

Summary of Supervisions September 1, 1997 through August 31, 1998

			FY98 Year-end Balances
Domestic	Existing	New	
Stock Life	4	4	2
Stipulated Premium	0	0	0
Surplus Lines Insurers	0	0	0
Local Mutual Aid Associations	0	0	0
Fire and/or Casualty	1	0	0
Lloyd's	0	0	0
Title	0	0	0
Title Agency	0	3	3
Unauthorized Insurers	0	0	0
Managing General Agents	1	1	0
Local Recording Agent	1	1	0
Reciprocal	0	0	0
Fraternal	1	0	0
Third Party Administrator	0	0	0
Health Maintenance Organization	0	1	1
Premium Finance Company	0	0	0
Foreign	<u>1</u>	<u>1</u>	<u>1</u>
Totals	9	11	7

Summary of Conservatorships September 1, 1997 through August 31, 1998

			FY97 Year-end Balances
Domestic	Existing	New	
Stock Life	2	3	1
Stipulated Premium	0	0	0
Surplus Lines Insurers	0	0	0
Managing General Agents	1	1	0
Fire and/or Casualty	1	0	0
Lloyd's	0	0	0
Title	1	0	0
Unauthorized Insurer	0	0	0
Title Agents	0	0	0
Agencies	0	0	0
Burial	0	0	0
Fraternal	0	0	0
Local Recording Agent	1	1	1
Health Maintenance Organization	1	0	0
Foreign	<u>0</u>	<u>0</u>	<u>0</u>
Totals	7	5	2

Summary of Insurers under Court-Directed/Special Administrative Action September 1, 1997 through August 31, 1998

	Existing	New	FY98 Year-end Balances
Domestic			
Stock Life	6	6	6
Stipulated Premium	2	0	1
Fire and/or Casualty	2	2	6
Lloyd's	3	0	3
Unauthorized Insurer	0	0	0
Title	3	0	0
Premium Finance Company	1	0	1
Reciprocal	1	0	1
Title Agent	1	0	1
Agencies	1	0	1
Local Recording Agent	0	2	2
Managing General Agent	1	1	1
Fraternal	0	0	0
Health Maintenance Organization	0	2	1
Foreign	0	2	2
Totals	21	15	26

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

FY	Number At 1st of Year	Number Received During Year	Reinsured and Dissolved	Ceased Business Dissolved	In Receiver- ship	Released to Manage- ment	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
1998	37	31	2	3	5	7	16	35

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

Note: FY98/Other Changes: 5 entities moved from Supervision to Conservatorship; 4 entities moved from Supervision to Article 1.32; 3 entities moved from Conservatorship to Administrative Oversight; and 4 entities moved from Administrative Oversight to Supervision.

Companies in Supervision at Beginning of Fiscal Year 1998

Commissioner's		
Order No.	Dated	Company Name
97-0237	03-13-97	Confidential*
97-0374	04-16-97	Confidential*
97-0390	05-08-97	Confidential*
97-0607	06-25-97	Supreme Home/Progressive Order
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*

**Confidential pursuant to Texas Statute*

Companies in Conservatorship at Beginning of Fiscal Year 1998

Commissioner's		
Order No.	Dated	Company Name
96-1310	11-13-96	Confidential*
97-0099	01-31-97	Confidential*
97-0108	02-03-97	Dorsey Dental Plans of America
97-0160	02-18-97	Confidential*
97-0170	02-19-97	Kenneth Wolynski Ins. Agency, Inc.
97-0171	02-19-97	North American Excess & Surplus
97-0737	07-21-97	Confidential*

**Confidential pursuant to Texas Statute*

Art. 1.32/Insurers under Court-Directed/Special Administrative Action at Beginning of Fiscal Year 1998

Action	Dated	Company Name
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
Art. 1.32/93-0938	10-13-93	U. S. Health 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	06-01-95	First Financial Title Agency, Inc.
Letter	06-01-95	First Southwestern Title Agency, Inc.
Letter	11-02-95	Bankers Life Insurance Company of America
Letter	02-14-96	The Maxfield Agency
Art. 1.32/96-0402	04-11-96	Commercial Indemnity Insurance Company
Letter	09-06-96	Statesman National Life Insurance Co.
Letter	01-10-97	Ticor Title Agency of San Antonio
Letter	02-06-97	South Texas Bankers Life Insurance Co.
Letter	02-06-97	Bluebonnet Life Insurance Company
Letter	03-12-97	Universal Insurance Exchange
Letter	04-10-97	Dallas General Life Insurance Company
Letter	06-24-97	Empire Lloyds Insurance Company
Letter	08-04-97	N.A. of Texas, Inc.
Letter	08-26-97	Interational Surety & Casualty

Companies Placed in Supervision Between September 1, 1997 and August 31, 1998

Order No.	Dated	Company Name
97-1025	10-14-97	Confidential*
97-1176.1	11-21-97	Business Insurance Agency, Inc.
97-1179	11-21-97	Confidential*
97-1280	12-18-97	N. A. of Texas, Inc.
98-0383	04-07-98	Confidential*
98-0510	05-04-98	Confidential*
98-0612	05-26-98	Confidential*
98-0638	06-01-98	Confidential*
98-0898	08-03-98	Confidential*
98-0944	08-13-98	Confidential*
98-0991	08-26-98	MNM-1997, Inc. <i>fka Dorsey Dental Plans of America</i>

**Confidential pursuant to Texas Statute*

Companies Placed in Conservatorship between September 1, 1997 and August 31, 1998

Commissioner's Order No.	Dated	Company Name
98-0099	01-23-98	Confidential*
98-0123	01-29-98	NAIS, Inc.
98-0197	02-18-98	Confidential*
98-0202	02-20-98	Confidential*
98-0596	05-21-98	Business Insurance Agency, Inc.

**Confidential pursuant to Texas Statute*

Insurers under Court-Directed/Special Administrative Action between September 1, 1997 and August 31, 1998

Action	Dated	Company Name
Art. 1.32/97-1005	10-07-97	Gramercy Insurance Company
Letter	11-13-97	National Financial Insurance Company
Letter	11-24-97	Dorsey Dental Plans of America
Letter	12-02-97	North America Excess & Surplus
Letter	12-02-97	Kenneth Wolynski Insurance Agency, Inc.
Art. 1.32/98-0185	02-13-98	American Chambers Life Insurance Company
Art. 1.32/98-0272	03-06-98	Legal Security Life Insurance Company
Art. 1.32/98-0322	03-20-98	Centennial Life Insurance Company
Art. 1.32/98-0323	03-20-98	International Services Insurance Company
Letter	03-25-98	Amil International Insurance Company, Inc.
Art. 1.32/98-0518	05-07-98	American Insurance Company of Texas
Art. 1.32/98-0520	05-07-98	National Financial Insurance Company
Letter	05-22-98	Jefferson Life Insurance Company
Letter	06-08-98	Parliament Dental Plans, Inc.
Art. 1.32/98-0692	06-15-98	N.A. of Texas, Inc.

Companies Released from Supervision between September 1, 1997 and August 31, 1998

Commissioner's Order No.	Dated	Company Name
97-0902	09-10-97	MDPhysicians Insurance Company (placed in receivership in Oklahoma)
97-0966	09-25-97	Regal Life of America Insurance Company
98-0146	02-05-98	Supreme Home/Progressive Order (placed in receivership)
98-0147	02-06-98	New Admiral Insurance Agency

Companies Released from Conservatorship between September 1, 1997 and August 31, 1998

Commissioner's

Order No.	Dated	Company Name
97-0901	09-10-97	Live Oak Title Company, Inc.
97-1267	12-17-97	American Eagle Ins. Co. <i>(placed in receivership)</i>
98-0079	01-20-98	Gulf Atlantic Life Ins. Co. <i>(placed in receivership)</i>
98-0324	03-20-98	Family Security Insurance Company of America
98-0560	05-15-98	Professional Benefits Ins. Co. <i>(placed in receivership)</i>
98-0764	06-30-98	Benefit Life Insurance Company
98-0919	08-06-98	NAIS, Inc.

