>12,872,894</b>
50				
51			<b>Passive Income</b>	
52			Investments Interest/Dividends	-
53			Cash Deposit Interest Income	15,450
54			Early Access Imputed Interest Income	-
55			<b>NET INCOME/INCLUDING PASSIVE</b>	<b>12,888,344</b>

	A	B	C	R
1			<b>RLO Income Statement</b>	<b>Inception</b>
2	R-489		<b>Employers of Texas Lloyds</b>	<b>to Date</b>
3			<b>Sources and Uses of Funds thru 2/06/13</b>	
57			<b>CLAIMS EXPENSE:</b>	
58			<b>Claims Administrative Expenses:</b>	
59			Claims Expense - SDR	(119,710)
60			Claims Expense - Legal	(16,710)
61			Claims Expense - Other	-
62			<b>TOTAL CLAIMS EXPENSES</b>	<b>(136,420)</b>
63				
64			<b>Distributions: (not included in claims totals)</b>	
65			Refunds	-
66			Loss Claims Payments	(10,730,220)
67			LAE Expense Payments	-
68			Early Access - Guaranty Associations	-
69			Other Distributions	(1,817,250)
70			<b>TOTAL DISTRIBUTIONS</b>	<b>(12,547,470)</b>
71				
72			<b>GENERAL ADMINISTRATION EXPENSES</b>	
73			Takeover Expense (pre-appointment)	-
74			Bank Charges	(3,006)
75			Building/Utilities/Related Expenses	-
76			Employee - Payroll, P/R Tax, Benefits, Contract	-
77			Equipment/Lease/Maintenance	-
78			Inventory/Storage/Moving	(348)
79			IT/Computer Expense	-
80			Mailing/Printing/Postage/Publication	(75)
81			Miscellaneous Expenses	(2,076)
82			Taxes - State & Federal	-
83			Telephone	(100)
84			Receivership Allocation	(21,387)
85			<b>GENERAL ADMINISTRATION EXPENSES</b>	<b>(26,992)</b>
87			<b>SUBCONTRACTOR ADMINISTRATIVE FEES &amp; EXPENSES:</b>	
88			Accounting/Auditing/Federal Income Tax Services	(557)
89			Accounting HSP Administration	-
90			Accounting/Auditing - Expenses	-
91			Consulting Fees/Services	-
92			Consulting Fees/Services - Expenses	-
93			Legal Fees/Services	(8,804)
94			Legal Fees/Services HSP Administration	-
95			Legal Fees/Services - Expenses	(434)
96			<b>SUBCONTRACTOR ADMINISTRATIVE FEES &amp; EXP</b>	<b>(9,795)</b>
97				
98			<b>SDR ADMINISTRATIVE FEES &amp; EXPENSES:</b>	
99			SDR Administration Fees	(140,414)
100			SDR Accounting Fees	(25,162)
101			SDR HSP Administration	-
102			SDR Special Services	(184)
103			SDR Travel Expenses	-
104			SDR Expenses	(1,908)
105			<b>SDR ADMINISTRATIVE FEES &amp; EXPENSES</b>	<b>(167,668)</b>
106				
107			<b>TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE</b>	<b>(204,455)</b>
108				
109			<b>NET RECOVERIES</b>	<b>12,547,469</b>
110				

	A	B	C	R
1			<b>RLO Income Statement</b>	<b>Inception</b>
2	<b>R-489</b>		<b>Employers of Texas Lloyds</b>	<b>to Date</b>
3			<b>Sources and Uses of Funds thru 2/06/13</b>	
111			<b>CASH RECONCILIATION</b>	
112			Beginning Unencumbered Cash	-
113			Distributions	(12,547,470)
114			Net Increase (Decrease)	12,547,469
115			Ending Unencumbered Cash	(1)
116				
117			Accounts Payable	-
118			APF Loan	-
119			FY 2012 Reconciliation Adjustments	1
120			Ending Cash Available	-
121				
122			Cash Assets (from Balance Sheet)	-
123			Difference (should <2)	-

Exhibit 5

**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  
Jack M. Webb

Date: January 24, 2013

**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

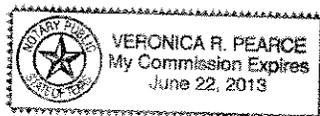
BEFORE ME, the undersigned authority appeared Jack M. Webb, who after being by me duly sworn, stated the following under oath:

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 BEFORE ME on January 24, 2013, by Jack M. Webb, Special Deputy Receiver of Employers of Texas Lloyds in receivership.

Veronica Pearce  
Notary Public



NO. D-1-GN-92-002133

STATE OF TEXAS	§	IN THE DISTRICT COURT
<i>Plaintiff,</i>	§	
	§	
V.	§	TRAVIS COUNTY, TEXAS
	§	
EMPLOYERS CASUALTY	§	
COMPANY AND EMPLOYERS	§	
OF TEXAS LLOYDS	§	
<i>Defendants</i>	§	353rd JUDICIAL DISTRICT

**ORDER APPROVING FINAL ACCOUNTING,  
TERMINATING EMPLOYERS OF TEXAS LLOYDS PROCEEDING  
AND DISCHARGING RECEIVER AND SPECIAL DEPUTY RECEIVER  
OF EMPLOYERS OF TEXAS LLOYDS**

On this day the Court heard the *Final Accounting and Application to Terminate Employers of Texas Lloyds Proceeding and Discharge Receiver and Special Deputy Receiver of Employers of Texas Lloyds* (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 was 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 SDR's Final Accounting is accepted in all respects.
2. The Application is GRANTED in all respects.
3. Eleanor Kitzman, Commissioner of Insurance for the State of Texas, is discharged as Receiver of ETL, and is released from any further obligations and in connection with the ETL receivership.
4. Jack M. Webb is discharged as Special Deputy Receiver of ETL, and is released from any further obligations in connection with the ETL receivership.
5. The ETL Receivership proceeding is terminated.
6. The Receiver and the SDR are authorized to take any actions and execute any documents as may be necessary to effectuate this Order.
7. The termination of this proceeding will not affect any immunity available under TEX. INS. CODE § 443.014 (b).
8. This Order is not intended to and shall not create any third party beneficiaries.
9. 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.
10. This Order does not terminate the Employers Casualty Company receivership proceeding, nor does it discharge the Receiver or the SDR in connection with such receivership.
11. The style of this proceeding shall henceforth be referred to as *State of Texas v. Employers Casualty Company*.
12. This Court retains exclusive jurisdiction to enforce the provisions of this Order and the rights and duties of the parties hereunder or any issues relating to this Order.

SIGNED this \_\_\_\_ day of \_\_\_\_\_, 2013.

JUDGE PRESIDING