

Part III

Liquidator's & Conservator's Report

This section of the *122nd Annual Report* presents statistical information on companies placed in supervision, conservatorship and receivership. It also contains financial information on the state's three guaranty associations: the Texas Property and Casualty Insurance Guaranty Association, Texas Life, Accident, Health and Hospital Service Insurance Guaranty Association and the Texas Title Insurance Guaranty Association.

issued by the Texas Department of Insurance

Summary of Supervisions: September 1, 1996 through August 31, 1997

			FY97 Year-end Balances
Domestic	Existing	New	
Stock Life	3	5	4
Stipulated Premium	2	0	0
Surplus Lines Insurers	0	0	0
Local Mutual Aid Associations	0	0	0
Fire and/or Casualty	0	0	1
Lloyd's	0	0	0
Title	0	1	0
Title Agent	1	0	0
Unauthorized Insurers	0	0	0
Managing General Agents	0	2	1
Local Recording Agent	1	2	1
Reciprocal	0	1	0
Fraternal	0	1	1
Third Party Administrator	0	0	0
Health Maintenance Organization	0	0	0
Premium Finance Company	0	0	0
Foreign	<u>0</u>	<u>2</u>	<u>1</u>
Totals	7	14	9

Summary of Conservatorships: September 1, 1996 through August 31, 1997

			FY97 Year-end Balances
Domestic	Existing	New	
Stock Life	3	2	2
Stipulated Premium	0	0	0
Surplus Lines Insurers	0	0	0
Managing General Agents	0	1	1
Fire and/or Casualty	0	3	1
Lloyd's	0	0	0
Title	0	1	1
Unauthorized Insurer	1	0	0
Title Agents	0	0	0
Agencies	0	0	0
Burial	0	0	0
Fraternal	0	0	0
Local Recording Agent	0	1	1
Health Maintenance Organization	0	1	1
Foreign	<u>0</u>	<u>0</u>	<u>0</u>
Totals	4	9	7

Summary of Insurers under Court-Directed/Special Administrative Action: September 1, 1996 through August 31, 1997

			FY97 Year-end Balances
Domestic	Existing	New	
Stock Life	5	5	6
Stipulated Premium	2	1	2
Fire and/or Casualty	2	2	2
Lloyd's	3	1	3
Unauthorized Insurer	0	0	0
Title	4	0	3
Premium Finance Company	5	0	1
Reciprocal	1	1	1
Title Agent	0	1	1
Agencies	2	0	1
Local Mutual Aid	1	0	0
Managing General Agent	2	1	1
Fraternal	0	1	0
Health Maintenance Organization	1	0	0
Foreign	<u>1</u>	<u>0</u>	<u>0</u>
Totals	30	13	21

Insurance Companies in Supervision, Conservatorship or under Court-Directed/Special Administrative Action by Fiscal Year

FY	No. at 1st of Year	No. Received During Year	Reinsured and Dissolved	Ceased Business Dissolved	In Receiver-ship	Released to Management	Other Changes	Year -End Balances
1976	17	5	4	1	5	7		
1977	5	16	0	0	5	5		
1978	10	15	0	2	2	6		
1979	12	15	0	1	3	12		
1980	8	6	0	0	1	4		
1981	9	11	0	0	1	7		
1982	11	10	0	1	3	8		
1983	7	12	0	0	7	9		
1984	3	12	0	0	3	4		
1985	5	19	0	1	5	4		
1986	12	21	0	0	5	4		
1987	14	58	0	0	14	7		
1988	42	33	1	3	19	10	9	33
1989	33	49	1	5	21	23	16	32
1990	32	31	5	6	20	15	16	17
1991	17	34	0	2	11	14	12	*24
1992	*27	37	0	1	13	25	0	25
1993	25	38	3	0	9	6	11	34
1994	34	36	0	2	7	14	13	34
1995	34	32	2	4	1	11	6	42
1996	42	26	1	5	1	9	11	41
1997	41	36	1	7	4	14	14	37

*Three insurers under Court-Directed/Special Administrative Action were not counted in FY91.

FY97/Other Changes: 3 entities moved from Supervision to Conservatorship; 4 entities moved from Supervision to Administrative Oversight; 1 entity moved from Conservatorship to Administrative Oversight; 2 entities moved from Administrative Oversight to Supervision; 3 entities moved from Administrative Oversight to Conservatorship; and 1 entity moved from Article 1.32 to Conservatorship.

Companies in Supervision at Beginning of Fiscal Year 1997

Commissioner's Order No.	Dated	Company Name
96-0156	02-14-96	Confidential
96-0319	03-25-96	Confidential
96-0453	04-25-96	Aberdeen Insurance Services, Inc.
96-0738	07-02-96	Confidential
96-0861	08-06-96	Ticor Title Agency of San Antonio
96-0890	08-12-96	Confidential
96-0891	08-12-96	Confidential

Companies in Conservatorship at Beginning of Fiscal Year 1997

Commissioner's Order No.	Dated	Company Name
95-0574	06-09-95	Midlantic Insurance Company, Ltd.
96-0058	01-23-96	Gulf Atlantic Life Insurance Company
96-0169	02-16-96	Confidential
96-0958	08-23-96	Confidential

Art. 1.32/9 Insurers under Court-Directed/Special Administrative Action at Beginning of Fiscal Year 1997

Action	Dated	Company Name
Cause No. 484,769	12-13-90	MDPhysicians & Associates
Amended Agreement	04-01-91	Commodore Claim Service
Art. 1.32/92-0903	09-16-92	Provident American Insurance Company
Art. 1.32/93-0537	05-12-93	Guardian Security Life Insurance Company
Letter	06-02-93	Bankers Protective Life Insurance Company
Art. 1.32/93-0591	06-03-93	Empire Lloyds Insurance Company
Art. 1.32/93-0938	10-13-93	U. S. Health Insurance Company
Letter	03-24-94	Preferred Security Life Insurance Company
Art. 1.32/94-0655	06-14-94	U. S. National Heritage Life Insurance Company
Letter	12-07-94	First Southwest Title
Letter/Agreement	01-13-95	Specialty Lloyds Insurance Company
Letter	01-17-95	Quality Acceptance Corporation
Letter	02-10-95	Agency Premium Acceptance Corporation
Letter	03-24-95	Heart of Texas Title Company
Letter	05-05-95	Cardinal Premium Finance, Inc.
Letter	05-23-95	Wellington Premium Finance, Inc.
Letter	06-01-95	First Financial Title Agency, Inc.
Letter	06-01-95	First Southwestern Title Agency, Inc.
Letter	07-10-95	Southwest Home Life Insurance Company
Letter	08-10-95	Community Chapel Funeral Benefit Association
Art. 1.32/95-0856	08-25-95	United Republic Insurance Company
Letter	09-01-95	Admiral Insurance Agency
Letter	11-02-95	Bankers Life Insurance Company of America
Letter	11-27-95	Policy Funding Corporation
Letter	02-14-96	The Maxfield Agency
Art. 1.32/96-0402	04-11-96	Commercial Indemnity Insurance Company
Art. 1.32/96-0580	05-23-96	Accord Auto Insurance Specialists, Inc.
Letter	06-18-96	Independent Reciprocal Exchange
Letter	07-25-96	Dorsey Dental Plans of America
Letter	08-20-96	NAIS, Inc.

Companies Placed in Supervision between September 1, 1996 and August 31, 1997

Order No.	Dated	Company Name
96-1178	10-07-96	Confidential
96-1271	11-01-96	Confidential
96-1376	11-25-96	Casualty Indemnity Exchange
97-0071	01-28-97	North America Excess & Surplus Brokers
97-0072	01-28-97	Kenneth Wolynski Insurance Agency, Inc.
97-0237	03-13-97	Confidential
97-0374	04-16-97	Confidential
97-0390	04-21-97	Confidential
97-0607	06-25-97	Supreme Home of the Progressive Order of Pilgrims
97-0704	07-14-97	New Admiral Agency, Inc.
97-0787	08-04-97	NAIS, Inc.
97-0788	08-04-97	Confidential
97-0859	08-27-97	Confidential
97-0860	08-27-97	Confidential

Companies Placed in Conservatorship between September 1, 1996 and August 31, 1997

Commissioner's Order No.	Dated	Company Name
96-1310	11-13-96	Confidential
97-0099	01-31-97	Gulf Atlantic Life Insurance Company
97-0108	02-03-97	Dorsey Dental Plans of America, Inc.
97-0160	02-18-97	Confidential
97-0170	02-19-97	Kenneth Wolnyski Insurance Agency, Inc.
97-0171	02-19-97	North America Excess & Surplus Brokers
97-0202	02-28-97	Confidential
97-0207	03-04-97	Confidential
97-0737	07-21-97	Confidential

Insurers under Court-Directed/Special Administrative Action between September 1, 1996 and August 31, 1997

Action	Dated	Company Name
Letter	09-06-96	Statesman National Life Insurance Company
Letter	10-07-96	Lincoln Memorial Life Insurance Company
Letter	11-22-96	Gulf Atlantic Life Insurance Company
Letter	01-15-97	Ticor Title Agency of San Antonio
Letter	02-04-97	South Texas Bankers Life Insurance Company
Letter	02-04-97	Bluebonnet Life Insurance Company
Letter	03-12-97	Universal Insurance Exchange
Letter	04-02-97	American Eagle Insurance Company
Letter	04-10-97	Dallas General Life Insurance Company
Letter	05-12-97	Supreme Home of the Progressive Order of Pilgrims
Letter	06-24-97	Empire Lloyds Insurance Company
Letter	08-04-97	N.A. of Texas, Inc.
Letter	08-26-97	International Surety & Casualty Company

Companies Released from Supervision between September 1, 1996 and August 31, 1997

Commissioner's Order No.	Dated	Company Name
96-1096	09-19-96	Confidential
96-1191	10-09-96	Aberdeen Insurance Services, Inc.
97-0039	01-20-97	Casualty Indemnity Exchange
97-0128	02-10-97	Confidential
97-0427	05-02-97	Confidential

Companies Released from Conservatorship between September 1, 1996 and August 31, 1997

Commissioner's Order No.	Dated	Company Name
96-1314	11-13-96	Confidential
96-1332	11-18-96	Confidential
96-1404	12-03-96	Midlantic Insurance Company, Ltd.
97-0293	03-27-97	Confidential
97-0815	08-18-97	Confidential

Insurers Released from Court-Directed/Special Administrative Action between September 1, 1996 and August 31, 1997

Commissioner's Order No.	Dated	Company Name
Art. 1.32/96-1274	11-05-96	Empire Lloyds Insurance Company
Letter	12-31-96	Wellington Premium Finance, Inc.
Letter	01-09-97	Southwest Home Life Insurance Company
Letter	01-10-97	Agency Premium Acceptance Corporation
Letter	02-03-97	Admiral Insurance Agency
Letter	02-04-97	Independent Reciprocal Exchange
Cause No. 484,769	02-04-97	MDPhysicians & Associates
Letter	02-24-97	Policy Funding Corporation
Art. 1.32/97-0182	02-25-97	Accord Auto Insurance Specialists, Inc.
Letter	03-26-97	Heart of Texas Title Company
Letter	04-04-97	Preferred Security Life Insurance Company
Letter	04-10-97	Bankers Protective Life Insurance Company
Letter	05-05-97	Community Chapel Funeral Benefit Association
Letter	05-16-97	Lincoln Memorial Life Insurance Company
Art. 1.32/97-0814	08-18-97	U.S. National Life Insurance Company
Letter	08-21-97	Cardinal Premium Finance, Inc.

Insurance Companies and Affiliates in Receivership as of August 31, 1997

	No.	Receivership Name	Cause Number	District Court
1	301	Commercial Standard Insurance Co.	373,842	167th
2	313	Transit Casualty Company	389,526	261st
3	329	Dexter Lloyd's Insurance Company	405,847	345th
4	375	First Service Life Insurance Company	454,774	53rd
5	392	Knickerbocker Life Insurance Company	463,954	200th
6	417	Title USA Insurance Corp.	473,254	53rd
7	423	American Equitable Life Ins. Co.	474,799-A	98th
8	433	Lloyd's, U.S. & Lloyd's, U.S. Corp.	484,402	261st
9	447	American Guardian Ins. Underwriters, et al	492,413	53rd
10	450	Texas Employers Insurance Association	91-1681	201st
11	453	Indemnity Underwriters Lloyds, et al	91-4197	331st
12	456	Equity American Insurance Company	91-6800	126th
13	457	Western Employers Insurance Co.	91-6872	147th
14	459	International Service Insurance Co.	91-10584	201st
15	461C	Sir Lloyd's Insurance Company	91-12765	200th
16	462C	Standard Financial Indemnity Corp.	91-12766	201st
17	465	Comco Insurance Company	91-14077	345th
18	466	Texas Employers Indemnity Co.	91-15359	200th
19	468C	Bell Indemnity Company, Inc.	92-01311	201st
20	473C	Members Mutual Insurance Company	92-10489	299th
21	479C	Guaranty County Mutual Ins. Co.	93-04034	261st
22	480C	Underwriters Lloyds Ins. Co.	93-04318	126th
23	481C	Western Lloyds Ins. Co., et al	93-04661	167th
24	485C	Eagle Insurance Company	93-12483	250th
25	487C	Employers Casualty Company	92-02133	353rd
26	488C	General Aviation Insurance Company	94-00368	261st
27	489C	Employers of Texas Lloyd's, et al	94-00949	353rd
28	490C	Employers National Insurance Company	94-00950	53rd
29	492C	International Lloyds	96-02960	126th
30	493C	Texas Central Life Insurance	96-12802	98th
31	494C	Insurance Corporation of American	97-0297	00th
32	495C	United Republic Insurance Company	97-07775	126th

Receiverships by Fiscal Year: New Receiverships/Receiverships Closed

Fiscal Year	Balance Receiverships Beginning	New Receiverships	Receiverships Closed
1980	52	1	4
1981	49	8	7
1982	50	11	19
1983	42	13	0
1984	55	3	3
1985	55	20	1
1986	74	19	2
1987	91	18	1
1988	108	25	2
1989	131	40	14
1990	157	33	28
1991	162	*18	26
1992	*154	^15	36
1993	^133	**9	40
1994	102	7	25
1995	84	1	32
1996	53	1	17
1997	37	3	8

As of August 31, 1997 -- 32 Active Receiverships

*These numbers corrected to reflect the first date two companies were placed in receivership. After going into receivership in 1991, they were dropped briefly but put back in 1992.

**This number reflects only receiverships involving domestic companies. Foreign (out-of-state) companies are now handled with impairment orders and are called ancillary receiverships. The actual receiverships for foreign companies are left to the states of domicile.

^These numbers are corrected to reflect that Diamond Benefits Life Insurance Company receivership was reopened. The original 1992 and 1993 statements reflected only the initial opening and not the closing and reopening of the receivership.