Insurers Released from Court-Directed/Special Administrative Action between September 1, 1997 and August 31, 1998

Commissioner's

Order No.	Dated	Company Name
Letter	10-10-97	First Southwest Title
Letter	03-09-98	First Southwestern Title Agency
Letter	03-09-98	First Financial Title Agency
Letter	04-15-98	Bluebonnet Life Insurance Company
Art. 1.32/98-0440	04-16-98	Guardian Security Life Insurance Company
Letter	07-08-98	Dallas General Life Insurance Company

Insurance Companies and Affiliates in Receivership as of August 31, 1998

No.	Receivership Name	Cause No.	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	380	Gibson National Life Insurance Company	450,373	126th
6	417	Title USA Insurance Corp.	473,254	53rd
7	442	Commodore Life Insurance	490,005	201st
8	447	American Guardian Ins. Underwriters, et al	492,413	53rd
9	450	Texas Employers Insurance Association	91-1681	201 st
10	457	Western Employers Insurance Co.	91-6872	147th
11	459	International Service Insurance Co.	91-10584	201st
12	461C	Sir Lloyd's Insurance Company	91-12765	200th
13	462C	Standard Financial Indemnity Corp.	91-12766	201st
14	465	Comco Insurance Company	91-14077	345th
15	466	Texas Employers Indemnity Co.	91-15359	200th
16	468C	Bell Indemnity Company, Inc.	92-01311	201st
17	473C	Members Mutual Insurance Company	92-10489	299th
18	479C	Guaranty County Mutual Ins. Co.	93-04034	261st
19	480C	Underwriters Lloyds Ins. Co.	93-04318	126th
20	481C	Western Lloyds Ins. Co., et al	93-04661	167th
21	485C	Eagle Insurance Company	93-12483	250th
22	487C	Employers Casualty Company	92-02133	353rd
23	489C	Employers of Texas Lloyd's, et al	94-00949	353rd
24	490C	Employers National Insurance Company	94-00950	53rd
25	492C	International Lloyds	96-02960	126th
26	493C	Texas Central Life Insurance	96-12802	98th
27	494C	Insurance Corporation of American	97-02977	200th
28	495C	United Republic Insurance Company	97-07775	126th
29	496C	American Eagle Insurance Company	97-13405	201st
30	497C	Supreme Home of the Progressive Orderof Pilgrims	97-12522	126th
31	498C	Gulf Atlantic Life Insurance Company	97-12317	126th
32	499C	Professional Benefits Insurance Company	98-04500	201st

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
1998	32	*6	6

As of August 31, 1998 — 32 Active Receiverships

**These numbers reflect that two receiverships that had previously closed, Gibson National Life Insurance Company and Commodore Life Insurance Company, were reopened.*

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#301	#313	#329	#375	#392
RECEIVERSHIP NAME	Commercial Standard	Transit Casualty	Dexter Lloyds	First Service LIC	Knickbocker LIC
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	LAH
STATE OF DOMICILE	Texas	Missouri	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/16/1985	12/13/1985	10/1/1986	12/1/1988	5/5/1989
DATE OF CLOSURE	open	open	open	open	3/31/1998
SDR RESPONSIBLE PARTY	D. Baggett	N. Montalvo	In House	J. Gutierrez	M. Gorrell
CASH ASSETS					
OPERATING ACCOUNT	98,941	7,015	128,774	7,128	-
TX TREASURY ACCOUNT	5,580,252	3,594,570	-	233,307	-
COURT APPROVED DEPOSITS	-	-	-	-	-
EARLY ACCESS/TX GA	1,643,190	-	-	-	-
EARLY ACCESS/OTHER GAS	6,523,254	-	-	-	-
TOTAL CASH ASSETS	13,845,637	3,601,585	128,774	240,435	-
ASSETS/FOR RECOVERY					
FUNDS RESTRICTED	-	-	(7,250)	-	-
RECEIVABLE	-	-	-	-	-
PREMIUMS	-	-	-	-	-
AGENT BALANCES	13,588	-	-	-	-
REINSURANCE	1,028,903	-	-	-	-
SUBROGATION	-	-	-	-	-
OTHER	-	-	-	-	-
ALLOWANCE FOR RECOVERY	(13,588)	-	-	-	-
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	-	-	-	-
REAL ESTATE	-	-	-	-	-
MORTGAGES/NOTES	-	-	-	-	-
OTHER	75,377	-	-	-	-
ALLOWANCE FOR RECOVERY	(27,608)	-	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	-	-	-	-	-
COMPUTERS/SOFTWARE	-	-	-	-	-
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
TOTAL ASSETS/FOR RECOVERY	1,076,672	-	(7,250)	-	-
TOTAL ASSETS	14,922,309	3,601,585	121,524	240,435	-
COMPANY LIABILITIES					
CLASS I RESERVES - GA	-	-	-	-	-
CLASS II CLAIMS RESERVES - GA	137,639	3,400,139	-	-	-
CLASS II CLAIMS RESERVES - NON-GA	79,828	-	-	-	-
OTHER LIABILITIES	-	-	-	-	-
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	11,157	1,844	-	-	-
SDR SUB-CONTRACTORS	7,074	2,937	-	-	-
RECEIVERS ALLOCATION	1,015	824	-	898	-
GA-CLAIMS EXPENSE	694,130	269,038	323,476	-	-
OTHER CLASS I	-	-	-	-	-
TOTAL CLASS I CREDITORS	713,376	274,643	323,476	898	-
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	-	-	573,940	9,172,518	4,578,294
GA - PH CLAIMS PAID	7,437,667	17,952,480	1,385,371	-	15,087,563
OTHER CLASS II	295,797	502,073	-	-	-
TOTAL CLASS II CREDITORS	7,733,464	18,454,553	1,959,311	9,172,518	19,665,857
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	-	-
GENERAL CREDITORS	-	1,648,915	1,119,319	-	1,306,958
REINSURANCE PAYABLE	7,790,283	-	-	-	-
OTHER CLASS III	-	-	-	467,000	-
TOTAL CLASS III CREDITORS	7,790,283	1,648,915	1,119,319	467,000	1,306,958

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#301	#313	#329	#375	#392
RECEIVERSHIP NAME	Commercial	Transit	Dexter Lloyds	First Service	Knickbocker
LINES OF INSURANCE	Standard	Casualty		LIC	LIC
STATE OF DOMICILE	P&C	P&C	P&C	ULAH	LAH
DATE OF RECEIVERSHIP	Texas	Missouri	Texas	Texas	Texas
DATE OF CLOSURE	1/16/1985	12/13/1985	10/1/1986	12/1/1988	5/5/1989
SDR RESPONSIBLE PARTY	open	open	open	open	3/31/1998
CLASS IV CREDITORS	D. Baggett	N. Montalvo	In House	J. Gutierrez	M. Gorrell
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	-	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	-	-	-
TOTAL CLASS IV CREDITORS	-	-	-	-	-
TOTAL COMPANY LIABILITIES	16,454,590	23,778,250	3,402,106	9,640,416	20,972,815
EQUITY -	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(1,532,281)	(20,176,665)	(3,280,582)	(9,399,981)	(20,972,815)
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	14,922,309	3,601,585	121,524	240,435	-
Cash Available as of 8/31/97	7,779,829	3,237,566	121,524	244,256	10,748,569
Class I Payables as of 8/31/97	736,358	131,971	309,930	1,288	94,169
FY 1997 Reconciliation Adjustments	-	-	7,250	-	-
Unencumbered Cash as of 8/31/97	7,043,471	3,105,595	(181,156)	242,968	10,654,400
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium -	-	-	-	-	-
Collections	-	234,445	-	-	-
Collection Expense	-	-	-	-	-
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	-
Agent Balance Expense	-	-	-	-	-
Reinsurance Recovery	137,197	-	-	-	-
Reinsurance Expense	(150,805)	-	-	-	-
Subrogation Recovery	-	-	-	-	-
Subrogation Expense	-	-	-	-	-
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	-	-	-	-
Other Receivable Receipts	-	-	-	-	-
Other Receivable Expenses	-	-	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgment/Settlement Collections	-	-	-	-	-
Judgment Expense	-	-	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	-	-	-	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	-	-	-
Statutory Deposit Receipts	-	-	-	-	-
Statutory Deposit Expense	(380)	-	-	-	-
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
Mortgage Note Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	-	-	-	-	-
Other Asset Sales Expenses	-	-	-	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#301	#313	#329	#375	#392
RECEIVERSHIP NAME	Commercial Standard	Transit Casualty	Dexter Lloyds	First Service LIC	Knickbocker LIC
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	LAH
STATE OF DOMICILE	Texas	Missouri	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/16/1985	12/13/1985	10/1/1986	12/1/1988	5/5/1989
DATE OF CLOSURE	open	open	open	open	3/31/1998
SDR RESPONSIBLE PARTY	D. Baggett	N. Montalvo	In House	J. Gutierrez	M. Gorrell
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	-	-	-	-	-
Furniture, Fixtures & Equipment Expense	-	-	-	-	-
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	(13,988)	234,445	-	-	-
Passive Income	-	-	-	-	-
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	337,440	180,906	-	13,036	-
Early Access Imputed Interest Income	197,511	-	-	-	-
NET INCOME/INCLUDING PASSIVE	520,963	415,351	-	13,036	-
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(3,082)	(140,125)	(13,546)	-	-
SDR Fees	(380)	-	-	-	-
SDR Subcontractor Fees	(440)	-	-	-	-
Other Covered Claims	(3,961)	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(24,174)	-	-	-	-
SDR Subcontractor Fees	(935)	-	-	-	-
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	54,917	987,331	50,000	-	-
Covered Claims Paid - G/A	(54,917)	(987,331)	(50,000)	-	-
Early Access -G/A	(2,500,018)	-	-	-	-
Non-Covered Claims Paid/	-	-	-	-	-
Receivership Distribution	-	-	-	(739)	(10,571,145)
TOTAL CLAIMS EXPENSES	(2,532,990)	(140,125)	(13,546)	(739)	(10,571,145)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(3,102)	(2,787)	-	(3,010)	-
Building/Utilities	-	-	-	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	-	-	-
Employee - Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/Inventory/Storage/Moving	-	-	-	-	-
Mailing/Printing/Postage/Publication	(407)	(489)	-	-	-
Office Supplies/Miscellaneous	-	(15)	-	-	-
Telephone	(103)	(66)	-	-	-
Receivership Allocation	(11,637)	(8,441)	-	(10,790)	(2,241)
CLASS I GENERAL ADMIN. EXPENSES	(15,249)	(11,798)	-	(13,800)	(2,241)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/	-	-	-	-	-
Federal Income Tax Services	(2,865)	-	-	-	(4,500)
Consulting Fees/Services	-	-	-	-	-
Legal Fees/Services	(8,033)	(27,300)	-	(1,944)	(18,882)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(10,898)	(27,300)	-	(1,944)	(23,382)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#301	#313	#329	#375	#392
RECEIVERSHIP NAME	Commercial Standard	Transit Casualty	Dexter Lloyds	First Service LIC	Knickbocker LIC
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	LAH
STATE OF DOMICILE	Texas	Missouri	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/16/1985	12/13/1985	10/1/1986	12/1/1988	5/5/1989
DATE OF CLOSURE	open	open	open	open	3/31/1998
SDR RESPONSIBLE PARTY	D. Baggett	N. Montalvo	In House	J. Gutierrez	M. Gorrell
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(19,284)	(10,444)	-	-	(57,632)
SDR Accounting	(18,584)	(4,340)	-	-	-
SDR Special Services	(1,635)	-	-	-	-
SDR Legal Services	-	-	-	-	-
CLASS I SDR ADMIN. EXPENSES	(39,503)	(14,784)	-	-	(57,632)
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(65,650)	(53,882)	-	(15,744)	(83,255)
NET INC(DEC) to Receivership Cash	(2,077,677)	221,344	(13,546)	(3,448)	(10,654,400)
CLASS I PAYABLES AS OF 8/31/98	713,376	274,643	323,476	898	0
FY 1998 RECONCILIATION ADJUSTMENTS	-	-	(7,250)	-	-
CASH AVAILABLE AS OF 8/31/98	5,679,170	3,601,582	121,524	240,419	0

RECEIVERSHIP NUMBER	#417	#423	#433	#447	#450
RECEIVERSHIP NAME	Title USA Equitable	American	Lloyds US Guardian	American Indemnity Assn. P&C	Texas Employers P&C
LINES OF INSURANCE	Title	LAH	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	10/19/1989	11/17/1989	5/16/1990	10/18/1990	2/1/1991
DATE OF CLOSURE	open	6/5/1998	9/9/1997	open	open
SDR RESPONSIBLE PARTY	E. Engleking	H. Sivley	E. Garza	C. Koenig	J. Howard
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	40,211	-	38,421	21,938	106,661
TX TREASURY ACCOUNT	11,913,019	-	3,-75,717	5,435,284	5,239,450
COURT APPROVED DEPOSITS	-	-	-	-	5,824
EARLY ACCESS/TX GA	-	-	-	-	183,330,048
EARLY ACCESS/OTHER GAs	-	-	-	-	-
TOTAL CASH ASSETS	11,953,230	-	3,114,138	5,457,221	188,681,983
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED RECEIVABLE	-	-	-	(480,262)	1,101,053
PREMIUMS	-	-	-	1,476,727	6,013,522
AGENT BALANCES	-	-	-	1,716,180	-
REINSURANCE	-	-	-	-	37,173,478
SUBROGATION	-	-	-	21,000	-
OTHER	14,770	-	-	-	2,012,891
ALLOWANCE FOR RECOVERY	-	-	-	(2,751,411)	(38,483,621)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	-	-	-	-
REAL ESTATE	536,000	-	-	-	-
MORTGAGES/NOTES	-	-	-	-	-
OTHER	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	-	-	-	-	-
COMPUTERS/SOFTWARE	-	-	-	-	-
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
TOTAL ASSETS/FOR RECOVERY	550,770	-	-	(17,766)	7,817,323