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#301	#313	#329	#371	#375
RECEIVERSHIP NAME	Commercial Standard	Transit Casualty	Dexter Lloyds	National County Mutual	First Service Life Ins Co
LINES OF INSURANCE	P&C	P&C	P&C	P&C	ULAH
STATE OF DOMICILE	Texas	Missouri	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/16/85	12/13/85	10/1/86	10/24/88	12/1/88
DATE OF CLOSURE	open	open	open	2/14/97	open
SDR RESPONSIBLE PARTY	D. Baggett	N. Montalvo	In House	JA Howard	In House
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	64,087	5,435	128,774	0	11,241
TX TREASURY ACCOUNT	7,715,756	3,232,132	0	0	233,026
COURT APPROVED DEPOSITS	0	0	0	0	0
EARLY ACCESS/TX GA	1,267,453	0	0	0	0
EARLY ACCESS/OTHER GAs	4,398,973	0	0	0	0
TOTAL CASH ASSETS	13,446,269	3,237,567	128,774	0	244,266
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	0	(7,250)	0	0
RECEIVABLE	-	-	-	-	-
PREMIUMS	0	0	0	0	0
AGENT BALANCES	13,588	0	0	0	0
REINSURANCE	1,006,869	0	0	0	0
SUBROGATION	0	0	0	0	0
OTHER	0	0	0	0	0
ALLOWANCE FOR RECOVERY	(13,588)	0	0	0	0
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	0	0	0	0
REAL ESTATE	0	0	0	0	0
MORTGAGES/NOTES	0	0	0	0	0
OTHER	75,377	234,445	0	0	0
ALLOWANCE FOR RECOVERY	(27,608)	(234,445)	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	0	0	0	0
COMPUTERS/SOFTWARE	0	0	0	0	0
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
TOTAL ASSETS/FOR RECOVERY	1,054,638	0	(7,250)	0	0
TOTAL ASSETS	14,500,907	3,237,567	121,524	0	244,266
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	0	0	19,763	0	0
CLASS II CLAIMS RESERVES - GA	194,924	4,058,227	100,000	0	0
CLASS II CLAIMS RESERVES - NON-GA	79,828	0	0	0	0
OTHER LIABILITIES	0	0	7,250	0	0
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	29,913	853	0	0	0
SDR SUB-CONTRACTORS	12,047	1,787	0	0	0
RECEIVERS ALLOCATION	2,636	427	0	0	1,288
GA-CLAIMS EXPENSE	691,762	128,904	309,930	0	0
OTHER CLASS I	0	0	0	0	0
TOTAL CLASS I CREDITORS	736,358	131,971	309,930	0	1,288
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	0	425,315	573,940	3,944,686	9,172,518
GA - PH CLAIMS PAID	7,325,194	16,617,095	1,335,371	20,274,872	0
OTHER CLASS II	295,797	76,758	0	0	0
TOTAL CLASS II CREDITORS	7,620,991	17,119,168	1,909,311	24,219,558	9,172,518
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	0	0	0	0
GENERAL CREDITORS	0	1,648,915	1,119,319	2,625,966	0
REINSURANCE PAYABLE	12,261,697	0	0	0	0
OTHER CLASS III	0	0	0	0	467,000
TOTAL CLASS III CREDITORS	12,261,697	1,648,915	1,119,319	2,625,966	467,000
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	0	0	0
OWNERSHIP INTERESTS	0	0	0	0	0
OTHER CLASS IV	0	0	0	0	0
TOTAL CLASS IV CREDITORS	0	0	0	0	0
TOTAL COMPANY LIABILITIES	20,893,798	22,958,281	3,465,573	26,845,524	9,640,806

EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(6,392,891)	(19,720,714)	(3,344,049)	(26,845,524)	(9,396,539)
UNREALIZED RECOVERY	0	0	0	0	0
TOTAL LIABILITIES AND EQUITY	14,500,907	3,237,567	121,524	0	244,266
Unencumbered Cash as of 8/31/96	11,904,930	3,030,928	(175,426)	12,033,798	1,041,000
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	0	0	0	0	0
Collection Expense	0	0	0	0	0
Litigation Expense	0	0	0	0	0
Receivable	-	-	-	-	-
Agents Balance Receipts	0	0	0	0	0
Agent Balance Expense	0	0	0	0	0
Reinsurance Recovery	485,651	0	0	0	0
Reinsurance Expense	(163,835)	0	0	0	0
Subrogation Recovery	0	0	0	2,643	0
Subrogation Expense	0	0	0	0	0
Intercompany Receivable Receipts	0	0	0	0	0
Intercompany Receivable Expenses	0	0	0	0	0
Other Receivable Receipts	37,170	0	0	36,060	0
Other Receivable Expenses	0	0	0	0	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	0	0	0	0	0
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	0	0	75,362	0
Judgment Expense	0	0	0	(9,420)	0
Investment Account Receipts	0	0	0	0	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	0	0	0	0
Other Litigation Expense	0	0	0	0	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	0	0
Securities/Bonds Sales Expense	0	0	0	0	0
Statutory Deposit Receipts	0	0	0	0	0
Statutory Deposit Expense	0	0	0	0	0
Real Estate Sales Receipts	0	0	0	0	0
Real Estate Sales Expense	0	0	0	0	0
Mortgage Note Expense	0	0	0	0	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	0	0
Other Asset Receipts	0	0	0	5,124	0
Other Asset Sales Expenses	0	0	0	0	0
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	0	0
Charter Sales Expense	0	0	0	0	0
Furniture, Fixtures & Equipment Receipts	0	0	0	0	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	358,986	0	0	109,769	0
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	0	0
Cash Deposit Interest Income	552,612	171,360	0	83,595	31,038
Early Access Imputed Interest Income	0	0	0	0	0
NET INCOME/INCLUDING PASSIVE	911,598	171,360	0	193,364	31,038
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(4,333)	(44,370)	(4,700)	0	0
SDR Fees	(43,401)	0	0	0	0
SDR Subcontractor Fees	(7,179)	0	0	0	0
Other Covered Claims	0	0	0	0	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(75,647)	(758)	0	0	0

SDR Subcontractor Fees	(5,225)	(2,725)	0	0	0
Other Non Covered Claims	0	0	0	0	0
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	58,800	414,118	0	0	0
Covered Claims Paid - G/A	(58,800)	(414,119)	0	0	0
Early Access -G/A	(5,550,147)	0	0	(10,467,383)	0
Non-Covered Claims Paid/Receivership Distribution	0	0	0	(1,949,497)	(742,910)
TOTAL CLAIMS EXPENSES	(5,685,932)	(47,853)	(4,700)	(12,416,880)	(742,910)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	(3,250)	(3,111)	0	(872)	(3,116)
Building/Utilities	0	0	0	0	0
Contract/Employee	0	0	0	0	0
Equipment/Lease/Maintenance	219	0	0	0	0
Employee - Payroll, PRTax, Benefits	0	0	0	0	0
Equipment Lease/Inventory/Storage/Moving	(630)	0	0	0	0
Mailing/Printing/Postage/Publication	(478)	(431)	0	0	(397)
Office Supplies/Miscellaneous	(601)	0	0	0	(319)
Telephone	(826)	(37)	0	0	(12)
Receivership Allocation	(16,194)	(5,424)	0	(2,596)	(17,243)
CLASS I GENERAL ADMIN EXPENSES	(21,760)	(9,003)	0	(3,468)	(21,087)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	(3,930)	0	(1,030)	(22,396)	(4,350)
Consulting Fees/Services	0	0	0	0	0
Legal Fees/Services	(15,316)	(26,140)	0	0	(8,610)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(19,246)	(26,140)	(1,030)	(22,396)	(12,960)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(26,983)	(8,997)	0	(202,769)	(20,952)
SDR Accounting	(19,136)	(4,700)	0	0	(915)
SDR Special Services	0	0	0	0	0
SDR Legal Services	0	0	0	0	(30,246)
CLASS I SDR ADMINISTRATION EXPENSES	(46,119)	(13,697)	0	(202,769)	(52,113)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(87,125)	(48,840)	(1,030)	(228,633)	(86,159)
NET INC(DEC) TO RECEIVERSHIP CASH	(4,861,459)	74,667	(5,730)	(12,452,149)	(798,031)
CLASS I PAYABLES AS OF 8/31/97	736,358	131,971	309,930	0	1,288
FY 1997 RECONCILIATION ADJUSTMENTS			(7,250)	418,351	
CASH AVAILABLE AS OF 8/31/97	7,779,829	3,237,566	121,524	0	244,256

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#387	#391	#392	#417	#423
RECEIVERSHIP NAME	Empire Casualty P&C	American Teachers LAH	Knickbocker Life Ins Co LAH	Title USA Title Texas	American Equitable LAH
LINES OF INSURANCE	Colorado	Texas	Texas	Texas	Texas
STATE OF DOMICILE	3/3/89	4/20/89	5/5/89	10/19/89	11/17/89
DATE OF RECEIVERSHIP	9/13/96	1/16/97	open	open	open
DATE OF CLOSURE	J. Gutierrez	C. Koenig	M. Gorrell	E. Engleking	H. Sivley
SDR RESPONSIBLE PARTY					
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	0	0	79,795	87,106	9,461
TX TREASURY ACCOUNT	0	0	10,668,778	11,535,828	4,119,218
COURT APPROVED DEPOSITS	0	0	0	0	0
EARLY ACCESS/TX GA	0	0	8,328,871	0	0
EARLY ACCESS/OTHER GAs	0	0	0	0	0
TOTAL CASH ASSETS	0	0	19,077,444	11,622,935	4,128,679
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	0	0	0	0
RECEIVABLE	-	-	-	-	-
PREMIUMS	0	0	0	0	0
AGENT BALANCES	0	0	0	0	0
REINSURANCE	0	0	0	0	0
SUBROGATION	0	0	0	0	0
OTHER	0	0	116,402	0	2,500
ALLOWANCE FOR RECOVERY	0	0	(4,263,415)	0	0
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	0	0	0	156,957
REAL ESTATE	0	0	0	536,000	0
MORTGAGES/NOTES	0	0	0	0	0
OTHER	0	0	0	0	100,000
ALLOWANCE FOR RECOVERY	0	0	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	0	0	0	0
COMPUTERS/SOFTWARE	0	0	0	0	0
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
TOTAL ASSETS/FOR RECOVERY	0	0	(4,147,013)	536,000	259,457
TOTAL ASSETS	0	0	14,930,431	12,158,935	4,388,135
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	0	0	0	0	0
CLASS II CLAIMS RESERVES - GA	0	0	0	0	0
CLASS II CLAIMS RESERVES - NON-GA	0	0	10,106,976	0	0
OTHER LIABILITIES	0	0	0	0	0
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	0	0	17,510	2,406	763
SDR SUB-CONTRACTORS	0	0	0	760	980
RECEIVERS ALLOCATION	8,234	0	0	0	1,300
GA-CLAIMS EXPENSE	224,635	0	76,659	120,692	1,145
OTHER CLASS I	0	0	0	0	55,188
TOTAL CLASS I CREDITORS	232,869	0	94,169	123,858	59,376
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	0	0	0	27,206,017	147,908
GA - PH CLAIMS PAID	464,768	0	28,635,590	11,223,325	9,476,459
OTHER CLASS II	0	5,317,256	0	0	0
TOTAL CLASS II CREDITORS	464,768	5,317,256	28,635,590	38,429,342	9,624,367
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	61,548	0	0	0
GENERAL CREDITORS	5,785	2,123,328	1,306,958	14,217,893	10,765,629
REINSURANCE PAYABLE	0	0	0	0	0
OTHER CLASS III	0	3,600,000	0	0	0
TOTAL CLASS III CREDITORS	5,785	5,784,876	1,306,958	14,217,893	10,765,629
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	0	0	0
OWNERSHIP INTERESTS	0	0	0	0	0
OTHER CLASS IV	0	0	0	0	0
TOTAL CLASS IV CREDITORS	0	0	0	0	0
TOTAL COMPANY LIABILITIES	703,422	11,102,132	40,143,693	52,771,093	20,449,372
	-	-	-	-	-

EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(703,422)	(11,102,132)	(25,213,262)	0	(16,061,237)
UNREALIZED RECOVERY	0	0	0	(40,612,158)	0
TOTAL LIABILITIES AND EQUITY	0	0	14,930,431	0	4,388,135
Unencumbered Cash as of 8/31/96	(232,869)	2,286,424	10,599,237	10,994,005	3,945,320
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	0	0	0	0	0
Collection Expense	0	0	0	0	0
Litigation Expense	0	0	0	0	0
Receivable	-	-	-	-	-
Agents Balance Receipts	0	0	0	0	0
Agent Balance Expense	0	0	0	0	0
Reinsurance Recovery	0	0	0	0	0
Reinsurance Expense	0	0	0	0	0
Subrogation Recovery	0	0	0	0	0
Subrogation Expense	0	0	0	0	0
Intercompany Receivable Receipts	0	0	0	0	0
Intercompany Receivable Expenses	0	0	0	0	0
Other Receivable Receipts	0	0	0	596	0
Other Receivable Expenses	0	0	0	0	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	0	0	0	0	0
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	30,000	0	0	0
Judgment Expense	0	0	0	0	0
Investment Account Receipts	0	0	0	0	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	0	0	0	0
Other Litigation Expense	0	0	(188)	0	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	0	0
Securities/Bonds Sales Expense	0	0	0	0	0
Statutory Deposit Receipts	0	0	0	0	0
Statutory Deposit Expense	0	0	0	0	0
Real Estate Sales Receipts	0	0	0	30,317	0
Real Estate Sales Expense	0	0	0	(1,316)	0
Mortgage Note Expense	0	0	0	(43)	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	0	0
Other Asset Receipts	0	0	0	77,876	0
Other Asset Sales Expenses	0	(5,290)	0	(3,928)	0
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	0	0
Charter Sales Expense	0	0	0	0	0
Furniture, Fixtures & Equipment Receipts	0	0	0	0	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	0	24,710	(188)	103,502	0
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	0	0
Cash Deposit Interest Income	0	18,036	141,096	609,599	200,413
Early Access Imputed Interest Income	0	0	0	0	0
NET INCOME/INCLUDING PASSIVE	0	42,746	140,908	713,100	200,413
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	0	(7,171)	(951)	(111,187)	(11,629)
SDR Fees	0	0	(3,768)	(2,168)	0
SDR Subcontractor Fees	0	0	(469)	(1,859)	0
Other Covered Claims	0	0	(36,312)	0	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	0	0	0	(64)	(4,090)

SDR Subcontractor Fees	0	0	0	0	0
Other Non Covered Claims	0	(85,426)	0	0	0
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	0	0	0	0	0
Covered Claims Paid - G/A	0	0	0	0	0
Early Access -G/A	0	0	0	0	0
Non-Covered Claims Paid/Receivership Distribution	0	(2,249,843)	0	0	0
TOTAL CLAIMS EXPENSES	0	(2,342,441)	(41,500)	(115,277)	(15,719)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	0	(670)	(750)	(3,021)	(2,791)
Building/Utilities	0	0	0	0	0
Contract/Employee	0	0	0	0	0
Equipment/Lease/Maintenance	0	0	0	0	0
Employee - Payroll, PRTax, Benefits	0	0	0	0	0
Equipment Lease/Inventory/Storage/Moving	0	0	0	(7,078)	0
Mailing/Printing/Postage/Publication	0	(83)	(605)	(33)	(420)
Office Supplies/Miscellaneous	0	0	(123)	(517)	0
Telephone	0	(46)	(146)	(465)	0
Receivership Allocation	0	(1,875)	(6,865)	(27,257)	(19,857)
CLASS I GENERAL ADMIN EXPENSES	0	(2,674)	(8,489)	(38,370)	(23,068)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	0	0	0	(23,036)	(10,159)
Consulting Fees/Services	0	0	0	(122)	(3,359)
Legal Fees/Services	0	(12,843)	(19,849)	(5,187)	0
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	0	(12,843)	(19,849)	(28,345)	(13,518)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	0	(15,740)	(13,568)	(26,036)	(14,556)
SDR Accounting	0	0	(1,635)	0	(2,340)
SDR Special Services	0	0	(704)	0	0
SDR Legal Services	0	0	0	0	(7,230)
CLASS I SDR ADMINISTRATION EXPENSES	0	(15,740)	(15,907)	(26,036)	(24,126)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	0	(31,258)	(44,245)	(92,751)	(60,712)
NET INC(DEC) TO RECEIVERSHIP CASH	0	(2,330,953)	55,163	505,072	123,981
CLASS I PAYABLES AS OF 8/31/97	232,869	0	94,169	123,858	59,376
FY 1997 RECONCILIATION ADJUSTMENTS	-	44,529	-	-	-
CASH AVAILABLE AS OF 8/31/97	0	0	10,748,569	11,622,935	4,128,677

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#424	#433	#447	#450	#453
RECEIVERSHIP NAME	Security Southwest LIC	Lloyds US	American Guardian	Texas Employers Insurance Assn	Indemnity Underwriters
LINES OF INSURANCE	LAH	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	11/30/89	5/16/90	10/18/90	2/1/91	3/25/91
DATE OF CLOSURE	3/4/97	open	open	open	open
SDR RESPONSIBLE PARTY	D. Norris	E. Garza	C. Koenig	J. Howard	R. Dennis
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	0	38,421	55,469	111,700	52,771
TX TREASURY ACCOUNT	0	3,075,717	12,076,796	57,500,286	1,211,513
COURT APPROVED DEPOSITS	0	0	0	178	0
EARLY ACCESS/TX GA	0	0	0	128,330,048	0
EARLY ACCESS/OTHER GAS	0	0	0	0	0
TOTAL CASH ASSETS	0	3,114,138	12,132,264	185,942,212	1,264,284
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	0	(480,262)	1,101,053	0
RECEIVABLE	-	-	-	-	-
PREMIUMS	0	0	1,687,394	7,933,824	0
AGENT BALANCES	0	0	1,900,870	0	1,372
REINSURANCE	0	0	0	36,842,146	0
SUBROGATION	0	0	30,750	0	0
OTHER	0	0	50,000	2,011,649	0
ALLOWANCE FOR RECOVERY	0	0	(2,774,140)	(39,066,559)	0
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	0	0	0	0
REAL ESTATE	0	0	0	0	0
MORTGAGES/NOTES	0	0	0	0	0
OTHER	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	0	0	0	0
COMPUTERS/SOFTWARE	0	0	0	0	0
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
TOTAL ASSETS/FOR RECOVERY	0	0	414,612	8,822,113	1,372
TOTAL ASSETS	0	3,114,138	12,546,876	194,764,325	1,265,656
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	0	5,324	16,839	0	0
CLASS II CLAIMS RESERVES - GA	0	5,217	249,132	332,692,630	3,720
CLASS II CLAIMS RESERVES - NON-GA	0	0	0	0	1,043,732
OTHER LIABILITIES	0	0	0	0	0
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	0	10,108	7,923	116,075	1,171
SDR SUB-CONTRACTORS	0	2,363	6,720	95,374	3,838
RECEIVERS ALLOCATION	0	2,032	2,136	2,136	1,282
GA-CLAIMS EXPENSE	0	106,891	289,179	3,330,536	321,136
OTHER CLASS I	0	0	94	0	0
TOTAL CLASS I CREDITORS	0	121,395	306,053	3,544,121	327,426
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	0	6,119,398	790,692	13,054,356	859,566
GA - PH CLAIMS PAID	0	6,434,659	28,914,441	221,116,731	1,928,184
OTHER CLASS II	0	0	0	0	0
TOTAL CLASS II CREDITORS	0	12,554,057	29,705,133	234,171,087	2,787,751
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	0	722,807	18,211	0
GENERAL CREDITORS	0	2,838,337	560,098	1,064,683	37,738
REINSURANCE PAYABLE	0	3,616,208	0	132,567	0
OTHER CLASS III	0	0	0	59,736,070	65,371
TOTAL CLASS III CREDITORS	0	6,454,545	1,282,905	60,951,531	103,109
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	0	0	0
OWNERSHIP INTERESTS	0	0	0	0	0
OTHER CLASS IV	0	900,000	0	0	0
TOTAL CLASS IV CREDITORS	0	900,000	0	0	0
TOTAL COMPANY LIABILITIES	0	20,040,538	31,560,063	631,359,369	4,265,738

EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	0	(16,926,400)	(19,013,187)	(436,595,044)	(3,000,244)
UNREALIZED RECOVERY	0	0	0	0	162
TOTAL LIABILITIES AND EQUITY	0	3,114,138	12,546,876	194,764,325	1,265,656
Unencumbered Cash as of 8/31/96	57,862	2,960,273	11,199,598	41,032,337	786,192
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	0	0	15,355	1,963,395	0
Collection Expense	0	0	(11,393)	(516,111)	0
Litigation Expense	0	0	(8,173)	(391,026)	0
Receivable	-	-	-	-	-
Agents Balance Receipts	0	0	0	0	0
Agent Balance Expense	0	0	(48,098)	0	0
Reinsurance Recovery	0	0	0	861,271	170,876
Reinsurance Expense	0	0	(997)	(525,560)	(13,671)
Subrogation Recovery	0	0	54,593	281,611	0
Subrogation Expense	0	0	(5,405)	1,862	0
Intercompany Receivable Receipts	0	0	0	0	0
Intercompany Receivable Expenses	0	0	0	0	0
Other Receivable Receipts	0	0	750	580	0
Other Receivable Expenses	0	(44)	0	(81,919)	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	0	0	0	0	0
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	0	0	53,451	0
Judgment Expense	0	(40)	0	(39,462)	0
Investment Account Receipts	0	0	0	0	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	0	0	15,046,420	0
Other Litigation Expense	0	0	0	(4,830,944)	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	1,750	0
Securities/Bonds Sales Expense	0	0	0	0	0
Statutory Deposit Receipts	0	0	0	0	0
Statutory Deposit Expense	0	0	0	0	0
Real Estate Sales Receipts	0	0	0	0	0
Real Estate Sales Expense	0	0	0	0	0
Mortgage Note Expense	0	0	0	0	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	0	0
Other Asset Receipts	0	9,176	1,732	0	0
Other Asset Sales Expenses	0	(40)	(99)	0	0
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	0	0
Charter Sales Expense	0	0	(19)	0	0
Furniture, Fixtures & Equipment Receipts	0	0	0	0	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	0	9,052	(1,753)	11,825,318	157,205
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	0	0
Cash Deposit Interest Income	299	94,433	641,121	2,724,808	63,201
Early Access Imputed Interest Income	0	0	0	0	0
NET INCOME/INCLUDING PASSIVE	299	103,485	639,368	14,550,126	220,406
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	0	(10,794)	(104,048)	(2,699,430)	(16,939)
SDR Fees	0	0	0	(337,801)	0
SDR Subcontractor Fees	0	(3,797)	0	(125,441)	0
Other Covered Claims	0	0	0	(4,095)	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	0	(9,809)	(35,574)	(22,490)	0

SDR Subcontractor Fees	0	(1,667)	(9,595)	0	(150)
Other Non Covered Claims	0	0	0	0	0
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	0	4,000	43,390	17,839,397	72,979
Covered Claims Paid - G/A	0	(4,000)	(43,390)	(15,510,965)	(72,979)
Early Access -G/A	0	0	0	0	0
Non-Covered Claims Paid/Receivership Distribution	(47,812)	0	0	0	0
TOTAL CLAIMS EXPENSES	(47,812)	(26,067)	(149,216)	(860,825)	(17,089)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	(65)	(1,905)	(3,068)	(13,030)	(3,051)
Building/Utilities	0	0	0	(19,600)	0
Contract/Employee	0	0	0	0	0
Equipment/Lease/Maintenance	0	0	0	0	0
Employee - Payroll, PRTax, Benefits	0	0	0	0	0
Equipment Lease/Inventory/Storage/Moving	0	0	0	(207,685)	0
Mailing/Printing/Postage/Publication	0	(80)	(101)	(10,688)	0
Office Supplies/Miscellaneous	0	0	(129)	7	0
Telephone	0	(57)	(19)	(62)	0
Receivership Allocation	(1,603)	(12,951)	(26,888)	(29,250)	(16,193)
CLASS I GENERAL ADMIN EXPENSES	(1,668)	(14,992)	(30,206)	(280,308)	(19,244)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	(1,839)	(1,200)	0	(9,525)	(17,005)
Consulting Fees/Services	0	0	0	0	(4,422)
Legal Fees/Services	(3,234)	(6,589)	(9,521)	(85,084)	(4,711)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(5,073)	(7,789)	(9,521)	(94,609)	(26,138)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(3,610)	(21,926)	(38,312)	(102,930)	(7,270)
SDR Accounting	0	0	(17,063)	(59,674)	0
SDR Special Services	0	0	0	(116,074)	0
SDR Legal Services	0	0	0	0	0
CLASS I SDR ADMINISTRATION EXPENSES	(3,610)	(21,926)	(55,375)	(278,678)	(7,270)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(10,351)	(44,707)	(95,102)	(653,595)	(52,652)
NET INC(DEC) TO RECEIVERSHIP CASH	(57,864)	32,712	395,050	13,035,706	150,665
CLASS I PAYABLES AS OF 8/31/97	0	121,395	306,053	3,544,121	327,426
FY 1997 RECONCILIATION ADJUSTMENTS	-	(241)	(248,698)	-	-
CASH AVAILABLE AS OF 8/31/97	(2)	3,114,138	11,652,003	57,612,164	1,264,283

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#455	#456	#457	#459	#461
RECEIVERSHIP NAME	American Universal	Equity American Lloyds	Western Employers	International Service	Sir Lloyds
LINES OF INSURANCE	P&C	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Rhode Island	Texas	California	Texas	Texas
DATE OF RECEIVERSHIP	4/15/91	5/16/91	5/30/91	7/30/91	9/10/91
DATE OF CLOSURE	3/13/97	open	open	open	open
SDR RESPONSIBLE PARTY	J. Gutierrez	D. Humphrey	N. Montalvo	C. Koenig	A. Reyes
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	0	11,191	(251)	17,290	83,884
TX TREASURY ACCOUNT	0	3,908,080	0	4,502,272	2,847,788
COURT APPROVED DEPOSITS	0	0	96,029	0	0
EARLY ACCESS/TX GA	0	0	0	0	0
EARLY ACCESS/OTHER GAs	0	0	0	0	0
TOTAL CASH ASSETS	0	3,919,270	95,778	4,519,562	2,931,672
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	0	0	0	0
RECEIVABLE	-	-	-	-	-
PREMIUMS	0	0	0	0	606,173
AGENT BALANCES	0	0	0	145,595	0
REINSURANCE	0	0	0	722,346	79,961
SUBROGATION	0	0	0	0	3,433
OTHER	0	92,409	0	637,529	342
ALLOWANCE FOR RECOVERY	0	(92,409)	0	(145,595)	(420,084)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	0	0	0	0
REAL ESTATE	0	0	0	0	0
MORTGAGES/NOTES	0	0	0	0	0
OTHER	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	0	0	0	0
COMPUTERS/SOFTWARE	0	0	0	0	0
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
TOTAL ASSETS/FOR RECOVERY	0	0	0	1,359,876	269,825
TOTAL ASSETS	0	3,919,270	95,778	5,879,437	3,201,497
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	0	3,489	0	18,325	1,549,766
CLASS II CLAIMS RESERVES - GA	0	5,000	6,162,301	690,073	3,404,622
CLASS II CLAIMS RESERVES - NON-GA	0	0	0	0	0
OTHER LIABILITIES	0	0	0	38,702	0
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	0	1,122	878	8,506	18,456
SDR SUB-CONTRACTORS	0	8,290	(443)	862	3,528
RECEIVERS ALLOCATION	0	1,282	427	1,282	0
GA-CLAIMS EXPENSE	73,972	385,014	264,686	158,584	667,998
OTHER CLASS I	12,208	45,166	0	496,954	0
TOTAL CLASS I CREDITORS	86,180	440,874	265,548	666,189	689,982
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	0	931,477	5,015,000	0	5,167,914
GA - PH CLAIMS PAID	23,101	3,615,193	1,298,157	723,137	0
OTHER CLASS II	0	0	0	6,998,902	124,892
TOTAL CLASS II CREDITORS	23,101	4,546,671	6,313,157	7,722,039	5,292,806
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	0	0	0	0
GENERAL CREDITORS	0	278,222	0	429,772	35,816
REINSURANCE PAYABLE	0	166,953	0	0	0
OTHER CLASS III	0	0	0	0	1,837,552
TOTAL CLASS III CREDITORS	0	445,175	0	429,772	1,873,368
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	0	0	0
OWNERSHIP INTERESTS	0	0	0	0	0
OTHER CLASS IV	0	0	0	0	0
TOTAL CLASS IV CREDITORS	0	0	0	0	0
TOTAL COMPANY LIABILITIES	109,281	5,441,209	12,741,006	9,565,101	12,810,544

EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(109,281)	(1,521,939)	(12,645,228)	(3,685,663)	(9,609,047)
UNREALIZED RECOVERY	0	0	0	0	0
TOTAL LIABILITIES AND EQUITY	0	3,919,270	95,778	5,879,437	3,201,497
Unencumbered Cash as of 8/31/96	(81,934)	3,350,972	(90,454)	2,015,513	2,381,412
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	0	0	0	0	0
Collection Expense	0	0	0	0	(34,434)
Litigation Expense	0	0	0	0	0
Receivable	-	-	-	-	-
Agents Balance Receipts	0	1,893	0	0	0
Agent Balance Expense	0	(673)	0	(360)	0
Reinsurance Recovery	0	0	0	249,355	20,389
Reinsurance Expense	0	0	0	(12,690)	(56,094)
Subrogation Recovery	0	0	1,812	6,712	3,262
Subrogation Expense	0	0	0	(2,214)	(4,318)
Intercompany Receivable Receipts	0	0	0	0	0
Intercompany Receivable Expenses	0	0	0	0	0
Other Receivable Receipts	0	0	0	0	0
Other Receivable Expenses	0	0	0	0	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	0	0	0	0	2,500
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	0	0	5,259	0
Judgment Expense	0	0	0	0	0
Investment Account Receipts	0	0	0	29,715	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	0	0	0	0
Other Litigation Expense	0	0	0	0	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	0	0
Securities/Bonds Sales Expense	0	0	0	0	0
Statutory Deposit Receipts	0	0	0	420,000	0
Statutory Deposit Expense	0	0	0	(1,383)	0
Real Estate Sales Receipts	0	0	0	0	0
Real Estate Sales Expense	0	0	0	0	0
Mortgage Note Expense	0	0	0	0	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	0	0
Other Asset Receipts	2	0	0	847,866	0
Other Asset Sales Expenses	0	0	0	(4,378)	0
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	18,876	0
Charter Sales Expense	0	0	0	(1,427)	0
Furniture, Fixtures & Equipment Receipts	0	0	0	0	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	2	1,220	1,812	1,555,331	(68,695)
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	0	0
Cash Deposit Interest Income	10	207,055	4,359	245,142	158,108
Early Access Imputed Interest Income	0	0	0	0	0
NET INCOME/INCLUDING PASSIVE	12	208,275	6,171	1,800,473	89,413
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	0	(24,377)	(53,570)	(15,444)	(36,200)
SDR Fees	(38)	0	0	0	(54,920)
SDR Subcontractor Fees	0	0	(143)	0	0
Other Covered Claims	0	0	0	0	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	0	(485)	(3,130)	(30,219)	0

SDR Subcontractor Fees	0	(974)	(15,289)	(4,466)	0
Other Non Covered Claims	(6,500)	0	0	0	0
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	0	27,062	244,112	45,144	0
Covered Claims Paid - G/A	0	(27,062)	(244,112)	(45,144)	91,000
Early Access -G/A	0	0	0	0	(91,000)
Non-Covered Claims Paid/Receivership Distribution	0	0	0	0	0
TOTAL CLAIMS EXPENSES	(6,538)	(25,836)	(72,132)	(50,129)	(91,120)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	(14)	(3,533)	(12)	(3,708)	(3,110)
Building/Utilities	0	0	0	0	0
Contract/Employee	0	0	0	0	0
Equipment/Lease/Maintenance	0	0	0	0	0
Employee - Payroll, PRTax, Benefits	0	0	0	0	0
Equipment Lease/Inventory/Storage/Moving	0	0	0	0	0
Mailing/Printing/Postage/Publication	0	(713)	(397)	(62)	(18)
Office Supplies/Miscellaneous	0	0	0	(267)	(526)
Telephone	0	(6)	(23)	(79)	(479)
Receivership Allocation	6,500	(16,133)	(5,424)	(16,133)	(26,887)
CLASS I GENERAL ADMIN EXPENSES	6,486	(20,384)	(5,856)	(20,249)	(31,020)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	0	(9,740)	0	(1,160)	a(41,599)
Consulting Fees/Services	0	0	0	0	0
Legal Fees/Services	0	(4,164)	(85)	(12,636)	0
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	0	(13,904)	(85)	(13,796)	(41,599)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(3,384)	(15,312)	(4,273)	(22,409)	(56,118)
SDR Accounting	(112)	(5,415)	(3,140)	(18,046)	0
SDR Special Services	0	0	0	0	0
SDR Legal Services	(288)	0	0	(3,512)	(9,289)
CLASS I SDR ADMINISTRATION EXPENSES	(3,784)	(20,727)	(7,413)	(43,967)	(65,407)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	2,702	(55,015)	(13,354)	(78,012)	(138,026)
NET INC(DEC) TO RECEIVERSHIP CASH	(3,824)	127,424	(79,315)	1,672,332	(139,733)
CLASS I PAYABLES AS OF 8/31/97	86,180	440,874	265,548	666,189	689,982
FY 1997 RECONCILIATION ADJUSTMENTS	(422)	-	-	165,528	-
CASH AVAILABLE AS OF 8/31/97	0	3,919,270	95,779	4,519,562	2,931,661

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#462	#465	#466	#468	#473
RECEIVERSHIP NAME	Standard Financial	Comco Insurance	Texas Employers Indemnity Co	Bell Indemnity	Members Insurance
LINES OF INSURANCE	P&C	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	9/10/91	10/16/91	10/30/91	1/31/92	7/21/92
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	A. Reyes	D. Humphrey	D. Baggett	R. Harris	L. Jaynes
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	76,373	12,947	27,230	3,807	98,287
TX TREASURY ACCOUNT	4,419,313	11,805,409	1,424,231	442,322	15,074,809
COURT APPROVED DEPOSITS	0	0	0	0	0
EARLY ACCESS/TX GA	0	0	6,437,174	1,184,521	2,721,400
EARLY ACCESS/OTHER GAS	0	0	0	0	0
TOTAL CASH ASSETS	4,495,686	11,818,356	7,888,635	1,630,650	17,894,496
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	0	0	0	0
RECEIVABLE	-	-	-	-	-
PREMIUMS	5,612,567	0	0	360,730	0
AGENT BALANCES	0	270,224	0	0	0
REINSURANCE	569,978	0	0	723,722	0
SUBROGATION	327,585	0	138,308	0	2,623,098
OTHER	0	1,497,823	0	0	0
ALLOWANCE FOR RECOVERY	(5,019,571)	(1,305,716)	(138,308)	0	(2,623,098)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	0	0	0	0
REAL ESTATE	0	0	0	0	0
MORTGAGES/NOTES	0	0	0	0	0
OTHER	0	449,350	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	0	0	0	7,000
COMPUTERS/SOFTWARE	0	0	0	0	3,000
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
TOTAL ASSETS/FOR RECOVERY	1,490,559	911,681	0	1,084,452	10,000
TOTAL ASSETS	5,986,245	12,730,037	7,888,635	2,715,102	17,904,496
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	6,615,008	1,622,106	0	350,457	0
CLASS II CLAIMS RESERVES - GA	8,469,167	4,180,514	3,036,893	0	0
CLASS II CLAIMS RESERVES - NON-GA	23,906	0	5,689,486	0	0
OTHER LIABILITIES	0	0	0	0	0
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	22,674	2,772	3,643	1,000	3,100
SDR SUB-CONTRACTORS	5,747	18	9,622	(53)	2,844
RECEIVERS ALLOCATION	0	1,709	3,515	0	2,136
GA-CLAIMS EXPENSE	1,222,724	4,730,513	265,274	245,361	486,792
OTHER CLASS I	0	0	0	0	0
TOTAL CLASS I CREDITORS	1,251,145	4,735,012	282,054	246,308	494,872
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	9,250,777	388,082	0	0	0
GA - PH CLAIMS PAID	0	10,010,552	1,920,696	754,098	4,221,988
OTHER CLASS II	0	0	0	0	5,256,873
TOTAL CLASS II CREDITORS	9,250,777	10,398,634	1,920,696	754,098	9,478,861
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	0	0	0	0
GENERAL CREDITORS	21,285	1,610,092	0	14,761	1,679,262
REINSURANCE PAYABLE	0	0	57,803	0	0
OTHER CLASS III	4,160,985	0	1,612,132	2,474,297	0
TOTAL CLASS III CREDITORS	4,182,270	1,610,092	1,669,935	2,489,058	1,679,262
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	0	0	0
OWNERSHIP INTERESTS	0	0	0	0	0
OTHER CLASS IV	0	0	0	0	0
TOTAL CLASS IV CREDITORS	0	0	0	0	0
TOTAL COMPANY LIABILITIES	29,792,273	22,546,358	12,599,064	3,839,921	11,652,995

EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(23,806,028)	0	(4,710,429)	(1,124,819)	6,251,501
UNREALIZED RECOVERY	0	(9,816,321)	0	0	0
TOTAL LIABILITIES AND EQUITY	5,986,245	0	7,888,635	2,715,102	17,904,496
Unencumbered Cash as of 8/31/96	3,080,749	6,976,549	1,268,432	241,139	13,636,834
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	123,966	0	0	0	0
Collection Expense	(77,010)	0	0	0	0
Litigation Expense	(5,545)	0	0	0	0
Receivable	-	-	-	-	-
Agents Balance Receipts	0	1,653	0	0	0
Agent Balance Expense	0	0	0	0	0
Reinsurance Recovery	195,524	0	0	0	46,143
Reinsurance Expense	(58,016)	0	(10,931)	0	0
Subrogation Recovery	0	0	0	0	173,404
Subrogation Expense	(3,889)	0	(11,697)	0	(44,575)
Intercompany Receivable Receipts	0	0	0	0	0
Intercompany Receivable Expenses	0	0	0	0	0
Other Receivable Receipts	0	1,820	0	0	50
Other Receivable Expenses	0	0	0	0	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	2,500	0	0	0	0
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	0	0	0	0
Judgment Expense	18,304	0	0	0	0
Investment Account Receipts	0	0	0	0	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	0	0	0	0
Other Litigation Expense	0	0	0	0	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	0	0
Securities/Bonds Sales Expense	0	0	0	0	0
Statutory Deposit Receipts	0	0	0	0	0
Statutory Deposit Expense	0	(6,181)	0	0	0
Real Estate Sales Receipts	0	0	0	0	0
Real Estate Sales Expense	0	0	0	0	0
Mortgage Note Expense	0	0	0	0	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	0	0
Other Asset Receipts	0	3,725	0	0	1,500
Other Asset Sales Expenses	0	(6,917)	(310)	0	0
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	0	0
Charter Sales Expense	0	0	(558)	0	0
Furniture, Fixtures & Equipment Receipts	0	0	0	0	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	195,834	(5,900)	(23,496)	0	176,522
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	0	0
Cash Deposit Interest Income	243,565	627,331	77,567	24,597	825,691
Early Access Imputed Interest Income	0	0	0	0	0
NET INCOME/INCLUDING PASSIVE	439,399	621,431	54,071	24,597	1,002,213
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(72,459)	(449,970)	(59,532)	(6,957)	(24,173)
SDR Fees	(48,939)	0	(4,972)	0	0
SDR Subcontractor Fees	0	0	(3,137)	0	0
Other Covered Claims	0	0	0	(3,650)	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(23,900)	(1,654)	(357)	0	(20,200)

SDR Subcontractor Fees	0	(4,002)	0	0	(50,447)
Other Non Covered Claims	0	0	0	0	0
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	0	466,114	238,398	0	114,865
Covered Claims Paid - G/A	(59,749)	(466,114)	(238,398)	(39,366)	(114,865)
Early Access -G/A	59,749	0	0	49,973	0
Non-Covered Claims Paid/Receivership Distribution	0	0	0	0	0
TOTAL CLAIMS EXPENSES	(145,298)	(455,626)	(67,998)	(0)	(94,820)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	(3,116)	(3,090)	(3,046)	(3,073)	(9,022)
Building/Utilities	0	0	0	0	0
Contract/Employee	0	0	0	0	0
Equipment/Lease/Maintenance	0	0	0	0	0
Employee - Payroll, PRTax, Benefits	0	0	0	0	0
Equipment Lease/Inventory/Storage/Moving	0	0	0	0	(47)
Mailing/Printing/Postage/Publication	(36)	0	(56)	0	0
Office Supplies/Miscellaneous	(548)	0	0	0	(1,200)
Telephone	(448)	(5)	(128)	0	0
Receivership Allocation	(26,887)	(22,666)	(21,571)	(19,802)	(29,451)
CLASS I GENERAL ADMIN EXPENSES	(31,035)	(25,760)	(24,801)	(22,875)	(39,720)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	(29,131)	0	(5,720)	(465)	(7,316)
Consulting Fees/Services	0	0	0	0	0
Legal Fees/Services	0	(4,348)	(15,286)	(10,344)	0
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(29,131)	(4,348)	(21,006)	(10,809)	(7,316)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(65,037)	(21,967)	(18,838)	(12,485)	(30,406)
SDR Accounting	0	(6,935)	(17,178)	(5,850)	0
SDR Special Services	0	0	(3,295)	(3,290)	0
SDR Legal Services	(5,124)	0	0	0	0
CLASS I SDR ADMINISTRATION EXPENSES	(70,161)	(28,902)	(39,311)	(21,625)	(30,406)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(130,327)	(59,010)	(85,118)	(55,308)	(77,442)
NET INC(DEC) TO RECEIVERSHIP CASH	163,774	106,795	(99,045)	(30,711)	829,951
CLASS I PAYABLES AS OF 8/31/97	1,251,145	4,735,012	282,054	246,308	494,872
FY 1997 RECONCILIATION ADJUSTMENTS	-	-	-	(10,607)	211,439
CASH AVAILABLE AS OF 8/31/97	4,495,668	11,818,357	1,451,441	446,129	15,173,096

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#475	#479	#480	#481	#484
RECEIVERSHIP NAME	Texas Citrus	Guaranty County	Underwriters	Western Lloyds	Cascade
LINES OF INSURANCE	P&C	Mutual	Lloyds	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Louisiana
DATE OF RECEIVERSHIP	11/18/92	4/8/93	4/15/93	4/22/93	9/17/93
DATE OF CLOSURE	3/20/97	open	open	open	11/20/96
SDR RESPONSIBLE PARTY	C. Koenig	JA Howard	C. Jones	M. Dillon	R.Byrd
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	0	99,912	1,160	124,763	0
COURT APPROVED DEPOSITS	0	0	0	0	0
EARLY ACCESS/TX GA	0	0	0	0	0
EARLY ACCESS/OTHER GAS	0	0	0	0	0
TOTAL CASH ASSETS	0	7,378,252	871,558	5,956,365	0
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	0	0	0	0
RECEIVABLE	-	-	-	-	-
PREMIUMS	0	6,525,581	0	0	0
AGENT BALANCES	0	4,507,827	919,523	51,854	0
REINSURANCE	0	6,981,375	3,204,677	1,010,757	0
SUBROGATION	0	76,850	0	43,935	0
OTHER	0	26,345	60,068	0	0
ALLOWANCE FOR RECOVERY	0	(17,985,099)	(190,000)	(1,030,470)	0
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	0	0	1,250	0
REAL ESTATE	0	0	0	0	0
MORTGAGES/NOTES	0	0	0	0	0
OTHER	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	42,226	0	3,738	0
COMPUTERS/SOFTWARE	0	0	0	0	0
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	(39,277)	0	0	0
TOTAL ASSETS/FOR RECOVERY	0	135,828	3,994,268	81,064	0
TOTAL ASSETS	0	7,514,080	4,865,826	6,037,429	0
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	99,179	229,315	56,027	0	0
CLASS II CLAIMS RESERVES - GA	2,180,691	1,049,122	228,251	26,000	0
CLASS II CLAIMS RESERVES - NON-GA	0	782,928	(290,434)	0	0
OTHER LIABILITIES	0	0	0	0	0
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	0	15,712	(19,487)	7,566	0
SDR SUB-CONTRACTORS	0	5,537	74,275	2,195	0
RECEIVERS ALLOCATION	0	2,136	0	1,709	0
GA-CLAIMS EXPENSE	229,606	4,920,330	333,500	303,161	0
OTHER CLASS I	0	421	58,500	226,245	0
TOTAL CLASS I CREDITORS	229,606	4,944,136	446,788	540,876	0
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	3,000	1,768,136	206,346	42,390	0
GA - PH CLAIMS PAID	5,777,160	19,140,732	3,714,393	2,801,175	0
OTHER CLASS II	148,562	0	0	0	0
TOTAL CLASS II CREDITORS	5,928,722	20,908,868	3,920,739	2,843,565	0
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	0	0	0	0
GENERAL CREDITORS	88,995	0	0	145,553	0
REINSURANCE PAYABLE	0	0	1,096,561	18,510,483	0
OTHER CLASS III	0	0	915,959	0	0
TOTAL CLASS III CREDITORS	88,995	0	2,012,520	18,656,036	0
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	500,000	0	0
OWNERSHIP INTERESTS	0	0	0	0	0
OTHER CLASS IV	0	0	0	0	0
TOTAL CLASS IV CREDITORS	0	0	500,000	0	0
TOTAL COMPANY LIABILITIES	8,527,193	27,914,369	6,873,891	22,066,477	0
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(8,527,193)	(20,400,289)	(2,008,065)	(16,029,048)	(250,851)

UNREALIZED RECOVERY	0	0	0	0	250,851
TOTAL LIABILITIES AND EQUITY	0	7,514,080	4,865,826	6,037,429	0
Unencumbered Cash as of 8/31/96	(466,567)	2,319,592	637,829	4,541,596	0
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	113,999	0	0	56,158	0
Collection Expense	(714)	0	0	(10,525)	0
Litigation Expense	(3,487)	0	0	0	0
Receivable	-	-	-	-	-
Agents Balance Receipts	0	121,200	1,000	23,484	0
Agent Balance Expense	0	(77,167)	0	(33,410)	0
Reinsurance Recovery	0	247,064	0	1,181,908	0
Reinsurance Expense	(175)	(44,942)	0	(64,744)	0
Subrogation Recovery	0	4,417	0	525	0
Subrogation Expense	(221)	(1,553)	0	0	0
Intercompany Receivable Receipts	0	4,600	0	0	0
Intercompany Receivable Expenses	0	0	(182,169)	0	0
Other Receivable Receipts	0	245,021	0	0	0
Other Receivable Expenses	0	(2,304)	0	0	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	0	0	0	0	0
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	0	0	0	0
Judgment Expense	0	0	0	0	0
Investment Account Receipts	0	0	0	0	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	0	0	0	0
Other Litigation Expense	0	0	0	0	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	114	0
Securities/Bonds Sales Expense	0	0	0	0	0
Statutory Deposit Receipts	0	0	0	0	0
Statutory Deposit Expense	0	0	0	0	0
Real Estate Sales Receipts	0	0	0	0	0
Real Estate Sales Expense	0	0	0	0	0
Mortgage Note Expense	0	0	0	0	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	0	0
Other Asset Receipts	0	0	0	36,151	0
Other Asset Sales Expenses	(398)	0	0	(9,119)	0
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	0	0
Charter Sales Expense	0	0	0	0	0
Furniture, Fixtures & Equipment Receipts	0	75	0	3,220	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	109,004	496,411	(181,169)	1,183,762	0
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	0	0
Cash Deposit Interest Income	13,262	379,627	47,041	302,329	0
Early Access Imputed Interest Income	0	0	0	0	0
NET INCOME/INCLUDING PASSIVE	122,267	876,038	(134,128)	1,486,091	0
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(50,254)	(437,066)	269	(36,279)	0
SDR Fees	0	(27,739)	(7,328)	(41,456)	0
SDR Subcontractor Fees	0	0	(2,705)	(38,576)	0
Other Covered Claims	0	0	0	0	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(7,904)	(188,426)	(5,359)	0	0
SDR Subcontractor Fees	(657)	0	(2,780)	0	0
Other Non Covered Claims	0	(358)	(584)	0	0

Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	308,252	555,192	0	113,043	0
Covered Claims Paid - G/A	(308,252)	(555,192)	0	(113,043)	0
Early Access -G/A	0	0	0	0	0
Non-Covered Claims Paid/Receivership Distribution	(640,764)	0	0	(241,474)	0
TOTAL CLAIMS EXPENSES	(699,579)	(653,589)	(18,487)	(357,785)	0
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	(2,060)	(3,520)	(3,000)	(4,600)	0
Building/Utilities	0	0	0	(17,757)	0
Contract/Employee	0	0	(298)	(46,054)	0
Equipment/Lease/Maintenance	0	0	(373)	0	0
Employee - Payroll, PRTax, Benefits	0	0	0	0	0
Equipment Lease/Inventory/Storage/Moving	(2,084)	0	0	(5,430)	0
Mailing/Printing/Postage/Publication	(13)	(3,711)	(1,411)	(5,757)	0
Office Supplies/Miscellaneous	0	0	(211)	(1,225)	0
Telephone	(9)	(1,770)	(105)	(9,778)	0
Receivership Allocation	(10,301)	(26,889)	(14,928)	(21,510)	0
CLASS I GENERAL ADMIN EXPENSES	(14,467)	(35,890)	(20,326)	(112,111)	0
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Service	(3,700)	(35,875)	(6,840)	(17,417)	0
Consulting Fees/Services	0	0	0	0	0
Legal Fees/Services	(24,517)	0	(16,364)	(18,327)	0
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(28,217)	(35,875)	(23,204)	(35,744)	0
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(43,319)	(24,142)	(16,914)	(100,261)	0
SDR Accounting	(9,716)	0	0	0	0
SDR Special Services	0	0	0	0	0
SDR Legal Services	(2,176)	(12,018)	0	0	0
CLASS I SDR ADMINISTRATION EXPENSES	(55,212)	(36,160)	(16,914)	(100,261)	0
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(97,896)	(107,925)	(60,444)	(248,116)	0
NET INC(DEC) TO RECEIVERSHIP CASH	(675,208)	114,524	(213,059)	880,190	0
CLASS I PAYABLES AS OF 8/31/97	951,611	4,944,136	446,788	540,876	0
FY 1997 RECONCILIATION ADJUSTMENTS	190,164	-	-	(6,297)	-
CASH AVAILABLE AS OF 8/31/97	(0)	7,378,252	871,558	5,956,365	0

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#485	#487	#488	#489	#490
RECEIVERSHIP NAME	Eagle	Employers	General Aviation	Employers	Employers
LINES OF INSURANCE	Insurance	Casualty Co		Texas Lloyds	National
STATE OF DOMICILE	P&C	P&C	P&C	P&C	P&C
DATE OF RECEIVERSHIP	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	10/18/93	1/6/94	1/11/94	2/11/94	2/11/94
DATE OF CLOSURE	11/20/96	open	open	open	open
SDR RESPONSIBLE PARTY	E. Garza	J. Webb	L. Corson	J. Webb	J. Webb
TOTALS CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	106,104	934,723	19,248	40,818	58,469
TX TREASURY ACCOUNT	1,735,856	65,630,149	839,857	615,083	5,992,648
COURT APPROVED DEPOSITS	0	21,417,064	0	0	230,960
EARLY ACCESS/TX GA	0	50,684,544	0	1,372,021	10,117,618
EARLY ACCESS/OTHER GAS	0	34,735,818	0	0	12,987,103
TOTAL CASH ASSETS	1,841,960	173,402,298	859,105	2,027,922	29,386,798
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	0	(6,837,278)	0	(45,603)	(1,183,903)
RECEIVABLE	-	-	-	-	-
PREMIUMS	0	27,525,366	0	12,462	12,420,987
AGENT BALANCES	5,931	0	90,508	0	0
REINSURANCE	2,514,175	6,693,638	406,596	49,701	0
SUBROGATION	2,328,879	4,629,959	1,488	249,303	1,037,606
OTHER	38,351	8,553,719	0	1,816,692	13,892,022
ALLOWANCE FOR RECOVERY	(4,856,620)	(28,165,634)	0	(2,111,715)	(19,691,230)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	0	3,003,691	0	0	400,000
REAL ESTATE	0	0	0	0	0
MORTGAGES/NOTES	0	724,636	0	0	0
OTHER	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	0	44,850	0	0	0
COMPUTERS/SOFTWARE	0	0	0	0	0
HOME OFFICE BUILDING	0	0	0	0	0
ALLOWANCE FOR RECOVERY	0	0	0	0	0
TOTAL ASSETS/FOR RECOVERY	30,716	16,172,947	498,592	(29,160)	6,875,482
TOTAL ASSETS	1,872,676	189,575,245	1,357,697	1,998,762	36,262,280
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	33,765	0	120,363	0	0
CLASS II CLAIMS RESERVES - GA	161,000	127,017,448	0	9,905,410	45,128,413
CLASS II CLAIMS RESERVES - NON-GA	192,910	66,842,038	0	16,462,622	7,369,845
OTHER LIABILITIES	0	50,568,813	0	0	25,759,808
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	5,893	94,606	8,962	4,190	21,253
SDR SUB-CONTRACTORS	16,005	88,496	6,631	(157)	7,730
RECEIVERS ALLOCATION	1,282	2,136	0	1,709	1,709
GA-CLAIMS EXPENSE	820,155	17,186,313	334,792	2,929,699	3,721,117
OTHER CLASS I	0	0	0	0	0
TOTAL CLASS I CREDITORS	843,335	17,371,551	350,386	2,935,441	3,751,809
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	12,204,936	3,227,100	0	1,399,853	0
GA - PH CLAIMS PAID	1,607,974	52,404,960	1,408,150	3,507,592	12,741,214
OTHER CLASS II	0	0	96,960	0	0
TOTAL CLASS II CREDITORS	13,812,910	55,632,060	1,505,110	4,907,445	12,741,214
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	0	0	0	0	0
GENERAL CREDITORS	585,139	432,692	0	566,666	0
REINSURANCE PAYABLE	0	0	0	0	0
OTHER CLASS III	0	0	8,489	0	0
TOTAL CLASS III CREDITORS	585,139	432,692	8,489	566,666	0
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	0	0	0	0	0
OWNERSHIP INTERESTS	0	0	0	839,632	0
OTHER CLASS IV	0	0	0	0	0
TOTAL CLASS IV CREDITORS	0	0	0	0	2,239,632
TOTAL COMPANY LIABILITIES	15,629,059	317,864,602	2,823,979	34,777,584	94,751,089
EQUITY	-	-	-	-	-