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#417	#423	#433	#447	#450
RECEIVERSHIP NAME	Title USA	American	Lloyds US	American	Texas
LINES OF INSURANCE	Equitable	LAH	Guardian	Indemnity Assn.	Employers
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	10/19/1989	11/17/1989	5/16/1990	10/18/1990	2/1/1991
DATE OF CLOSURE	open	6/5/1998	9/9/1997	open	open
SDR RESPONSIBLE PARTY	E. Engleking	H. Sivley	E. Garza	C. Koenig	J. Howard
TOTAL ASSETS	12,504,000	-	3,114,138	5,439,456	196,499,306
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	-	-	5,324	7,133	-
CLASS II CLAIMS RESERVES - GA	-	-	5,217	184,589	317,191,486
CLASS II CLAIMS RESERVES - NON-GA	-	-	-	-	-
OTHER LIABILITIES	-	-	-	-	-
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	1,917	-	10,108	4,824	84,766
SDR SUB-CONTRACTORS	1,405	-	2,363	1,013	68,134
RECEIVERS ALLOCATION	-	-	2,032	1,132	5,762
GA-CLAIMS EXPENSE	117,731	-	106,891	3,5-3	3,739,571
OTHER CLASS I	-	-	-	94	-
TOTAL CLASS I CREDITORS	121,053	-	121,395	10,566	3,898,233
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	27,206,017	125,074	6,119,398	276,377	13,279,711
GA - PH CLAIMS PAID	11,223,325	5,543,078	6,434,659	22,342,287	236,617,875
OTHER CLASS II	-	-	-	-	-
TOTAL CLASS II CREDITORS	38,429,342	5,668,152	12,554,057	22,618,664	249,897,586
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	80,557	18,211
GENERAL CREDITORS	14,217,893	10,765,629	2,838,337	560,098	1,064,683
REINSURANCE PAYABLE	-	-	3,616,208	-	132,567
OTHER CLASS III	-	-	-	-	59,736,070
TOTAL CLASS III CREDITORS	14,217,893	10,765,629	6,454,545	640,655	6-,951,531
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	-	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	900,000	-	-
TOTAL CLASS IV CREDITORS	-	-	900,000	-	-
TOTAL COMPANY LIABILITIES	52,768,288	16,433,781	20,040,538	23,461,607	631,938,836
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(40,264,288)	(16,433,781)	(16,926,400)	(18,022,151)	(435,439,530)
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	12,504,000	-	3,114,138	5,439,456	196,499,306
Cash Available as of 8/31/97	11,622,935	4,128,677	3,114,138	11,652,003	57,612,164
Class I Payables as of 8/31/97	123,858	59,376	121,395	306,053	3,544,121
FY 1997 Reconciliation Adjustments	-	(241)	(248,698)	-	-
Unencumbered Cash as of 8/31/97	11,499,077	4,069,301	2,992,502	11,097,252	54,068,043
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	-	10,950	1,509,152
Collection Expense	-	-	-	(5,441)	(406,576)
Litigation Expense	-	-	-	(5,781)	(89,493)
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	13,750	-
Agent Balance Expense	-	-	-	(50,064)	-
Reinsurance Recovery	-	-	-	-	1,049,408
Reinsurance Expense	-	-	-	(661)	(256,397)
Subrogation Recovery	-	-	-	9,750	100,000
Subrogation Expense	-	-	-	(348)	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#417	#423	#433	#447	#450
RECEIVERSHIP NAME	Title USA Equitable	American LAH	Lloyds US Guardian P&C	American Indemnity Assn. P&C	Texas Employers P&C
LINES OF INSURANCE	Title	LAH	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	10/19/1989	11/17/1989	5/16/1990	10/18/1990	2/1/1991
DATE OF CLOSURE	open	6/5/1998	9/9/1997	open	open
SDR RESPONSIBLE PARTY	E. Engleking	H. Sivley	E. Garza	C. Koenig	J. Howard
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	-	-	-	-
Other Receivable Receipts	-	-	-	-	7,073
Other Receivable Expenses	-	-	(44)	-	(103,080)
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgment/Settlement Collections	-	-	-	-	10,812
Judgment Expense	-	-	(40)	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	-	-	-	(418,965)
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	-	-	-
Statutory Deposit Receipts	-	-	-	-	-
Statutory Deposit Expense	-	-	-	-	-
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	(1,783)	-	-	-	-
Mortgage Note Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	6,487	-	9,176	-	-
Other Asset Sales Expenses	(64)	-	(40)	(1,742)	-
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	-	-	-	-	-
Furniture, Fixtures & Equipment Expense	-	-	-	-	-
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	4,640	-	9,052	(29,587)	1,401,934
Passive Income	-	-	-	-	-
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	379,482	47,333	94,433	477,705	2,608,641
Early Access Imputed Interest Income	-	-	-	-	-
NET INCOME/INCLUDING PASSIVE	384,123	47,333	103,485	448,118	4,010,575
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(6,544)	45,470	(10,794)	21,931	(1,779,633)
SDR Fees	(638)	-	-	-	(428,446)
SDR Subcontractor Fees	-	-	(3,797)	-	(133,128)
Other Covered Claims	-	-	-	-	(34,898)
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	-	-	(9,809)	(29,730)	(8,000)
SDR Subcontractor Fees	-	-	(1,667)	(2,930)	-
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	-	-	4,000	164,627	15,501,143
Covered Claims Paid - G/A	-	-	(4,000)	(164,627)	(14,130,547)
Early Access -G/A	-	-	-	(7,000,000)	(55,000,000)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#417	#423	#433	#447	#450
RECEIVERSHIP NAME	Title USA	American	Lloyds US	American	Texas
LINES OF INSURANCE	Equitable	LAH	Guardian	Indemnity Assn.	Employers
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	10/19/1989	11/17/1989	5/16/1990	10/18/1990	2/1/1991
DATE OF CLOSURE	open	6/5/1998	9/9/1997	open	open
SDR RESPONSIBLE PARTY	E. Engleking	H. Sivley	E. Garza	C. Koenig	J. Howard
Non-Covered Claims Paid/Receivership Distribution	-	(4,148,877)	-	-	-
TOTAL CLAIMS EXPENSES	(7,181)	(4,103,407)	(26,067)	(7,010,729)	(56,013,509)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(1,832)	(1,030)	(2,725)	(3,229)	(13,440)
Building/Utilities	-	-	-	-	(28,212)
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	-	-	-
Employee - Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/	-	-	-	-	-
Inventory/Storage/Moving	3,111	-	-	-	(219,514)
Mailing/Printing/Postage/Publication	(648)	(350)	(80)	(22)	(5,160)
Office Supplies/Miscellaneous	-	-	-	(2)	(4,513)
Telephone	(161)	-	(57)	(35)	-
Receivership Allocation	(16,564)	(1,457)	(14,986)	(14,452)	(71,100)
CLASS I GENERAL ADMIN. EXPENSES	(16,095)	(2,837)	(17,847)	(17,741)	(341,939)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/	-	-	-	-	-
Federal Income Tax Service	(9,520)	(3,695)	(1,200)	(1,300)	(1,235)
Consulting Fees/Services	-	(2,746)	-	-	-
Legal Fees/Services	(4,424)	-	(6,589)	(7,207)	(43,564)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(13,944)	(6,441)	(7,789)	(8,507)	(44,799)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(13,804)	(2,880)	(32,426)	(37,330)	(109,996)
SDR Accounting	-	-	(13,000)	(17,112)	(59,009)
SDR Special Services	-	-	-	-	(55,664)
SDR Legal Services	-	(1,072)	-	-	-
CLASS I SDR ADMIN. EXPENSES	(13,804)	(3,952)	(45,426)	(54,443)	(224,669)
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(43,842)	(13,230)	(71,062)	(80,690)	(611,407)
NET INC(DEC) to Receivership Cash	333,099	(4,069,304)	6,357	(6,643,300)	(52,614,341)
CLASS I PAYABLES AS OF 8/31/98	121,053	0	121,395	10,566	3,898,233
FY 1998 RECONCILIATION ADJUSTMENTS	-	-	-	(6,115)	512,442
CASH AVAILABLE AS OF 8/31/98	11,953,229	(3)	3,114,138	4,976,960	5,351,935

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#453	#456	#457	#459	#461
RECEIVERSHIP NAME	Indemnity Underwriters	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	Texas	Texas	California	Texas	Texas
DATE OF RECEIVERSHIP	3/25/1991	5/16/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	7/2/1998	6/23/1998	open	open	open
SDR RESPONSIBLE PARTY	R. Dennis	D. Humphrey	N. Montalvo	C. Koenig	A. Reyes
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	-	21,579	7,584	38,133	85,275
TX TREASURY ACCOUNT	-	3,950,522	-	5,534,514	2,778,240
COURT APPROVED DEPOSITS	-	-	69,072	-	-
EARLY ACCESS/TX GA	-	-	-	-	-
EARLY ACCESS/OTHER GAS	-	-	-	-	-
TOTAL CASH ASSETS	-	3,972,101	76,656	5,572,647	2,863,515
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	-	-	-	-	-
RECEIVABLE	-	-	-	-	-
PREMIUMS	-	-	-	-	371,575
AGENT BALANCES	-	-	-	-	-
REINSURANCE	-	-	-	-	77,281
SUBROGATION	-	-	-	6,469	3,433
OTHER	-	92,409	-	8,000	342
ALLOWANCE FOR RECOVERY	-	(92,409)	-	(5,444)	(420,084)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	-	-	-	-
REAL ESTATE	-	-	-	-	-
MORTGAGES/NOTES	-	-	-	-	-
OTHER	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	-	-	-	-	-
COMPUTERS/SOFTWARE	-	-	-	-	-
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
TOTAL ASSETS/FOR RECOVERY	-	-	-	9,025	32,547
TOTAL ASSETS	-	3,972,101	76,656	5,581,672	2,896,062
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	-	2,328	-	7,458	1,360,553
CLASS II CLAIMS RESERVES - GA	-	5,000	6,067,752	550,000	3,981,313
CLASS II CLAIMS RESERVES - NON-GA	-	-	-	-	-
OTHER LIABILITIES	-	-	-	8,000	-
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	-	1,198	1,058	145,534	13,817
SDR SUB-CONTRACTORS	-	141	2,878	8,424	1,991
RECEIVERS ALLOCATION	-	1,025	754	2,242	-
GA-CLAIMS EXPENSE	-	385,014	338,405	171,318	717,033
OTHER CLASS I	-	46,784	-	117,574	-
TOTAL CLASS I CREDITORS	-	434,162	343,095	445,092	732,841
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	695,359	931,477	5,015,000	724,215	5,327,974
GA - PH CLAIMS PAID	1,303,871	3,615,193	1,586,781	803,518	-
OTHER CLASS II	-	-	-	3,730,014	124,892
TOTAL CLASS II CREDITORS	1,999,230	4,546,671	6,601,781	5,257,747	5,452,866
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	-	-
GENERAL CREDITORS	109,085	278,222	-	463,606	35,816
REINSURANCE PAYABLE	65,371	166,953	-	-	-
OTHER CLASS III	-	-	-	181,739	1,837,552
TOTAL CLASS III CREDITORS	174,456	445,175	-	645,345	1,873,368