ACCUMULATED (LOSS) EQUITY	(13,756,383)	(128,289,357)	(1,466,282)	(32,778,822)	(58,488,809)
UNREALIZED RECOVERY	0	0	0	0	0
TOTAL LIABILITIES AND EQUITY	1,872,676	189,575,245	1,357,697	1,998,762	36,262,280
Unencumbered Cash as of 8/31/96	1,121,470	66,336,378	465,872	(1,576,098)	5,285,499
Funds Held	-	-	-	-	-
Funds Held for Others	0	0	0	0	0
Funds Held for Others Expense	0	0	0	0	0
Premium	-	-	-	-	-
Collections	0	2,051,889	0	1,943	138,812
Collection Expense	0	(431,368)	0	(2,158)	(79,838)
Litigation Expense	0	(72,879)	0	0	(5,393)
Receivable	-	-	-	-	-
Agents Balance Receipts	832	0	52,156	0	0
Agent Balance Expense	(1,327)	0	(4,181)	0	(188)
Reinsurance Recovery	13,644	1,786,568	73,397	0	437
Reinsurance Expense	(77,216)	(67,308)	(12,459)	0	(613)
Subrogation Recovery	26,664	782,895	256	10,278	203,867
Subrogation Expense	(59,759)	(198,028)	(330)	(2,750)	(11,169))
Intercompany Receivable Receipts	26	0	0	0	0
Intercompany Receivable Expenses	0	0	0	0	0
Other Receivable Receipts	0	138,853	0	167	227
Other Receivable Expenses	(10)	(5,733)	0	0	0
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	0	0	0	0	0
D&O Litigation Expense	0	0	0	0	0
Judgment/Settlement Collections	0	5,264	0	0	0
Judgment Expense	0	(1,222)	0	0	(10)
Investment Account Receipts	0	0	0	0	0
Investment Account Expense	0	0	0	0	0
Other Litigation Receipts	0	12,416,798	0	0	0
Other Litigation Expense	0	(4,376,480)	0	0	0
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	0	1,100,000	0	0	296,445
Securities/Bonds Sales Expense	0	(48,859)	0	0	(1,530)
Statutory Deposit Receipts	0	30,000	0	0	25,000
Statutory Deposit Expense	0	(192,901)	0	0	(1,134)
Real Estate Sales Receipts	0	261,888	0	0	0
Real Estate Sales Expense	0	(11,594)	0	0	0
Mortgage Note Expense	0	0	0	0	0
Subsidiary Affiliated Receipts	0	0	0	0	0
Subsidiary Affiliated Expense	0	(1,871)	0	0	0
Other Asset Receipts	3,551	443	0	0	0
Other Asset Sales Expenses	0	(241,138)	0	(9)	(3,381)
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	0	0	0	0	0
Charter Sales Expense	0	0	0	0	0
Furniture, Fixtures & Equipment Receipts	0	53,900	0	0	0
Furniture, Fixtures & Equipment Expense	0	0	0	0	0
Company Real Estate Receipts	0	0	0	0	0
Company Real Estate Expense	0	0	0	0	0
Other Fixed Asset Receipts	0	0	0	0	0
Other Fixed Asset Expense	0	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	(93,594)	12,979,117	108,839	7,471	561,532
Passive Income	-	-	-	-	-
Investments Interest/Dividends	0	0	0	4,551	0
Cash Deposit Interest Income	98,772	4,206,424	25,488	36,418	349,947
Early Access Imputed Interest Income	0	1,701,328	0	0	450,541
NET INCOME/INCLUDING PASSIVE	5,177	18,886,869	138,877	43,889	1,362,020
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(57,689)	(4,812,362)	(7,657)	(629,071)	(1,682,828)
SDR Fees	0	(141,067)	(9,790)	(12,047)	(41,540)
SDR Subcontractor Fees	0	(55,743)	(4,806)	(98)	(9,324)
Other Covered Claims	0	(65,075)	0	(300)	0
Class II Claims Expenses:	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(8,574)	(126,712)	0	(13,073)	(44,780)
SDR Subcontractor Fees	(5,982)	(151,702)	0	(19,003)	(6,476)

Other Non Covered Claims	(207)	(67,039)	0	0	0
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	67,550	17,849,689	33,844	755,831	1,044,402
Covered Claims Paid - G/A	(67,550)	(17,849,689)	(33,845)	(755,831)	(1,044,402)
Early Access -G/A	0	(18,826,537)	0	0	(1,833,232)
Non-Covered Claims Paid/Receivership Distribution	0	0	0	0	0
TOTAL CLAIMS EXPENSES	(72,451)	(24,246,237)	(22,254)	(673,592)	(3,618,180)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	0	0	0	0	0
Bank/Miscellaneous Charges	(3,231)	(12,907)	(1,751)	(3,038)	(3,834)
Building/Utilities	0	(178,323)	0	(9,588)	(28,775)
Contract/Employee	0	(34,085)	0	0	0
Equipment/Lease/Maintenance	0	(290,677)	0	(16,975)	(50,928)
Employee - Payroll, PRTax, Benefits	0	(235,274)	0	0	0
Equipment Lease/Inventory/Storage/Moving	0	(17,194)	0	0	0
Mailing/Printing/Postage/Publication	(135)	(14,492)	0	0	0
Office Supplies/Miscellaneous	0	(34,310)	(155)	(725)	(733)
Telephone	(251)	(15,230)	0	0	0
Receivership Allocation	(16,488)	(31,531)	(12,998)	(21,578)	(21,578)
CLASS I GENERAL ADMIN EXPENSES	(20,104)	(864,023)	(14,904)	(51,904)	(105,848)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	0	(2,803)	(4,868)	(870)	(985)
Consulting Fees/Services	(122)	(34,952)	0	(3,166)	(5,453)
Legal Fees/Services	(4,810)	(19,010)	(18,918)	0	0
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(4,932)	(56,765)	(23,786)	(4,036)	(6,438)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(30,534)	(175,705)	(35,086)	(7,151)	(33,316)
SDR Accounting	0	(112,796)	0	(7,358)	(21,752)
SDR Special Services	0	0	0	0	0
SDR Legal Services	0	(52,828)	0	(3,275)	(10,244)
CLASS I SDR ADMINISTRATION EXPENSES	(30,534)	(341,329)	(35,086)	(17,784)	(65,312)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(55,571)	(1,262,117)	(73,776)	(73,724)	(177,598)
NET INC(DEC) TO RECEIVERSHIP CASH	(122,844)	(6,621,485)	42,847	(703,427)	(2,433,758)
CLASS I PAYABLES AS OF 8/31/97	843,335	17,371,551	350,386	2,935,441	3,751,809
FY 1997 RECONCILIATION ADJUSTMENTS	(1)	4,058,214	-	(15)	(321,473)
CASH AVAILABLE AS OF 8/31/97	1,841,960	81,144,658	859,105	655,901	6,282,077

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1997 (unaudited)

RECEIVERSHIP NUMBER	#492	#493	#494	#495	
RECEIVERSHIP NAME	International	Texas Central	Insurance	United Republic	
LINES OF INSURANCE	P&C	Lloyds	Life	Corp of America	
STATE OF DOMICILE	Texas	LAH	P&C	P&C	
DATE OF RECEIVERSHIP	3/13/96	Texas	Texas	Texas	
DATE OF CLOSURE	10/23/96	3/12/97	open	7/8/97	
SDR RESPONSIBLE PARTY	J. Gutierrez	J. Webb	JA Howard		RECEIVERSHIP
TOTALS CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	38,922	59,054	199,883		2,658,073
TX TREASURY ACCOUNT	684,685	643,035	4,567,366		250,482,291
COURT APPROVED DEPOSITS	0	0	0		21,744,231
EARLY ACCESS/TX GA	0	0	0		210,443,650
EARLY ACCESS/OTHER GAS	0	0	0		52,121,894
TOTAL CASH ASSETS	723,607	702,089	4,767,249		537,450,139
ASSETS/FOR RECOVERY	-	-	-		-
FUNDS RESTRICTED	0	0	0		(7,453,243)
RECEIVABLE	-	-	-		-
PREMIUMS	0	0	2,447,066		65,132,150
AGENT BALANCES	0	0	0		7,907,292
REINSURANCE	223,066	640,795	1,129,541		62,799,343
SUBROGATION	0	0	0		11,491,194
OTHER	0	56,505	0		28,852,357
ALLOWANCE FOR RECOVERY	0	(56,505)	0		(129,949,756)
INVESTMENTS	-	-	-		-
STOCKS/BONDS	0	0	2,511,709		6,073,607
REAL ESTATE	0	61,828	0		597,828
MORTGAGES/NOTES	0	0	158,820		883,456
OTHER	0	100,000	105,788		1,064,961
ALLOWANCE FOR RECOVERY	0	0	(3,245,191)		(3,507,244)
COMPANY ASSETS	-	-	-		-
FURNITURE & EQUIPMENT	0	0	10,000		107,814
COMPUTERS/SOFTWARE	0	0	0		3,000
HOME OFFICE BUILDING	0	0	0		-
ALLOWANCE FOR RECOVERY	0	0	0		(39,277)
TOTAL ASSETS/FOR RECOVERY	223,066	802,623	3,117,732		43,963,481
TOTAL ASSETS	946,673	1,504,712	7,884,982		581,413,620
COMPANY LIABILITIES	-	-	-		-
CLASS I RESERVES - GA	115,295	188,426	7,914,140		21,086,903
CLASS II CLAIMS RESERVES - GA	2,701,543	1,966,020	25,937,580		579,553,897
CLASS II CLAIMS RESERVES - NON-GA	0	0	17,738,545		126,042,382
OTHER LIABILITIES	3,938	0	0		76,378,511
CLASS I CREDITORS	-	-	-		-
SDR FEES	19,223	12,254	54,395		473,440
SDR SUB-CONTRACTORS	102	11,979	20,230		387,308
RECEIVERS ALLOCATION	1,282	1,282	4,474		49,540
GA-CLAIMS EXPENSE	15,534	92,590	199,951		45,573,924
OTHER CLASS I	0	0	37,927		932,704
TOTAL CLASS I CREDITORS	36,141	118,105	316,977		47,416,916
CLASS II CREDITORS	-	-	-		-
PH CLAIMS	0	1,107,920	0		108,766,571
GA - PH CLAIMS PAID	1,201,917	0	500,000		481,118,879
OTHER CLASS II	0	0	0		18,315,999
TOTAL CLASS II CREDITORS	1,201,917	1,107,920	500,000		608,201,450
CLASS III CREDITORS	-	-	-		-
IRS PAYABLE	0	0	0		802,566
GENERAL CREDITORS	0	0	8,756,935		52,959,841
REINSURANCE PAYABLE	0	0	3,257,777		39,100,048
OTHER CLASS III	0	72,800	0		74,950,655
TOTAL CLASS III CREDITORS	0	72,800	12,014,712		167,813,110
CLASS IV CREDITORS	-	-	-		-
SURPLUS DEBENTURES	0	0	0		500,000
OWNERSHIP INTERESTS	0	0	0		839,632
OTHER CLASS IV	0	0	0		900,000
TOTAL CLASS IV CREDITORS	0	0	0		2,239,632
TOTAL COMPANY LIABILITIES	4,058,834	3,453,271	64,421,954		1,628,732,801
EQUITY	-	-	-		-

ACCUMULATED (LOSS) EQUITY	(3,112,161)	(1,948,558)	(56,536,972)	(997,149,927)
UNREALIZED RECOVERY	0	0	0	(50,169,254)
TOTAL LIABILITIES AND EQUITY	946,673	1,504,712	7,884,982	556,524,648
Unencumbered Cash as of 8/31/96	543,136	221,694	4,290,852	0
Funds Held	-	-	-	-
Funds Held for Others	0	0	0	0
Funds Held for Others Expense	0	0	0	0
Premium	-	-	-	-
Collections	0	5,038	102,086	4,572,641
Collection Expense	0	(261)	0	(1,163,813)
Litigation Expense	0	0	0	(486,503)
Receivable	-	-	-	-
Agents Balance Receipts	0	0	48	202,267
Agent Balance Expense	0	(42)	(8,591)	(174,037)
Reinsurance Recovery	730,862	347,636	355,133	6,765,858
Reinsurance Expense	(49,658)	(39,745)	(9,850)	(1,208,504)
Subrogation Recovery	0	0	0	1,552,938
Subrogation Expense	0	0	(2,334)	(346,379)
Intercompany Receivable Receipts	0	0	0	4,626
Intercompany Receivable Expenses	0	0	0	(182,169)
Other Receivable Receipts	58	156,935	0	618,287
Other Receivable Expenses	0	(460)	0	(90,470)
Litigation Receivable	-	-	-	-
D&O Litigation Recovery	0	0	0	5,000
D&O Litigation Expense	0	0	(10,440)	(10,440)
Judgment/Settlement Collections	0	0	0	169,336
Judgment Expense	0	0	0	(31,850)
Investment Account Receipts	0	0	0	29,715
Investment Account Expense	0	0	0	0
Other Litigation Receipts	0	0	0	27,463,218
Other Litigation Expense	0	0	0	(9,207,612)
Sale/Conversion of Investment Assets	-	-	-	-
Securities/Bonds Sales Receipts	0	0	0	1,398,309
Securities/Bonds Sales Expense	0	0	0	(50,389)
Statutory Deposit Receipts	0	100,000	0	575,000
Statutory Deposit Expense	0	(1,913)	0	(203,512)
Real Estate Sales Receipts	0	1,350,000	9,454	1,651,659
Real Estate Sales Expense	0	(939,988)	(222)	(953,121)
Mortgage Note Expense	0	0	0	(43)
Subsidiary Affiliated Receipts	0	0	0	0
Subsidiary Affiliated Expense	0	0	0	(1,871)
Other Asset Receipts	0	0	1,581,422	2,568,569
Other Asset Sales Expenses	700	(9,225)	(25,160)	(308,690)
Sale of Company Fixed Assets	-	-	-	-
Charter Sales Receipts	0	0	0	18,876
Charter Sales Expense	0	0	0	(2,004)
Furniture, Fixtures & Equipment Receipts	0	10,550	112,921	180,666
Furniture, Fixtures & Equipment Expense	0	0	(48,533)	(48,533)
Company Real Estate Receipts	0	194,392	733,453	927,845
Company Real Estate Expense	0	(263,456)	(394,213)	(657,669)
Other Fixed Asset Receipts	0	0	0	0
Other Fixed Asset Expense	0	0	0	0
NET INCOME FROM ASSETS/RECEIVABLE	681,962	909,462	2,395,176	33,577,204
Passive Income	-	-	-	-
Investments Interest/Dividends	0	0	0	4,551
Cash Deposit Interest Income	50,540	33,502	142,531	13,430,915
Early Access Imputed Interest Income	0	0	0	2,151,869
NET INCOME/INCLUDING PASSIVE	732,502	942,964	2,537,706	49,164,539
CLAIMS EXPENSE:	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-
Covered Claims Expense	-	-	-	-
G/A Expense	(491,251)	(297,993)	(199,951)	(12,460,366)
SDR Fees	(11,321)	(1,946)	(57,419)	(847,659)
SDR Subcontractor Fees	0	(38,191)	0	(291,468)
Other Covered Claims	0	(7,127)	0	(116,559)
Class II Claims Expenses:	-	-	-	-
Non Covered Claims Expenses	-	-	-	-
SDR Fees	(37,904)	(15,362)	(63,312)	(739,781)
SDR Subcontractor Fees	0	(20,049)	(10,780)	(311,969)
Other Non Covered Claims	0	(319)	(2,272)	(162,706)