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#453	#456	#457	#459	#461
RECEIVERSHIP NAME	Indemnity	Equity American	Western	International	Sir Lloyds
LINES OF INSURANCE	P&C	Lloyds	Employers	Service	
STATE OF DOMICILE	Texas	Texas	California	Texas	Texas
DATE OF RECEIVERSHIP	3/25/1991	5/16/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	7/2/1998	6/23/1998	open	open	open
SDR RESPONSIBLE PARTY	R. Dennis	D. Humphrey	N. Montalvo	C. Koenig	A. Reyes
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	-	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	-	-	-
TOTAL CLASS IV CREDITORS	-	-	-	-	-
TOTAL COMPANY LIABILITIES	2,173,687	5,433,335	13,012,628	6,913,643	13,400,941
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(2,173,687)	(1,461,234)	(12,935,972)	(1,331,971)	(10,504,879)
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	-	3,972,101	76,656	5,581,672	2,896,062
Cash Available as of 8/31/97	1,264,283	3,919,270	95,779	4,519,562	2,931,661
Class I Payables as of 8/31/97	327,426	440,874	265,548	666,189	689,982
FY 1997 Reconciliation Adjustments	-	-	165,528	-	-
Unencumbered Cash as of 8/31/97	936,857	3,478,396	(169,769)	4,018,901	2,241,679
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	-	-	-
Collection Expense	-	-	-	-	(16,250)
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	-
Agent Balance Expense	-	-	-	(634)	-
Reinsurance Recovery	35,876	-	-	397,435	1,607
Reinsurance Expense	(3,045)	-	-	(12,716)	(69,360)
Subrogation Recovery	-	-	-	3,000	-
Subrogation Expense	-	-	-	(4,280)	(14,970)
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	-	-	-	-
Other Receivable Receipts	-	-	-	-	-
Other Receivable Expenses	-	-	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgment/Settlement Collections	-	-	-	-	-
Judgment Expense	-	-	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	-	-	-	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	-	-	-
Statutory Deposit Receipts	-	-	-	-	-
Statutory Deposit Expense	-	-	-	-	-
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
Mortgage Note Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	-	-	-	547,165	-
Other Asset Sales Expenses	-	-	-	(5,952)	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#453	#456	#457	#459	#461
RECEIVERSHIP NAME	Indemnity Underwriters	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	Texas	Texas	California	Texas	Texas
DATE OF RECEIVERSHIP	3/25/1991	5/16/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	7/2/1998	6/23/1998	open	open	open
SDR RESPONSIBLE PARTY	R. Dennis	D. Humphrey	N. Montalvo	C. Koenig	A. Reyes
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	-	-	-	-	-
Furniture, Fixtures & Equipment Expense	-	-	-	-	-
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	32,831	-	-	924,017	(98,973)
Passive Income	-	-	-	-	-
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	37,443	73,518	3,150	236,953	157,641
Early Access Imputed Interest Income	-	-	-	-	-
NET INCOME/INCLUDING PASSIVE	70,274	73,518	3,150	1,160,970	58,668
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(1,396)	(1,618)	(73,748)	(12,734)	(49,032)
SDR Fees	-	-	-	-	(34,868)
SDR Subcontractor Fees	-	-	-	-	(23)
Other Covered Claims	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	-	-	(451)	(28,763)	-
SDR Subcontractor Fees	(1,774)	-	-	(4,988)	-
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	1,300	-	160,853	80,381	160,497
Covered Claims Paid - G/A	(1,300)	-	(160,853)	(80,381)	(160,497)
Early Access -G/A	-	-	-	-	-
Non-Covered Claims Paid/	-	-	-	-	-
Receivership Distribution	(970,962)	-	-	-	-
TOTAL CLAIMS EXPENSES	(974,132)	(1,618)	(74,199)	(46,485)	(83,923)
CLASS I GENERAL ADMINISTRATION EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(2,153)	(1,013)	(36)	(2,495)	(3,053)
Building/Utilities	-	-	-	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	-	-	-
Employee - Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/Inventory/Storage/Moving	-	-	-	-	-
Mailing/Printing/Postage/Publication	-	-	(555)	(148)	-
Office Supplies/Miscellaneous	-	-	-	(129,889)	(435)
Telephone	-	-	(45)	(73)	(636)
Receivership Allocation	(5,643)	(3,698)	(7,814)	(21,557)	(12,875)
CLASS I GENERAL ADMIN. EXPENSES	(7,796)	(4,711)	(8,450)	(154,162)	(16,999)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/	-	-	-	-	-
Federal Income Tax Services	(8,744)	(440)	-	(2,113)	(19,907)
Consulting Fees/Services	(2,452)	-	-	-	-
Legal Fees/Services	(8,049)	(1,505)	(9,145)	(11,806)	-
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(19,245)	(1,945)	(9,145)	(13,918)	(19,907)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#453	#456	#457	#459	#461
RECEIVERSHIP NAME	Indemnity Underwriters	Equity American Lloyd's	Western Employers	International Service	Sir Lloyd's
LINES OF INSURANCE	P&C	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	California	Texas	Texas
DATE OF RECEIVERSHIP	3/25/1991	5/16/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	7/2/1998	6/23/1998	open	open	open
SDR RESPONSIBLE PARTY	R. Dennis	D. Humphrey	N. Montalvo	C. Koenig	A. Reyes
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(5,969)	(3,944)	(4,793)	(25,721)	(41,487)
SDR Accounting	-	(1,758)	(3,240)	(19,695)	-
SDR Special Services	-	-	-	-	-
SDR Legal Services	-	-	-	(6,189)	(7,372)
CLASS I SDR ADMIN. EXPENSES	(5,969)	(5,702)	(8,033)	(51,605)	(48,859)
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(33,011)	(12,357)	(25,628)	(219,685)	(85,765)
NET INC(DEC) to Receivership Cash	(936,869)	59,543	(96,677)	894,801	(111,020)
CLASS I PAYABLES AS OF 8/31/98	0	434,162	343,095	445,092	732,841
FY 1998 RECONCILIATION ADJUSTMENTS	-	-	-	-	213,854
CASH AVAILABLE AS OF 8/31/98	(12)	3,972,101	76,649	5,572,647	2,863,500