Claims Paid/Distribution:	-	-	-	-
Covered Claims Funded - G/A	1,201,916	0	5,200,000	46,698,099
Covered Claims Paid - G/A	(1,201,916)	0	(5,200,000)	(44,377,783)
Early Access -G/A	0	0	0	(36,658,577)
Non-Covered Claims Paid/Receivership Distribution	0	0	0	(5,872,299)
TOTAL CLAIMS EXPENSES	(540,476)	(380,986)	(333,734)	(55,141,069)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-
Liquidation Division Expense	0	(32,297)	0	(32,297)
Bank/Miscellaneous Charges	(3,570)	(2,315)	(1,904)	(116,154)
Building/Utilities	0	0	0	(254,043)
Contract/Employee	0	(171)	0	(80,608)
Equipment/Lease/Maintenance	0	(5,421)	(34,224)	(398,379)
Employee - Payroll, PRTax, Benefits	0	(19,035)	(315,130)	(569,439)
Equipment Lease/Inventory/Storage/Moving	(297)	(4,255)	(9,106)	(253,806)
Mailing/Printing/Postage/Publication	(695)	(1,373)	(52,463)	(94,647)
Office Supplies/Miscellaneous	(1,063)	(1,796)	0	(44,441)
Telephone	0	(5,305)	(15,365)	(50,651)
Receivership Allocation	(16,133)	(16,152)	(35,029)	(607,764)
CLASS I GENERAL ADMIN EXPENSES	(21,758)	(88,120)	(463,221)	(2,502,227)
CLASS I SUBCONTRACTOR ADMIN EXPENSES:	0	0	0	0
Accounting/Auditing/Federal Income Tax Services	(4,350)	0	(71,327)	(338,636)
Consulting Fees/Services	0	0	(6,130)	(57,726)
Legal Fees/Services	0	(21,275)	0	(367,168)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(4,350)	(21,275)	(77,456)	(763,529)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-
SDR Administration	(16,348)	(75,756)	(95,330)	(1,407,739)
SDR Accounting	(2,639)	(14,548)	0	(330,949)
SDR Special Services	0	0	0	(123,363)
SDR Legal Services	(6,551)	0	(16,857)	(159,639)
CLASS I SDR ADMINISTRATION EXPENSES	(25,538)	(90,304)	(112,187)	(2,021,689)
TOTAL RECEIVERSHIP ADMINISTRATIVE EXPENSE	(51,646)	(199,699)	(652,864)	(5,287,446)
NET INC(DEC) TO RECEIVERSHIP CASH	140,380	362,279	1,551,108	(11,263,976)
CLASS I PAYABLES AS OF 8/31/97	36,141	118,105	316,977	0
FY 1997 RECONCILIATION ADJUSTMENTS	3,950	11	(1,391,688)	-
CASH AVAILABLE AS OF 8/31/97	723,607	702,089	4,767,249	0

**Texas Property and Casualty
Insurance Guaranty Association
Audited Financial Statements**

December 31, 1996

Disclaimer: The state's three insurance guaranty associations now report receivership activity on a calendar year basis. The latest data available are for Calendar Year 1996. As a result, the data provided by the guaranty associations no longer correspond directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1997 that runs from September 1, 1996 through August 31, 1997.

Texas Property & Casualty Insurance Guaranty Association
Statement of Financial Position
December 31

ASSETS	<u>1996</u>	<u>1995</u>
Cash and Cash Equivalents (Notes 1 and 2)	\$ 2,293,140	\$ 3,519,362
Investments, at Amortized Cost (Market Value of (\$259,529,939 and \$285,802,855) (Notes 1 and 3)	258,591,240	277,631,433
Accounts Receivable - Other	26,426	5,087
Cash - Restricted to Fund Settlement Agreement (Note 2)		-
Loans Receivable (Note 5):		
Administrative	\$ 5,277,042	\$ 2,673,083
Auto	126,247,017	132,427,555
Other Lines	69,451,568	50,076,910
Workers' Compensation	175,341,677	157,237,468
Unauthorized Companies	<u>-</u>	<u>105,205</u>
Total Loans Receivable	376,317,304	342,520,221
Allowance for Doubtful Accounts (Note 1 and 5)	<u>(376,317,304)</u>	<u>(342,520,221)</u>
Net Loans Receivable		
Property and Equipment (Note 1):		
Furniture and Equipment	631,540	777,899
Computer Systems	1,460,802	1,529,360
Telephone Systems	173,629	250,529
Company Vehicle	14,417	17,543
Leasehold Improvements	184,433	275,318
Accumulated Depreciation	<u>(1,113,597)</u>	<u>(833,016)</u>
Net Property and Equipment	1,351,224	2,017,633
Investments - Deferred Compensation Plan (Note 11)	<u>-</u>	<u>1,282,075</u>
TOTAL ASSETS	<u>\$ 262,262,030</u>	<u>\$ 296,455,590</u>

The accompanying notes are an integral part of these financial statements.

Texas Property & Casualty Insurance Guaranty Association
Statement of Financial Position
(Continued)
December 31

	<u>1996</u>	<u>1995</u>
LIABILITIES		
Current Liabilities:		
Bank Overdraft	\$ -	\$ 386,110
Accounts Payable and Accrued Liabilities	588,682	1,311,430
Employee Health Claims	38,423	79,536
Outstanding Checks	2,109,884	3,230,162
Current Portion of Claims Payable (Note 6)	<u>48,000,000</u>	<u>67,500,000</u>
Total Current Liabilities	<u>50,736,989</u>	<u>72,507,238</u>
Long-term Liabilities:		
Claim Liabilities (Note 6):		
Loss Adjustment Expense	25,488,864	29,923,991
Auto	5,762,822	12,301,026
Other Lines	23,293,231	32,225,267
Workers' Compensation	<u>320,994,134</u>	<u>222,435,051</u>
Total Long-term Claim Liabilities	<u>320,994,134</u>	<u>296,885,335</u>
Other Long Term Liabilities:		
Lease (Note 8)	97,667	97,667
Due to Deferred Compensation Plan Participants (Note 11)	<u>-</u>	<u>1,282,075</u>
Total Other Long Term Liabilities	<u>97,667</u>	<u>1,379,742</u>
TOTAL LIABILITIES	<u>\$ 1,828,790</u>	<u>\$ 370,772,315</u>
Net Assets (Deficit), Permanently Restricted (Note 7)	<u>(109,566,760)</u>	<u>(74,316,725)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 262,262,030</u>	<u>\$ 296,455,590</u>

The accompanying notes are an integral part of these financial statements.

Texas Property & Casualty Insurance Guaranty Association
Statement of Activities and Changes in Net Assets
For the Year Ended December 31

	1996	1995
Revenues:		
Loan Repayments	\$ -	\$ 908,675
Distributions	27,121,119	25,549,204
Investment Income, Net (Note 10)	17,238,137	28,902,563
Interest on Accounts	166,611	496,835
Subrogation and Salvage Recoveries	978,596	1,169,372
Miscellaneous Income	18,688	3,772
Total Revenues	45,523,151	57,030,421
Claims Activity:		
Claims Payments:		
Advances to Receiverships:		
Claims Administration	10,530,525	9,034,237
Auto	4,320,148	7,446,121
Other Lines	21,028,677	12,056,973
Workers' Compensation	23,394,176	27,128,954
Total Claims Payments	59,273,526	55,666,285
Change in Claim Liabilities	4,608,799	(111,648,425)
Total Claims Activity	63,882,325	(55,982,140)
Refunds Relating to Prior Year Assessments	10,863,762	127,287,623
Write-off of Prior Year Assessments	-	112,764
Total Claims and Assessment Activity	74,746,087	71,418,247
Excess (deficiency) of Revenues over Claims Activity and Refund	(29,222,936)	(14,387,826)

The accompanying notes are an integral part of these financial statements.

Texas Property & Casualty Insurance Guaranty Association
Statement of Activities and Changes in Net Assets
(Continued)
For the Year Ended December 31

	1996	1995
Operating Expenditures:		
Employment Expenses	\$ 3,329,156	\$ 6,930,014
Employee Relations	5,956	9,498
Education & Staff Development	69,129	90,578
Contract Labor	235,054	628,775
Legal Fees	165,279	217,863
Audit Fees	11,550	74,051
Consulting	3,355	288,152
Leasehold Improvements	4,390	14,679
Office Rent & Overhead	372,274	1,227,826
Insurance	85,682	122,190
Furniture & Equipment	427	12,311
Equipment Rental	162,051	190,876
Repairs & Maintenance	1,312	1,580
Computer Systems	462,137	566,035
Telephone	120,022	224,263
Office Supplies	43,495	126,906
Postage & Deliveries	74,380	113,698
Printing	9,338	11,696
Advertising-Employee Procurement	657	2,550
Travel	93,154	214,975
Trade Association Activities	56,498	45,578
Reference Materials	26,497	18,680
Subscriptions & Professional Dues	59,248	87,511
Property Taxes	34,498	23,052
Bank Charges	2,791	11,117
Depreciation Expense	<u>370,322</u>	<u>397,557</u>
Total Operating Expenses	<u>\$ 5,798,652</u>	<u>\$ 11,652,011</u>
Decrease in Net Assets	(35,021,588)	(26,039,837)
Losses on Sale of Property and Equipment (Note 13)	(228,447)	-
Beginning Net Assets (Deficit) at January 1	<u>(74,316,725)</u>	<u>(48,276,888)</u>
Net Assets (Deficit) at December 31	<u>\$(109,566,760)</u>	<u>\$ (74,316,725)</u>

The accompanying notes are an integral part of these financial statements.

**Texas Property & Casualty Insurance Guaranty Association
Statement of Cash Flows
for the Year Ended December 31**

	1996	1995
Cash flows from Operating Activities:		
Decrease in Net Assets	\$(35,021,588)	\$ (26,039,837)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating		
Depreciation expense	370,322	397,557
Change in Assets and Liabilities:		
(Increase) Decrease in Assessments Receivable	-	98,806
(Increase) Decrease in Other Assets	1,260,736	(562,700)
Increase (Decrease) in Bank Overdraft	(386,110)	386,110
Increase (Decrease) in Claim Liabilities	4,608,799	(111,648,425)
Increase (Decrease) in Other Liabilities	<u>(3,166,214)</u>	<u>1,376,017</u>
Total Adjustments	<u>2,687,533</u>	<u>(109,952,635)</u>
Net Cash (Used) Provided by Operating Activities	<u>(32,334,055)</u>	<u>(135,992,472)</u>
Cash flows from Investing Activities:		
Cash Restricted to Fund Settlement Agreement (Note 2)	12,000,000	(12,000,000)
Capital Expenditures	(26,606)	(535,278)
Sale of Property and Equipment	322,693	-
Losses on Sale o Property and Equipment	(228,447)	-
Purchase of Investments	(602,967,675)	(1,127,716,820)
Proceeds from Sales of Investments	<u>622,007,868</u>	<u>1,275,565,866</u>
Net Cash (Used) Provided by Investing Activities	<u>31,107,833</u>	<u>135,313,768</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,226,222)	(678,704)
Cash and Cash Equivalents at January 1	<u>3,519,362</u>	<u>4,198,066</u>
Cash and Cash Equivalents at December 31 (Note 2)	<u>\$ 2,293,140</u>	<u>\$ 3,519,362</u>

The accompanying notes are an integral part of these financial statements

TEXAS PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

December 31, 1996

1. Summary of Significant Accounting Policies

Organization - The Texas Property and Casualty Insurance Guaranty Association (the Association) is a nonprofit organization formed under the Texas Property and Casualty Insurance Guaranty Act (the Act) to protect holders of covered claims, contracts of reinsurance, assumption of liabilities or otherwise.

Membership in the Association is mandatory for any insurance company authorized in Texas to transact any kind of insurance business to which the Act applies. Membership assessments are made by the Board of Directors of the Association based on estimates of amounts necessary to provide funds to carry out the purposes of the Act with respect to impaired insurers. Any amount in excess of guaranty obligations and continuing expenses of the Association may be refunded by an equitable method at the discretion of the Board of Directors.

Basis of Accounting - The financial statements are presented on the accrual basis of accounting; consequently, revenue is recognized when earned, and expenses are recognized when the obligations are incurred. Assessment revenue is recorded when billed. Claims liability is recognized using estimates of claims outstanding for each impaired insurer at the date of impairment.

Tax Exempt Status - The Association is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Association is also exempt from payment of all fees and taxes levied by the state of Texas or any of its subdivisions, except taxes levied on real and personal property.

Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid investments to be cash equivalents. This includes checking account balances and mutual fund investments.

Investments - Investments are carried at amortized cost.

Derivatives - Mortgage-backed Pass-through are used to enhance the Association's investment rate of return and are recorded at amortized cost. The Association's involvement in derivatives is limited with the level of investment not to exceed 20% of the portfolio. The balance of derivatives at December 31, 1996 and 1995, represented 13.9% and 14.7% respectively of the portfolio's market value.

Furniture, Equipment and Leasehold Improvements - Fixed assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets, ranging from five to ten years.

Allowances for Uncollectible Loans - The Association fully reserves for all such loans; therefore, loan repayment are recorded as revenue when received in cash.

2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Cash in Bank	\$1,147,234	\$ 0
Mutual Funds	<u>1,145,906</u>	<u>\$3,519,362</u>
	<u>\$2,293,140</u>	<u>\$3,315,362</u>

The Association's mutual fund investments are not insured by the Federal Deposit Insurance Corporation nor are they a deposit or other obligation of, or guaranteed by a bank or other depository institution. Mutual fund investing is subject to investment risks, including possible loss of the principal amount invested.

At December 31, 1996 and 1995, the Association maintained demand accounts with bank balances in excess of federally insured limits of \$1,047,234 and \$2,113,300. The carrying value of these demand accounts, resulting from outstanding checks, was \$1,147,234 in 1996 and an overdraft of \$386,110 in 1995.

3. Investments

The Association's investment policy sets guidelines and parameters through which investment managers have full discretion. Securities must have maturity dates within ten years of the date of purchase, with the exception of Mortgage-backed Pass-through Securities.

The following securities and investment transactions are acceptable for investment if they meet the restrictions set forth in the Investment Policy:

- A. direct security repurchase agreements (underlying security must be U.S. Treasury securities);
- B. reverse security repurchase agreements (underlying security must be U.S. Treasury securities);
- C. direct obligations of or obligations where the principal and interest of which are guaranteed by the United States;
- D. direct obligations of or obligations guaranteed by agencies of instrumentalities of the United States government;
- E. bankers' acceptances that:
 - o are eligible for purchase by the Federal Reserve System;
 - o do not exceed 270 days to maturity; and
 - o are issued by a bank that has received the highest short term credit rating by a nationally recognized investment rating firm;
- F. commercial paper that:
 - o does not exceed 270 days to maturity; and
 - o has received the highest short term credit rating by a nationally recognized investment rating firm;
- G. direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest credit rating by a nationally recognized investment rating firm;
- H. direct obligations of a state or an agency, county, city, or other political subdivision of a state (the municipal securities shall be rated A or better on long term debt and A-1 or SP-1 for short term maturity assets or the equivalent by a nationally recognized rating service). Investments shall be limited to no more than 1% investment in any one single issuer's debt.
- I. mutual funds which invest only in direct obligations of a state or an agency, county, city or other political subdivision of a state (no M.U.D.s allowed);
- J. bank certificates of deposit; must be purchased from domestic and foreign banking institutions with U.S. branches ("Yankee CDs") that have ratings similar to those used for purchasing commercial paper and bankers' acceptances. Investments shall be limited to no greater than 10% of an individual bank's total capital, surplus and undivided profits.
- K. mutual funds which invest only in investments described in some or all of the items (A) through (J) above.
- L. Mortgage-backed Pass-through Securities must be AAA rated by Standard & Poor's or Moody's and have prepayment assumptions of ten years or less if they have price liquidity characteristics documentably similar to ten year or shorter investments. The total aggregate of Mortgagee-backed Pass-through cannot exceed 20% of the manager's total

portfolio. Inverse floaters are not allowed. Investments are limited to GNMA, FNMA or FHLMC obligations, although investments in FHLMC obligations are limited to the lesser of \$5 million or 5% of the total portfolio of the Association.

- M. Security lending is authorized through the investment custodian, but the collateral accepted must meet the following guidelines: a) collateral is maintained at a minimum level of 102% of market value or greater; b) the collateral is valued daily to assure the required collateral level; c) the collateral is held by the Association or its third party custodian; and d) collateral is always cash, U.S. government securities or U.S. government agency or instrumentality securities. Securities lending activities must be governed by a Master Agreement.

Investments at December 31, 1996, were as follows:

	Amortized <u>Cost</u>	<u>Market</u>	% of Market <u>Value</u>
Commercial Paper	\$ 29,353,273	\$ 29,489,719	11.4%
Government-backed CMOs (Derivatives)	0	0	0.0
U.S. Treasury Issues	166,741,756	167,719,936	64.6
Federal Agency Issues	17,682,785	17,707,958	6.8
Mortgage-backed Pass-through Securities (Derivatives)	36,099,588	36,055,655	13.9
Cash Equivalents	1,087,813	1,087,813	0.4
Short Term Notes and Bonds	4,811,237	4,654,070	1.8
Accrued Interest	<u>2,814,788</u>	<u>2,814,788</u>	<u>1.1</u>
	<u>\$258,591,240</u>	<u>\$259,529,939</u>	<u>100.0%</u>

Investments at December 31, 1995, were as follows:

	Amortized <u>Cost</u>	<u>Market</u>	% of Market <u>Value</u>
Commercial Paper	\$ 63,505,075	\$ 63,713,203	22.3%
Government-backed CMOs (Derivatives)	3,847,099	4,760,661	1.7
U.S. Treasury Issues	153,378,410	158,599,958	55.5
Federal Agency Issues	12,073,381	12,549,287	4.4
Mortgage-backed Pass-through Securities (Derivatives)	35,840,815	37,218,666	13.0
Cash Equivalents	387,422	387,422	0.1
Short Term Notes and Bonds	4,880,018	4,854,445	1.7
Accrued Interest	<u>3,719,213</u>	<u>3,719,213</u>	<u>1.3</u>
	<u>\$277,631,433</u>	<u>\$285,802,855</u>	<u>100.0%</u>

The following methods and assumptions were used to estimate the fair value of each class of investment:

Short Term Promissory Notes, Outside Managed Treasury Mutual Funds and Accrued Interest: The cost of these investments approximates market value because of the short maturity of those instruments.

U.S. Treasury Bills, Notes, Government Agency Bonds, U.S. Government Agency Discount Notes, Government National Mortgage Association, African Development Bank and Asian Development Bank: The market values of debt securities are based on quoted market prices at the reporting date for those investments

Mortgage-backed Pass-through Securities (Derivatives): The fair value of these investments is estimated by obtaining quotes from brokers.

4. Membership Assessments

The Association is authorized by the Texas Insurance Code, Annotated Article 21.28-C, Section 18 to assess member insurers in amounts necessary to pay both claims and administrative expenses of the Association.

Annual assessment ability is estimated below using the most recent premium information available (1995):

<u>Line-of-Business</u>	<u>Premium Base</u>	<u>Capability</u>
Automobile	\$ 8,997,688,600	\$ 179,953,772
Other Lines	6,342,876,500	126,857,534
Workers' Compensation	<u>2,746,347,800</u>	<u>82,390,434</u>
	<u>\$18,086,912,900</u>	<u>\$ 389,201,740</u>

In the event of a natural disaster or other catastrophes event, the Association may apply to the Governor for authority to assess each member insurer that writes insurance coverage other than motor vehicle coverage or workers' compensation coverage, and additional amount not to exceed 2% of the insurer's net direct written premium for the preceding calendar year.

5. Loans Receivable

Loans receivable consist of advances to and claims payments made and expenses paid on behalf of impaired insurers. An allowance is made for these loans in total; therefore, these loans are expensed when made. Any repayments of the loans are recorded as revenue when received in cash.

6. Claims Liability

The liability for claims payable is an estimated amount for all impaired companies. No provision is made for repayments or recoveries; such recoveries are recognized when received in cash.

7. Permanently Restricted Net Assets (Deficit)

As a result of recording estimates of claims payable at the date of impairment, the Association has a deficit in net assets of \$109,566,760 and \$74,316,725 at December 31, 1996 and 1995, respectively. The Association has the authority to assess members as necessary in subsequent years to meet its responsibility to pay claims of these impaired companies. Assessment ability and recorded claims liability at December 31, 1996, are as follows:

<u>Line-of-Business</u>	<u>Claims Payable</u>	<u>Annual Assessment Capability</u>
Automobile	\$ 6,324,568	\$179,953,772

Other Lines	26,776,395	126,857,534
Workers' Compensation	306,292,819	82,390,434
Loss Adjustment Expenses	<u>29,300,352</u>	No Limit
Total	368,695,134	
Current	<u>48,000,000</u>	
Long Term	<u>\$320,694,134</u>	

As mentioned in Note 4, the Association, in the event of a natural disaster or other catastrophic event, may have additional assessment capability.

Assessments are made annually based on annual cash flow needs to meet claims liabilities as paid in cash. No provision has been made for recoveries from company assets to meet these obligations.

All assets are considered permanently restricted under the Act creating the Association.

8. Commitments and Contingencies

The Association leases office space. These leases expires in 1997. The Association is obligated for the following minimum lease payments:

1997	<u>397,207</u>
	<u>\$ 397,207</u>

The Association leases various computer equipment under various agreements. The Association has terminated these leases and has stopped making lease payments; however, certain of the leases have not been canceled by the lessor. The Association's liability under the lease agreements if \$97,667.

The Association, by its nature, is subject to various ongoing claims by insurance companies, policyholders, receiverships and creditors of the receiverships. Some of these claims are in the form of litigation against the Association.

9. Significant Group Concentrations of Risk

Most of the Association's business activity, assessment revenue and advances are with concerns in the insurance industry in the state of Texas. At year end, all of the Association's advances receivable are from companies that are operating or have operated in Texas.

The Association, as described in Note 2, has a significant concentration of credit risk arising from cash deposits in excess of federally insured limits.

10. Investment Income

Investment income is reported net of realized losses on investment sales, custodian fees and investment manager's fees realized through the year. Gross earnings for 1996 were \$19,306,702 (including \$1,703,490 in realized gains and security lending income of \$151,868), net of realized losses of \$1,580,572, custodian fees of \$16,445, and investment manager's fees of \$471,548, resulting in net investment income of \$17,238,137. Gross earnings for 1995 were \$30,495,663 (including \$4,893,958 in realized gains), net of realized losses of \$873,566, custodian fees of \$35,676, and investment manager's fees of \$683,858, resulting in net investment income of \$28,902,563.

11. Deferred Compensation Plan

The Association has established a defined contribution retirement plan (IRS Section 457 Deferred Compensation and a "profit sharing" Section 401(a) Plan). The Section 457 Plan was terminated in April 1996, and the related funds

distributed to the participants. The 401(a) Plan is open to all employees. The Plans allow employees to make discretionary after tax contributions not to exceed Internal Revenue Service limitations. Each year, the employer will make discretionary contributions to the 401(a) Plan in an amount up to 6% of all participants' compensation for the Plan Year. The Association's contribution for the years ended December 31, 1996 and 1995, were \$122,570 and \$286,022 respectively. The employees contributed \$156,882 and \$259,986 respectively. The employees are fully vested in their own contributions to the Plan and become vested in the employer contributions to the Plan as follows based on years of service: 1 year - 20%; 2 years - 40%; 3 years - 60%; 4 years - 80%; 5 years - 100%.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Losses on Sale of Property and Equipment

The Association closed offices in Houston and Dallas during 1996. Equipment from these offices were either transferred to the Austin headquarters or sold at auction. The accompanying losses on sale of property and equipment of \$228,447 is a result of the sale of this equipment as less than book value.

**Life, Accident, Health
and Hospital Service Insurance
Guaranty Association**

Audited Financial Statements

December 31, 1996

Disclaimer: The state's three insurance guaranty associations now report receivership activity on a calendar year basis. The latest data available are for Calendar Year 1996. As a result, the data provided by the guaranty associations no longer correspond directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1997 that runs from September 1, 1996 through August 31, 1997.

**LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE
INSURANCE GUARANTY ASSOCIATION**

Statement of Financial Position

December 31, 1996 and 1995

ASSETS	1996	1995
Cash and Cash Equivalents, partially pledged (Note 2 and 7)	\$ 131,609,443	\$ 107,029,249
Investments (Note 3)	49,933,927	49,578,950
Receivables:		
Billed Assessments (Net of Allowance of \$1,939,535 and \$2,004,405) (Note 4)	574,456	1,110,015
Interaccount Loans (Note 6)	4,716,728	2,630,111
Other Receivables	11,326	14,266
Unbilled Assessments (Note 4)	137,937,593	155,258,464
Loans and Proofs of Claims (Net of Allowance of \$162,166,738 and \$158,881,334 (Note 5)	51,859,952	33,906,598
Lawsuit Settlement	2,434,936	3,000,000
Investments - Deferred Compensation Plan (Note 11)	210,621	235,377
Furniture, Equipment and Leasehold Improvements (Net of Accumulated Depreciation \$205,296 and \$151,580)	<u>117,303</u>	<u>160,941</u>
 Total Assets	 <u>\$ 371,406,285</u>	 <u>\$ 352,923,971</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Bank Overdraft	\$ 42,924	\$ 5,121,296
Accounts Payable	235,852	262,666
Accrued Expenses	652,258	392,364
Interaccount Borrowings (Note 6)	4,716,728	2,630,111
Note Payable - Bank (Note 7)	39,600,000	-
Refunds Payable	2,190,843	2,837,622
Insurance Contractual Obligations (Note 8)	282,124,042	311,081,368
Deferred Compensation Due Employees (Note 11)	<u>210,621</u>	<u>235,377</u>
 Total Liabilities	 <u>329,773,268</u>	 <u>322,560,804</u>
 Commitments and Contingencies (Note 9)	 -	 -
 Net Assets (Note 12):		
Permanently Restricted	<u>41,633,017</u>	<u>30,363,167</u>
 Total Liabilities and Net Assets	 <u>\$ 371,406,285</u>	 <u>\$ 352,923,971</u>

The accompanying notes are an integral part of these financial statements.

**LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE
INSURANCE GUARANTY ASSOCIATION**

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 1996 and 1995

REVENUE	1996	1995
Assessments (Note 4)	\$ 52,397,067	\$ 39,472,067
Changes in Unbilled Assessments	(17,320,871)	(33,668,878)
Recoveries from Estates	34,179,031	17,917,671
Interest	7,862,573	7,646,783
Premiums	563,271	132,815
Other	<u>10,026</u>	<u>18,370</u>
 Total Revenue	 <u>77,691,097</u>	 <u>31,518,828</u>
 EXPENSES		
Claims:		
Changes in Insurance Contractual Obligations	(28,957,326)	30,695,870
Claims Paid	753,115	1,698,740
Assumptive Reinsurance Agreements	89,686,294	28,965,098
Third Party Administrators	40,499	48,907
Interest	2,528,907	770,248
National Task Forces	<u>790,897</u>	<u>683,316</u>
	<u>64,842,386</u>	<u>62,862,179</u>
Administrative Costs:		
Salaries and Benefits	938,804	1,006,174
Legal and Professional	497,713	707,625
Other	288,869	270,977
Depreciation	53,716	56,165
Indirect Cost Allocation	<u>(200,241)</u>	<u>(195,623)</u>
	<u>1,578,861</u>	<u>1,845,318</u>
 Total Expenses	 <u>66,421,247</u>	 <u>64,707,497</u>
 Revenue over (under) Expenses	 11,269,850	 (33,188,669)
 Net Assets Balance - Beginning	 <u>30,363,167</u>	 <u>63,551,836</u>
 Net Assets - Ending	 <u>\$ 41,633,017</u>	 <u>\$ 30,363,167</u>

The accompanying notes are an integral part of these financial statements.

**LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE
INSURANCE GUARANTY ASSOCIATION**

Statement of Cash Flows
For the Year Ended December 31, 1996 and 1995

	1996	1995
Cash Flows from Operating Activities:		
Excess of Revenues over (under)Expenses	\$ <u>11,269,850</u>	\$ <u>(33,188,669)</u>
Adjustments to Reconcile Excess of Revenue over (under)		
Expenses to Net Cash Provided by Operating Activities:		
Allowance for Assessments Receivable	(64,870)	(66,928)
Depreciation	53,716	56,165
Amortization of Bond Discount	(2,414,527)	(3,450,956)
Loss on Equipment	-	4,442
Change in Assets and Liabilities:		
(Increase) Decrease in Unbilled Assessments Receivable	17,320,872	33,668,878
(Increase) Decrease in Assessments Receivable	600,429	(980,175)
(Increase) Decrease in Accrued Interest Receivable	-	290,601
(Increase) Decrease in Lawsuit Settlement Receivable	565,064	3,000,000
Increase (Decrease) in Other Receivables	2,940	2,693
Increase (Decrease) in Bank Overdraft	(5,078,372)	5,121,296
Increase (Decrease) in Accounts Payable	(26,814)	(533,111)
Increase (Decrease) in Accrued Expenses	259,898	200,191
Increase (Decrease) in Refund Payable	(646,778)	2,837,622
Increase (Decrease) in Unearned Discount	(1,942)	-
Increase (Decrease) in Insurance Contractual Obligations	(28,957,326)	30,695,870
Increase (Decrease) in Amounts Due to Deferred		
Compensation Plan Participants	<u>(24,756)</u>	<u>63,769</u>
Total Adjustments	<u>(18,412,466)</u>	<u>70,910,357</u>
Net Cash (Used) Provided by Operating Activities	<u>(7,142,616)</u>	<u>37,721,688</u>
Cash Flows from Financing Activities:		
Notes Payable	102,158,732	-
Principal Reduction in Notes Payable	(62,558,732)	-
Letter of Credit Payments	-	(7,189,198)
Interaccount Loans	(7,961,835)	(38,132,705)
Interaccount Borrowings	<u>7,961,835</u>	<u>38,132,705</u>
Net Cash (Used) Provided by Financing Activities	<u>39,600,000</u>	<u>(7,189,198)</u>
Cash Flows from Investing Activities:		
Maturities of Government Securities	12,650,000	12,950,000
Investments in Escrowed Funds - MBL	(319,709)	(268,691)
Investment in Escrowed Funds - Kentucky Central Life	(2,268,805)	0
Increase in Allowance for Uncollectible POC and Loans	3,285,404	15,882,099
Proofs of Claim and Loans Written-off	56,514,137	-
Proofs of Claim Filed	(91,160,694)	(32,409,196)
Purchase of Furniture and Equipment Net	(10,078)	(13,150)
Deferred Compensation	24,756	(63,769)
Recoveries from Estates	<u>13,407,799</u>	<u>9,571,773</u>
Net Cash (Used) Provided by Investing Activities	<u>(7,877,190)</u>	<u>5,649,066</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,580,194	36,181,556
Cash and Cash Equivalents at January 1	<u>107,029,249</u>	<u>70,847,693</u>
Cash Equivalents at January 1.	<u>83,524,019</u>	<u>95,790,072</u>
Cash Equivalents at December 31	<u>\$ 131,609,443</u>	<u>\$ 107,029,249</u>

The accompanying notes are an integral part of these financial statements.

**LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 1996 and 1995

1. Summary of Significant Accounting Policies

Organization - The Life, Accident, Health and Hospital Service Insurance Guaranty Association (the Association) is a nonprofit entity created by the Life, Accident, Health and Hospital Service Insurance Guaranty Act (the Act) to protect, subject to certain limitations, persons specified in the Act against failure in the performance of contractual obligations under life, accident and health insurance policies and annuity contracts, because of the impairment or insolvency of the member insurer who issued the policy or contracts. To provide this protection, this association of insurers was created to pay benefits and to continue coverage as limited in the Act.

Membership in the Association is mandatory for any insurance company authorized in Texas to transact any kind of insurance business to which the Act applies. Membership assessments are made by the Board of Directors of the Association based on estimates of amounts necessary to provide funds to carry out the purposes of the Act with respect to impaired insurers. Any amount in excess of statutory obligations and continuing expenses of the Association may be refunded by an equitable method at the discretion of the Board of Directors.

Basis of Accounting - The financial statements are presented on the accrual basis of accounting; consequently, revenue is recognized when earned, and expenses are recognized when the obligations are incurred. Assessment revenue (billed and unbilled) is recognized when insurance contractual obligations are incurred. Claims liability is recognized using estimates of contractual obligations for each impaired insurer at the date of impairment or issuance of an order of liquidation based on a finding of insolvency by a court of competent jurisdiction.

Tax Exempt Status - The Association is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Association is also exempt from payment of all fees and taxes levied by the state of Texas or any of its subdivisions, except taxes levied on real and personal property.

Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments in obligations of the United States government are recorded at amortized cost and are designated as "held maturity."

Furniture, Equipment and Leasehold Improvements - Fixed assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets, ranging from three to ten years.

Allowances for Uncollectible Loans and Proofs of Claim Receivable - Allowances for uncollectible loans and proofs of claim are estate specific. The allowance for each estate is based on evaluations of estate financial statements and records, reports from estates receivers, and information from other third parties.

Uncollected loans and proofs of claim are written off by the Board of Directors only after an estate is closed in both the domestic and ancillary state and there is no reasonable expectation that any additional funds will be recovered from the estate or other third party.