RECEIVERSHIP NUMBER	#462	#465	#466	#468	#473
RECEIVERSHIP NAME	Standard Financial	Comco Insurance	Texas Employers Insurance 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	9/10/1991	10/16/1991	10/31/1991	1/31/1992	7/21/1992
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	81,805	52,985	45,979	12,715	90,671
TX TREASURY ACCOUNT	4,399,890	12,553,688	932,161	414,588	15,466,710
COURT APPROVED DEPOSITS	-	-	-	-	-
EARLY ACCESS/TX GA	-	-	5,251,114	1,184,521	2,721,400
EARLY ACCESS/OTHER GAS	-	-	-	-	-
TOTAL CASH ASSETS	4,481,695	12,606,673	6,229,254	1,611,825	18,278,781
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	-	-	-	-	-
RECEIVABLE	-	-	-	-	-
PREMIUMS	5,602,567	-	-	434,174	-
AGENT BALANCES	-	270,224	-	-	-
REINSURANCE	569,140	-	-	-	-
SUBROGATION	327,585	-	138,308	-	2,464,593
OTHER	-	1,497,823	-	-	-
ALLOWANCE FOR RECOVERY	(5,671,003)	(1,305,716)	(138,308)	-	(2,464,593)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	-	-	-	-
REAL ESTATE	-	-	-	-	-
MORTGAGES/NOTES	-	-	-	-	-
OTHER	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	-	-	-	-	7,000
COMPUTERS/SOFTWARE	-	-	-	-	3,000
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#462	#465	#466	#468	#473
RECEIVERSHIP NAME	Standard	Comco	Texas Employers	Bell	Members
LINES OF INSURANCE	Financial	Insurance	Insurance Co.	Indemnity	Insurance
STATE OF DOMICILE	P&C	P&C	P&C	P&C	P&C
DATE OF RECEIVERSHIP	Texas	Texas	Texas	Texas	Texas
DATE OF CLOSURE	9/10/1991	10/16/1991	10/31/1991	1/31/1992	7/21/1992
SDR RESPONSIBLE PARTY	open	open	open	open	open
TOTAL ASSETS/FOR RECOVERY	A. Reyes	D. Humphrey	D. Baggett	R. Harris	L. Jaynes
TOTAL ASSETS/FOR RECOVERY	828,289	462,331	0	434,174	10,000
TOTAL ASSETS	5,309,984	13,069,004	6,229,254	2,045,999	18,288,781
COMPANY LIABILITIES					
CLASS I RESERVES 0 GA	7,997,494	1,595,786	-	-	-
CLASS II CLAIMS RESERVES 0 GA	8,824,724	199,049	2,677,227	242,819	-
CLASS II CLAIMS RESERVES 0 NON0GA	-	-	5,866,905	-	-
OTHER LIABILITIES	23,906	3,798,033	-	-	-
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	16,258	3,278	2,071	3,800	4,156
SDR SUBCONTRACTORS	1,951	17	500	2,079	616
RECEIVERS ALLOCATION	-	1,795	897	809	5,228
GAOCLAIMS EXPENSE	1,297,623	59,127	292,648	250,890	498,134
OTHER CLASS I	-	4,408,234	-	-	13,500
TOTAL CLASS I CREDITORS	1,315,832	4,472,449	296,116	257,578	521,634
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	9,133,599	388,082	-	-	-
GA 0 PH CLAIMS PAID	-	3,125,098	2,082,190	820,751	4,293,197
OTHER CLASS II	-	6,927,332	-	-	4,735,041
TOTAL CLASS II CREDITORS	9,133,599	10,440,512	2,082,190	820,751	9,028,238
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	-	-
GENERAL CREDITORS	21,285	1,610,092	-	14,761	1,692,294
REINSURANCE PAYABLE	-	-	-	-	-
OTHER CLASS III	4,160,985	-	-	1,706,623	-
TOTAL CLASS III CREDITORS	4,182,270	1,610,092	0	1,721,383	1,692,294
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	-	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	-	-	-
TOTAL CLASS IV CREDITORS	-	-	-	-	-
TOTAL COMPANY LIABILITIES	31,477,825	22,115,921	10,922,438	3,042,531	11,242,166
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(26,167,841)	(9,046,918)	(4,693,184)	(996,532)	7,046,615
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	5,309,984	13,069,004	6,229,254	2,045,999	18,288,781
Cash Available as of 8/31/97	4,495,668	11,818,357	1,451,441	446,129	15,173,096
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	-
Unencumbered Cash as of 8/31/97	3,244,523	7,083,345	1,169,387	189,214	14,889,663
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	10,000	-	-	-	-
Collection Expense	(21,569)	-	-	-	-
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	-
Agent Balance Expense	-	-	-	-	-
Reinsurance Recovery	503	1,000	-	-	500
Reinsurance Expense	(71,122)	-	(285)	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#462	#465	#466	#468	#473
RECEIVERSHIP NAME	Standard	Comco	Texas Employers	Bell	Members
LINES OF INSURANCE	Financial	Insurance	Insurance Co.	Indemnity	Insurance
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	9/10/1991	10/16/1991	10/31/1991	1/31/1992	7/21/1992
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	A. Reyes	D. Humphrey	D. Baggett	R. Harris	L. Jaynes
Subrogation Recovery	-	-	-	-	162,969
Subrogation Expense	(15,256)	-	(434)	-	(46,132)
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	-	-	-	-
Other Receivable Receipts	-	-	-	-	50
Other Receivable Expenses	-	-	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgment/Settlement Collections	-	-	-	-	-
Judgment Expense	-	-	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	(1,274)	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	-	-	-	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	(551)	-	-	-
Statutory Deposit Receipts	-	177,750	-	-	-
Statutory Deposit Expense	-	(2,841)	-	-	-
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
Mortgage Note Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	-	-	-	-	-
Other Asset Sales Expenses	(2,475)	(6,188)	-	-	-
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	-	-	-	-	-
Furniture, Fixtures & Equipment Expense	-	-	-	-	-
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	(101,193)	169,170	(719)	-	117,387
Passive Income	-	-	-	-	-
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	247,032	676,382	101,139	19,879	857,363
Early Access Imputed Interest Income	-	-	-	-	-
NET INCOME/INCLUDING PASSIVE	145,839	845,552	100,420	19,879	974,750
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(74,899)	263,153	(27,374)	(740)	(11,339)
SDR Fees	(34,674)	-	(1,329)	-	-
SDR Subcontractor Fees	(14)	-	(1,045)	(816)	-
Other Covered Claims	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(19,759)	-	-	-	(13,600)
SDR Subcontractor Fees	-	-	-	-	(23,010)
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded 0 G/A	(118,463)	76,784	161,493	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#462	#465	#466	#468	#473
RECEIVERSHIP NAME	Standard	Comco	Texas Employers	Bell	Members
	Financial	Insurance	Insurance Co.	Indemnity	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	9/10/1991	10/16/1991	10/31/1991	1/31/1992	7/21/1992
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	A. Reyes	D. Humphrey	D. Baggett	R. Harris	L. Jaynes
Covered Claims Paid 0 G/A	118,463	(76,784)	(161,493)	43,241	6,750
Early Access 0G/A	-	-	1,186,060	(42,502)	-
Non0Covered Claims Paid/ Receivership Distribution	-	-	(1,670,017)	-	(451,000)
TOTAL CLAIMS EXPENSES	(129,346)	263,153	(513,705)	(816)	(492,199)
CLASS I GENERAL ADMIN. EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(3,053)	(3,218)	(3,140)	(2,575)	(9,010)
Building/Utilities	-	-	-	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	-	-	-
Employee 0 Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/Inventory/Storage/Moving	-	-	-	-	(326)
Mailing/Printing/Postage/Publication	-	-	(27)	-	-
Office Supplies/Miscellaneous	(403)	(465)	(76)	-	(1,200)
Telephone	(505)	-	(23)	-	-
Receivership Allocation	(12,083)	(21,436)	(15,251)	(9,454)	(65,126)
CLASS I GENERAL ADMIN. EXPENSES	(16,044)	(25,119)	(18,517)	(12,029)	(75,662)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/ Federal Income Tax Services	(17,758)	(8,600)	(3,456)	(1,500)	(16,200)
Consulting Fees/Services	-	(73)	-	-	-
Legal Fees/Services	-	(944)	(7,998)	(12,959)	-
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(17,758)	(9,617)	(11,454)	(14,459)	(16,200)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(51,591)	(16,818)	(23,050)	(12,100)	(33,163)
SDR Accounting	-	(6,271)	(16,493)	(5,040)	-
SDR Special Services	-	-	(4,563)	-	-
SDR Legal Services	(9,780)	-	-	-	-
CLASS I SDR ADMIN. EXPENSES	(61,371)	(23,089)	(44,106)	(17,140)	(33,163)
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(95,173)	(57,825)	(74,077)	(43,628)	(125,025)
NET INC(DEC) to Receivership Cash	(78,680)	1,050,880	(487,362)	(24,566)	357,526
CLASS I PAYABLES AS OF 8/31/98	1,315,832	4,472,449	296,116	257,578	521,634
FY 1998 RECONCILIATION ADJUSTMENTS	-	-	-	5,078	(211,442)
CASH AVAILABLE AS OF 8/31/98	4,481,675	12,606,674	978,141	427,304	15,557,381