Net Assets - The net assets reflected in the financial statements of the Association are deemed to be permanently restricted, because they may be used only to carry out the purposes established in the Act. The amounts by which estate specific assets exceed the amount necessary to carry out the obligations related to that insolvency are further restricted in that they may be refunded to member insurers or a reasonable amount may be retained to provide funds for the continuing expenses of the Association, thereby reducing future assessments.

2. Cash and Cash Equivalents

The Association has pledged certain mutual fund investments in the amount of \$3,590,460 as collateral on notes payable (Note 7). Cash and cash equivalents are as follows:

Mutual Funds	1996	1995
	<u>\$131,609,443</u>	<u>\$107,029,250</u>

3. Investments

Funds of the Association may be invested in bonds, notes or securities of other evidences of indebtedness of the United States that are supported by the full faith and credit of the United States or that are guaranteed as to principal and interest by the United States. Purchases of investment securities are made with the intent to hold such securities to maturity. Investments at December 31, 1996 and 1995 were as follows:

	1996 Amortized Cost	1996 Estimated Market Value	1995 Amortized Cost	1995 Estimated Market Value
Mutual Funds	\$131,609,443	\$131,609,443	\$107,029,250	\$107,029,350
U.S. Treasury Securities	<u>41,933,927</u>	<u>42,032,323</u>	<u>49,578,950</u>	<u>50,420,656</u>
	<u>\$173,543,370</u>	<u>\$173,641,766</u>	<u>\$156,608,199</u>	<u>\$157,449,906</u>

The Association invests in a managed mutual fund. This mutual fund's portfolio is comprised of U.S. Government obligations backed by the full faith and credit of the United States and repurchase agreements backed by such instruments. These mutual fund investments are not insured by the Federal Deposit Insurance Corporation nor are they a deposit of, other obligation of, or guaranteed by a bank or other depository institution. Mutual fund investing is subject to investment risks, including possible loss of the principal amount invested.

4. Membership Assessments

The Association is authorized by the Texas Insurance Code, Annotated Article 21.28-D. Section 9 to assess member insurers in amounts necessary to pay both contractual claim obligations and administrative expenses of the Association. There are two classes of assessments: Class A assessments which may be levied to meet administrative costs; and Class B assessments which may be levied to meet the contractual obligations associated with specific insolvent or impaired insurers.

The total of all Class B assessments levied against a member insurer for each line-of-business account (life, accident and health and annuity) may not exceed one percent of the member insurer's premiums on the policies covered by the line-of-business account in any one calendar year. Annual assessment ability is estimated below using the most recent premium information available (1995 and 1994):

Line of Business	1995		1994	
	Premium Base	Assessment Capability	Premium Base	Assessment Capability
Life	\$ 5,045,314,552	\$ 50,453,145	\$ 4,856,084,096	\$ 48,560,841
Accident & Health	6,243,615,786	62,436,158	6,102,166,765	61,021,668
Annuity	<u>4,118,865,612</u>	<u>41,188,656</u>	<u>4,104,295,239</u>	<u>41,042,952</u>
Total	<u>\$15,407,795,950</u>	<u>\$154,077,959</u>	<u>\$15,062,546,100</u>	<u>\$150,625,461</u>

Class B assessment revenue for 1996 and 1995 was \$52,397,067 and \$39,472,067 respectively. In accordance with statute, a credit refund which returned \$27,727,496 to member insurers, was netted against 1995 assessment revenue.

Assessments receivable totaling \$2,513,991 and \$3,114,420 represent the balance of billed assessments unpaid as of December 31, 1996 and 1995, respectively. These unpaid assessments were levied in years 1991 through 1996. An allowance for uncollectible billed assessments in the amount of \$1,939,535 and \$2,004,405 has been recorded as of December 31, 1996 and 1995, respectively.

Unbilled assessments, \$137,937,593 and \$155,258,464 at December 31, 1996 and 1995, respectively, represent the statutory ability of the Association to assess member insurers as required to meet corresponding insurance contractual obligations.

5. Loans and Proofs of Claim

The Association files proofs of claim against individual receivership estates to recover claims and claims handling costs incurred by the Association related to the estate. These proofs of claim may be amended and are updated and filed periodically as additional cost are incurred and paid by the Association. At December 31, 1996 and 1995, loans and proofs of claim receivable totaled \$214,026,690 and \$192,787,932, respectively.

An allowance related to the collectibility of loans and proofs of claim is recorded based on estate specific evaluations of net assets held by the receiver and other potential recoveries. The amounts to be received by the Association in early access distributions or final distributions are often not readily determinable; therefore, recoveries due to the Association are necessarily estimates and subject to change as the estate is closed out. Based on the Association's estate specific review, the allowances for uncollectible loans and proofs of claim at December 31, 1996 and 1995, were \$162,166,738 and \$158,881,334, respectively.

6. Interaccount Loans and Borrowings

The Board of Directors of the Association has adopted a resolution that allows for short term loans from the account of one estate to another estate. Interest is paid by the borrowing account to the account making the short term loan. Interest charged on these loans approximates that earned on short term government securities. For the year ended December 31, the following transactions occurred:

	Balance January 1	-----Activity-----		Balance December 31
		Debits	Credits	
Interaccount Loans	<u>\$2,630,111</u>	<u>\$ 5,024,266</u>	<u>\$ 2,937,609</u>	<u>\$ 4,716,728</u>
Interaccount Borrowings	<u>\$(2,630,111)</u>	<u>\$ 5,937,609</u>	<u>\$ 5,024,266</u>	<u>\$(4,716,928)</u>
1996 Total		<u>\$ 7,961,835</u>	<u>\$ 7,961,835</u>	
Interaccount Loans	<u>\$ 2,070,098</u>	<u>\$19,346,359</u>	<u>\$18,786,346</u>	<u>\$ 2,630,111</u>
Interaccount Borrowings	<u>\$(2,070,098)</u>	<u>\$18,786,346</u>	<u>\$19,346,359</u>	<u>\$(2,630,111)</u>
1995 Total		<u>\$38,132,705</u>	<u>\$38,132,705</u>	

7. Note Payable - Bank

The Association may borrow funds to affect the purpose of Act. The following is a recapitulation of loan transactions for the year ended December 31,:

	Balance January 1	Borrowings	Repayments	Balance December 31
1996	<u>\$-0-</u>	<u>\$102,158,732</u>	<u>\$62,558,732</u>	<u>\$39,600,000</u>
1995	<u>\$ 7,189,198</u>	<u>\$-0-</u>	<u>\$7,189,198</u>	<u>\$-0-</u>

Notes outstanding at December 31, 1996 are due in annual installments or \$9.9 million through December 1, 2000. Interest accrues at a variable rate represented by the lower of the London Interbank Offered Rate (LIBOR) or the bank's prime rate plus 75 basis points. The Association has pledged certain mutual fund amounts (Note 2), collected assessments relating to the insolvency of National Heritage Insurance company and all corresponding distributions from that estate and liquidation trust as collateral.

8. Insurance Contractual Obligations

The liability for insurance contractual obligations is an estimated amount for all impaired or court ordered insolvent estates. The amounts are necessarily based on estimate, and the ultimate liability may vary significantly from the estimate. In addition, the liability is based on information supplied principally by third parties (receivers, third party administrators and member participation task forces). Such information is not subject to control of the Association and may change.

9. Commitments and Contingencies

A liquidator or special deputy receiver for the estate of an insolvent insurer may as assets become available make disbursements out of marshaled assets to a guaranty association(s) having claims against the estate of the insolvent insurer prior to a distribution to other creditors or the closing of the estate. The liquidator or special deputy receiver prior to such disbursement shall also secure from each guaranty association entitled to disbursements an agreement to return to the liquidator upon request and with court approval such assets, together with income on assets previously disbursed as may be required.

As of December 31, 1996 the Association had received approximately \$40 million for which such agreements had been entered into. Investment earning attributable to the distributions received is not included in the amount cited above. As of December 31, 1996 no refund of early access distributions has ever been required of the Association by a liquidator or special deputy receiver.

The Association leases office space which serves as its only location. This lease expires June 29, 1998. Lease expense for the year ended December 31, 1996 and 1995, was \$79,809 (\$90,040 net of rent abatement of \$10,231). A portion of the minimum lease payments scheduled below is allocated to reduce an accrued liability for rent abatements for approximately the first six months of the lease. The Association is obligated for the following minimum lease payments:

1997	90,040
1998	<u>45,020</u>
	<u>\$135,060</u>

The Association, by its nature, is subject to various ongoing claims by insurance companies, policyholders, receiverships and creditors of the receiverships. Some of these claims are in the form of litigation against the Association.

10. Significant Group Concentrations of Risk

The Association's business activity, assessment revenues and advances are with entities in the insurance industry in the state of Texas. As of December 31, the Association's receivables are from companies that are licensed or were licensed to conduct business in Texas.

11. Deferred Compensation Plan

The Association's Board of Directors approved a defined contribution retirement plan (IRS Section 457 Deferred Compensation) to be effective October 1, 1992. Subsequently a Code Section 401(a) plan was approved effective January 1994. During 1996 both plans were terminated. The assets are held by the Association to be distributed upon employee retirement or termination. The balance of assets and corresponding liabilities are reflected in the accompanying financial statements. Contributions to this 401(a) plan for 1995 were \$43,442.

The Association established a new defined contribution pension plan for its employees under Internal Revenue Code Section 401(a) effective January 1, 1996. This plan covers substantially all of the Association's employees. The Association automatically contributes 6% of employees salary to the plan. Contributions to this 401(a) plan for 1996 were \$45,961.

12. Net Assets - Permanently Restricted

As of December 31, the net assets reflected in the financial statements of the Association consisted of the following:

	1996	1995
Association's Continuing Administrative Expenses	\$ 6,311,396	\$ 6,845,103

Self Insurance Restricted Funds	33,838	32,234
Insolvent Estates	<u>35,287,783</u>	<u>23,485,830</u>
Net Assets	\$ <u>41,633,017</u>	\$ <u>30,363,167</u>

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Texas Title Insurance
Guaranty Association**

Audited Financial Statements
December 31, 1996

Disclaimer: The state's three insurance guaranty associations now report receivership activity on a calendar year basis. The latest data available are for Calendar Year 1996. As a result, the data provided by the guaranty associations no longer correspond directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1997 that runs from September 1, 1996 through August 31, 1997.

TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

Balance Sheet

December 31, 1996 and 1995

	1996	1995
ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 6,966,946	7,158,717
Receivables:		
Loans and Proofs of Claims (Net Allowance of \$ 7,851,639 in 1996 and \$7,865,087 in 1995)) (Note 4)	3,360,000	3,212,390
Accrued Interest	<u>28,180</u>	<u>31,466</u>
Total Assets	\$ <u>10,355,126</u>	\$ <u>10,402,573</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ 290,650	\$ 134,460
Insurance Contractual Obligations (Note 5)	<u>-</u>	<u>350,000</u>
Total Liabilities	290,650	484,460
Commitments and Contingencies (Note 6)	-	-
Net Assets:		
Permanently Restricted	<u>10,064,476</u>	<u>9,918,113</u>
Total Liabilities and Net Assets	\$ <u>10,355,126</u>	<u>10,402,573</u>

The accompanying notes are an integral part of these financial statements.

TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

Statement of Revenue, Expenses and Changes in Fund Balance

For the Year Ended December 31, 1996 and 1995

	1996	1995
REVENUE		
Decrease in Insurance Contractual Obligations	\$ 350,000	453,386
Recoveries	151,230	3,284,122
Interest	334,390	387,062
Other	5,490	-
Title Fees	1,078	219
Recoupment Fees	<u>8</u>	<u>537</u>
Total Revenue	<u>842,196</u>	<u>4,125,326</u>
EXPENSES		
Claims:		
Increase in Insurance Contractual Obligations		
Claims Paid	135,000	340,595
Legal and Professional	2,458	24,961
Third Party Administrators	<u>-</u>	<u>9,000</u>
	<u>137,458</u>	<u>374,556</u>
Examiners' Fees	528,901	359,040
Administrative Costs:		
Legal and Professional	17,047	39,128
Accounting and Auditing	9,900	11,600
Board Members' Expense	2,500	319
Other	<u>27</u>	<u>-</u>
	<u>29,474</u>	<u>-</u>
Total Expenses	<u>695,833</u>	<u>784,643</u>
Revenue over Expenses	146,363	3,340,683
Net Assets - Beginning	<u>9,918,113</u>	<u>6,577,430</u>
Net Assets - Ending	<u>\$ 10,064,476</u>	<u>\$ 9,918,113</u>

The accompanying notes are an integral part of these financial statements.

TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

Statement of Cash Flows

For the Year Ended December 31, 1996 and 1995

	1996	1995
Cash Flows from Operating Activities:		
Excess of Revenues over Expenses	\$ <u>146,363</u>	<u>3,340,683</u>
Adjustments to Reconcile of Revenues over Expenses to Net Cash Provided by Operating Activities:		
Allowance for Loans Receivable	(164,677)	(3,212,390)
Change in Assets and Liabilities:		
(Increase) Decrease in Accrued Interest Receivable	3,286	(542)
Increase (Decrease) in Accounts Payable	156,190	3,440
Increase (Decrease) in Escrow Deposits Held	-	(249,379)
Increase (Decrease) in Insurance Contractual Obligations	<u>(350,000)</u>	<u>(453,386)</u>
Total Adjustments	<u>(355,201)</u>	<u>(3,912,257)</u>
Net Cash (Used) Provided by Operating Activities	<u>(208,838)</u>	<u>(571,574)</u>
Cash Flows from Investing Activities:		
(Increase) in Allowance for Uncollectible Loans	-	(2,855,206)
Loans Recoveries	<u>151,230</u>	<u>3,284,122</u>
Net Cash (Used) Provided by Investing Activities	<u>17,067</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(191,771)	(571,574)
Cash Equivalents, Beginning of Year	<u>7,158,717</u>	<u>7,730,291</u>
Cash Equivalents, End of Year	<u>\$ 6,966,946</u>	<u>\$ 7,158,717</u>

The accompanying notes are an integral part of these financial statements.

TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

December 31, 1996 and 1995

1. Summary of Significant Accounting Policies

Organization - The Texas Title Insurance Guaranty Association (the Association) is a nonprofit organization formed under the Texas Title Insurance Guaranty Act (the Act) to protect holders of covered claims as defined by the Act through payment of claims, contracts of reinsurance, assumption of liabilities or otherwise.

Membership in the Association is mandatory for any insurance company authorized in Texas to transact any kind of insurance business to which the Act applies. Title guaranty fees are collected based on a fixed fee applied to each title insurance policy written in the state. The fee is to provide funds for title examinations under the supervision of the Commissioner of Insurance and to pay covered claims with respect to impaired agents. Assessments may be levied on the individual insurers to pay covered claims arising from impaired underwriters.

Recoupment fees are collected by the Association based on a fee set by the Commissioner of Insurance. The recoupment fees are used to reimburse member companies, on a pro rata basis, for a portion of the assessment paid.

Accrual Basis of Accounting - The financial statements are presented on the accrual basis of accounting; consequently, revenues are recognized when earned, and expenses are recognized when the obligations are incurred. Assessment revenue is recognized when claims liability is incurred. Claims liability is recognized using estimates of claims outstanding for each impaired insurer at the date of impairment.

Tax Exempt Status - The Association considers itself to be a governmental entity and as such, does not file a federal income tax return. The Association is also exempt from payment of all fees and taxes levied by the state of Texas or any of its subdivisions, except taxes levied on real property.

Investments - Investments as of December 31, 1996 and 1995, are carried at cost which approximates market value.

Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid instruments purchased with a maturity of one year or less to be cash equivalents.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31.

	1996	1995
Cash on Deposit	\$ 61,572	\$ 10,343

Mutual Funds	<u>6,905,374</u>	<u>7,148,374</u>
	<u>\$6,966,946</u>	<u>\$7,158,717</u>

The Association's temporary investments are comprised of investments in a U.S. Government mutual fund. These mutual fund investment securities are not insured by the Federal Deposit Insurance Corporation, nor are they a deposit or other obligation of, or guaranteed by a bank or other depository institution. Mutual fund investing is subject to investment risks, including possible loss of the principal amount invested.

3. Membership Assessments

The Association is authorized to assess members in amounts necessary to pay both claims and administrative expense obligations of the Association.

4. Loans and Proofs of Claim

Loans receivable consist of advances to and claims payments made and expenses paid on behalf of impaired insurers. An estate specific allowance is made for amounts considered uncollectible.

5. Insurance Contractual Obligations

The liability for insurance contractual obligations payable is an estimated amount for all impaired companies. This amount is necessarily based on an estimate, and the ultimate liability may vary significantly from this estimate. In addition, this liability is based on information supplied principally by third parties (special deputy receivers and third party administrators). Such information is not yet subject to control of the Association and may change.

6. Commitments and Contingencies

The Association, by its nature, is subject to various ongoing claims by insurance companies, policyholders, receiverships and creditors of the receiverships. Some of these claims are in the form of litigation against the Association.

7. Significant Group Concentrations of Risk

Most of the Association's business activity, assessment revenue and advances are with concerns in the insurance industry in the state of Texas.