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#479	#480	#481	#485	#487
RECEIVERSHIP NAME	Guaranty County Mutual	Underwriters Lloyds	Western Lloyds Insurance Co.	Eagle Insurance Co.	Employers Casualty Co.
LINES OF INSURANCE	P&C	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	4/8/1993	4/15/1993	4/22/1993	10/18/1993	1/6/1994
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	C. Jones	M. Dillon	E. Garza	J. Webb
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	3,744	11,624	63,021	36,990	856,082
TX TREASURY ACCOUNT	7,711,626	669,520	6,112,086	1,696,105	52,487,727
COURT APPROVED DEPOSITS	-	-	-	-	21,594,519
EARLY ACCESS/TX GA	-	-	-	-	66,315,859
EARLY ACCESS/OTHER GAs	-	-	-	-	40,139,571
TOTAL CASH ASSETS	7,715,370	681,144	6,175,107	1,733,095	181,393,758
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	-	-	-	-	(3,149,940)
RECEIVABLE	-	-	-	-	-
PREMIUMS	6,525,581	-	-	-	25,973,303
AGENT BALANCES	4,507,827	919,523	7,102	5,931	-
REINSURANCE	6,981,375	3,204,677	103,844	2,486,222	6,737,641
SUBROGATION	76,850	-	42,235	2,328,879	4,506,556
OTHER	26,345	60,068	-	-	8,606,766
ALLOWANCE FOR RECOVERY	(17,985,099)	(190,000)	-	(4,813,121)	(27,001,164)
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	-	1,250	-	-
REAL ESTATE	-	-	-	-	-
MORTGAGES/NOTES	-	-	-	-	492,278
OTHER	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	42,226	-	745	-	36,963
COMPUTERS/SOFTWARE	-	-	-	-	-
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	(39,277)	-	-	-	-
TOTAL ASSETS/FOR RECOVERY	135,828	3,994,268	155,176	7,911	16,202,403
TOTAL ASSETS	7,851,198	4,675,412	6,330,283	1,741,006	197,596,161
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	81,312	20,428	-	5,918	-
CLASS II CLAIMS RESERVES - GA	413,033	103,500	-	15,000	122,421,354
CLASS II CLAIMS RESERVES - NON-GA	476,229	(310,434)	-	192,910	43,656,413
OTHER LIABILITIES	-	-	-	-	50,568,813
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	15,973	449	5,093	3,256	58,247
SDR SUB-CONTRACTORS	13,629	12,548	825	7,833	60,735
RECEIVERS ALLOCATION	3,449	-	7,130	986	6,053
GA-CLAIMS EXPENSE	5,096,647	338,025	301,875	860,857	19,786,265
OTHER CLASS I	421	58,500	224,840	-	-
TOTAL CLASS I CREDITORS	5,130,119	409,522	539,763	872,932	19,911,300
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	2,074,836	206,346	42,390	12,204,936	12,534,802
GA - PH CLAIMS PAID	19,360,530	3,813,745	2,830,381	1,730,494	59,928,475
OTHER CLASS II	-	-	-	-	-
TOTAL CLASS II CREDITORS	21,435,366	4,020,091	2,872,771	13,935,430	72,463,277
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	-	-
GENERAL CREDITORS	-	-	145,553	585,139	587,239
REINSURANCE PAYABLE	-	1,096,561	18,510,483	-	-
OTHER CLASS III	-	915,959	-	-	-
TOTAL CLASS III CREDITORS	-	2,012,520	18,656,036	585,139	587,239

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements
and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#479	#480	#481	#485	#487
RECEIVERSHIP NAME	Guaranty County	Underwriters	Western Lloyds	Eagle	Employers
LINES OF INSURANCE	Mutual	Lloyds	Insurance Co.	Insurance	Casualty Co.
STATE OF DOMICILE	P&C	P&C	P&C	P&C	P&C
DATE OF RECEIVERSHIP	Texas	Texas	Texas	Texas	Texas
DATE OF CLOSURE	4/8/1993	4/15/1993	4/22/1993	10/18/1993	1/6/1994
SDR RESPONSIBLE PARTY	open	open	open	open	open
CLASS IV CREDITORS	R. Price	C. Jones	M. Dillon	E. Garza	J. Webb
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	500,000	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	-	-	-
TOTAL CLASS IV CREDITORS	-	500,000	-	-	-
TOTAL COMPANY LIABILITIES	27,536,059	6,755,627	22,068,570	15,607,328	309,608,396
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(19,684,861)	(2,080,215)	(15,738,287)	(13,866,322)	(112,012,235)
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	7,851,198	4,675,412	6,330,283	1,741,006	197,596,161
Cash Available as of 8/31/97	7,378,252	871,558	5,956,365	1,841,960	81,144,658
Class I Payables as of 8/31/97	4,944,136	446,788	540,876	843,335	17,371,551
FY 1997 Reconciliation Adjustments	-	-	-	(1)	3,003,691
Unencumbered Cash as of 8/31/97	2,434,116	424,770	5,415,489	998,624	66,776,798
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	1,347	-	1,232,381
Collection Expense	-	-	-	-	(395,864)
Litigation Expense	-	-	-	-	(76,238)
Receivable	-	-	-	-	-
Agents Balance Receipts	397,848	-	1,527	-	-
Agent Balance Expense	(192,795)	-	(10,522)	-	-
Reinsurance Recovery	1,000	-	-	17,287	1,806,323
Reinsurance Expense	(21,370)	-	(1,818)	(115,370)	(130,751)
Subrogation Recovery	2,113	-	1,250	21,538	381,674
Subrogation Expense	(2,385)	-	-	(35,060)	(54,651)
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	(121,970)	-	-	-
Other Receivable Receipts	-	-	-	-	447,615
Other Receivable Expenses	-	-	-	(1,162)	(99,628)
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgment/Settlement Collections	-	-	-	-	5,000
Judgment Expense	-	-	-	-	(1,250)
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	-	-	-	(26,256)
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	-	-	(40,974)
Statutory Deposit Receipts	-	-	-	-	1,468,750
Statutory Deposit Expense	-	-	-	-	(121,442)
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
Mortgage Note Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	35,751
Subsidiary Affiliated Expense	-	-	-	-	(414)
Other Asset Receipts	-	185	359	-	70,953
Other Asset Sales Expenses	-	-	(1,588)	-	(56,559)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements
and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#479	#480	#481	#485	#487
RECEIVERSHIP NAME	Guaranty County Mutual	Underwriters Lloyds	Western Lloyds Insurance Co.	Eagle Insurance Co.	Employers Casualty Co.
LINES OF INSURANCE	P&C	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	4/8/1993	4/15/1993	4/22/1993	10/18/1993	1/6/1994
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	C. Jones	M. Dillon	E. Garza	J. Webb
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	168	-	-	-	54,127
Furniture, Fixtures & Equipment Expense	(185)	-	-	-	-
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	184,394	(121,785)	(9,445)	(112,766)	4,498,547
Passive Income	-	-	-	-	-
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	415,920	45,037	333,636	95,343	2,884,356
Early Access Imputed Interest Income	-	-	-	-	1,054,081
NET INCOME/INCLUDING PASSIVE	600,314	(76,748)	324,191	(17,423)	8,436,984
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(176,319)	-	(4,613)	(40,701)	(2,599,952)
SDR Fees	(13,074)	(5,676)	(15,058)	-	(96,059)
SDR Subcontractor Fees	-	(1,962)	(7,761)	-	(39,250)
Other Covered Claims	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(149,145)	-	-	(4,297)	(172,580)
SDR Subcontractor Fees	(1,362)	-	-	(4,378)	(101,325)
Other Non Covered Claims	(442)	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	221,068	-	-	122,660	7,523,514
Covered Claims Paid - G/A	(221,068)	-	-	(122,660)	(7,523,514)
Early Access -G/A	-	-	-	-	(19,132,730)
Non-Covered Claims Paid/	-	-	-	-	-
Receivership Distribution	-	-	-	-	-
TOTAL CLAIMS EXPENSES	(340,342)	(7,638)	(27,432)	(49,376)	(22,141,896)
CLASS I GENERAL ADMIN. EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(3,575)	(3,438)	(3,011)	(3,115)	(11,759)
Building/Utilities	-	-	(126)	-	(130,776)
Contract/Employee	-	-	-	-	(42,652)
Equipment/Lease/Maintenance	-	-	-	-	(287,669)
Employee - Payroll, PRTax, Benefits	-	-	(120)	-	(120,365)
Equipment Lease/Inventory/Storage/Moving	(80)	-	(298)	-	(14,061)
Mailing/Printing/Postage/Publication	(3,265)	(108)	(473)	(194)	(15,849)
Office Supplies/Miscellaneous	-	-	(131)	-	(27,555)
Telephone	(919)	-	(1,506)	(34)	(11,178)
Receivership Allocation	(48,880)	(11,364)	(19,717)	(31,823)	(91,675)
CLASS I GENERAL ADMIN. EXPENSES	(56,719)	(14,910)	(25,382)	(35,166)	(753,539)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/	-	-	-	-	-
Federal Income Tax Services	(23,809)	(10,750)	(3,791)	(3,100)	(16,083)
Consulting Fees/Services	-	-	-	-	(41,652)
Legal Fees/Services	-	(12,732)	(5,516)	(6,328)	(23,923)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(23,809)	(23,482)	(9,307)	(9,428)	(81,658)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#479	#480	#481	#485	#487
RECEIVERSHIP NAME	Guaranty County Mutual	Underwriters Lloyds	Western Lloyds Insurance Co.	Eagle Insurance	Employers Casualty Co.
LINES OF INSURANCE	P&C	P&C	P&C	P&C	P&C
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	4/8/1993	4/15/1993	4/22/1993	10/18/1993	1/6/1994
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	C. Jones	M. Dillon	E. Garza	J. Webb
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(20,960)	(26,610)	(53,037)	(27,071)	(162,560)
SDR Accounting	-	-	(90)	-	(96,324)
SDR Special Services	-	-	-	-	-
SDR Legal Services	(7,349)	-	-	-	(39,461)
CLASS I SDR ADMIN. EXPENSES	(28,309)	(26,610)	(53,127)	(27,071)	(298,345)
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(108,837)	(65,002)	(87,816)	(71,665)	(1,133,542)
NET INC(DEC) to Receivership Cash	151,135	(149,388)	208,943	(138,464)	(14,838,454)
CLASS I PAYABLES AS OF 8/31/98	5,130,119	409,522	539,763	872,932	19,911,300
FY 1998 RECONCILIATION ADJUSTMENTS	-	(3,760)	10,912	3	(61,256)
CASH AVAILABLE AS OF 8/31/98	7,715,370	681,144	6,175,107	1,733,095	71,788,388

RECEIVERSHIP NUMBER	#488	#489	#490	#492	#493
RECEIVERSHIP NAME	General Aviation	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life
LINES OF INSURANCE	P&C	P&C	P&C	P&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/11/1994	2/11/1994	2/11/1994	3/13/1996	10/23/1996
DATE OF CLOSURE	9/29/1997	open	open	open	open
SDR RESPONSIBLE PARTY	L. Corson	J. Webb	J. Webb	J. Gutierrez	J. Webb
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	-	8,011	41,619	33,539	65,881
TX TREASURY ACCOUNT	-	595,636	5,795,831	639,893	628,260
COURT APPROVED DEPOSITS	-	-	120,908	-	-
EARLY ACCESS/TX GA	-	1,372,021	10,404,181	771,698	1,141,395
EARLY ACCESS/OTHER GAs	-	-	14,246,752	-	-
TOTAL CASH ASSETS	-	1,975,668	30,609,291	1,445,130	1,835,536
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	-	(45,603)	(1,183,903)	-	-
RECEIVABLE	-	-	-	-	-
PREMIUMS	-	12,462	11,835,570	-	-
AGENT BALANCES	-	-	-	-	-
REINSURANCE	-	49,701	-	801,990	-
SUBROGATION	-	244,800	1,035,118	-	-
OTHER	-	1,816,692	13,892,022	-	-
ALLOWANCE FOR RECOVERY	-	(2,107,212)	(19,249,679)	-	-
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	-	185,000	-	-
REAL ESTATE	-	-	-	-	-
MORTGAGES/NOTES	-	-	-	-	-
OTHER	-	-	-	-	100,000
ALLOWANCE FOR RECOVERY	-	-	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	-	-	-	-	-
COMPUTERS/SOFTWARE	-	-	-	-	-
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#488	#489	#490	#492	#493
RECEIVERSHIP NAME	General Aviation	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life
LINES OF INSURANCE	P&C	P&C	P&C	P&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/11/1994	2/11/1994	2/11/1994	3/13/1996	10/23/1996
DATE OF CLOSURE	9/29/1997	open	open	open	open
SDR RESPONSIBLE PARTY	L. Corson	J. Webb	J. Webb	J. Gutierrez	J. Webb
TOTAL ASSETS/FOR RECOVERY	-	(29,160)	6,514,128	801,990	100,000
TOTAL ASSETS	-	1,946,508	37,123,419	2,247,120	1,935,536
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	-	-	-	115,295	190,926
CLASS II CLAIMS RESERVES - GA	-	9,369,613	42,171,751	2,701,543	240,681
CLASS II CLAIMS RESERVES - NON-GA	-	16,462,622	7,297,100	-	-
OTHER LIABILITIES	-	-	25,719,278	-	-
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	-	2,375	10,798	15,487	3,051
SDR SUB-CONTRACTORS	-	1,080	4,669	152	5,272
RECEIVERS ALLOCATION	-	1,032	765	784	1,106
GA-CLAIMS EXPENSE	-	3,118,642	4,659,103	640,949	-
OTHER CLASS I	-	-	-	-	-
TOTAL CLASS I CREDITORS	-	3,123,129	4,675,335	657,372	9,429
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	-	1,399,853	-	-	-
GA - PH CLAIMS PAID	-	3,854,447	15,573,492	1,532,432	3,359,189
OTHER CLASS II	-	-	-	-	-
TOTAL CLASS II CREDITORS	-	5,254,300	15,573,492	1,532,432	3,359,189
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	-	-
GENERAL CREDITORS	-	566,666	-	-	-
REINSURANCE PAYABLE	-	-	-	-	-
OTHER CLASS III	-	-	-	-	72,800
TOTAL CLASS III CREDITORS	-	566,666	-	-	72,800
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	-	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	-	-	-
TOTAL CLASS IV CREDITORS	-	-	-	-	-
TOTAL COMPANY LIABILITIES	-	34,776,330	95,436,956	5,006,642	3,873,025
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	-	(32,829,822)	(58,313,537)	(2,759,522)	(1,937,489)
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	-	1,946,508	37,123,419	2,247,120	1,935,536
Cash Available as of 8/31/97	859,105	655,901	6,282,077	723,607	702,089
Class I Payables as of 8/31/97	350,386	2,935,441	3,751,809	36,141	118,105
FY 1997 Reconciliation Adjustments	-	-	-	11	-
Unencumbered Cash as of 8/31/97	508,719	(2,279,540)	2,530,268	687,466	583,995
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	188,389	-	-
Collection Expense	(110)	(94)	(85,430)	-	-
Litigation Expense	(74)	-	(3,150)	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	113,501
Agent Balance Expense	-	-	-	-	-
Reinsurance Recovery	337,427	-	-	361,044	923,026
Reinsurance Expense	(1,959)	-	(428)	(55,330)	(25,176)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#488	#489	#490	#492	#493
RECEIVERSHIP NAME	General Aviation	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life
LINES OF INSURANCE	P&C	P&C	P&C	P&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/11/1994	2/11/1994	2/11/1994	3/13/1996	10/23/1996
DATE OF CLOSURE	9/29/1997	open	open	open	open
SDR RESPONSIBLE PARTY	L. Corson	J. Webb	J. Webb	J. Gutierrez	J. Webb
Subrogation Recovery	-	6,677	92,235	-	-
Subrogation Expense	-	(1,587)	(3,794)	-	-
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	-	-	-	-
Other Receivable Receipts	1,488	86	49,524	-	666
Other Receivable Expenses	-	-	(10)	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgment/Settlement Collections	-	-	-	-	-
Judgment Expense	-	-	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	-	(1,963)	-	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	(869)	-	-
Statutory Deposit Receipts	-	-	300,000	-	-
Statutory Deposit Expense	-	-	(14,216)	-	(6,521)
Real Estate Sales Receipts	-	-	-	-	12,500
Real Estate Sales Expense	-	-	-	-	(12,682)
Mortgage Note Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	(10)	-	-
Other Asset Receipts	-	-	-	-	-
Other Asset Sales Expenses	-	(5,068)	(7,133)	-	(2,729)
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	-	-	-	-	-
Furniture, Fixtures & Equipment Expense	-	-	-	-	-
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	(33)
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	336,773	14	513,145	305,714	1,002,552
Passive Income	-	-	-	-	-
Investments Interest/Dividends	1,791	-	-	-	-
Cash Deposit Interest Income	8,193	33,966	314,032	40,397	32,139
Early Access Imputed Interest Income	-	-	548,827	-	11,161
NET INCOME/INCLUDING PASSIVE	346,757	33,980	1,376,004	346,111	1,045,852
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	-	(188,941)	(938,015)	(153,548)	297,993
SDR Fees	(220)	(6,392)	(28,465)	(8,784)	(1,000)
SDR Subcontractor Fees	-	(97)	(3,792)	-	(1,333)
Other Covered Claims	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	-	(14,913)	(62,987)	(26,929)	(4,541)
SDR Subcontractor Fees	-	(6,660)	(9,654)	-	(9,314)
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#488	#489	#490	#492	#493
RECEIVERSHIP NAME	General Aviation	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life
LINES OF INSURANCE	P&C	P&C	P&C	P&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	1/11/1994	2/11/1994	2/11/1994	3/13/1996	10/23/1996
DATE OF CLOSURE	9/29/1997	open	open	open	open
SDR RESPONSIBLE PARTY	L. Corson	J. Webb	J. Webb	J. Gutierrez	J. Webb
Covered Claims Funded - G/A	-	346,855	2,832,278	330,515	-
Covered Claims Paid - G/A	-	(346,855)	(2,832,278)	(330,515)	-
Early Access -G/A	-	-	(1,431,212)	(771,698)	-
Non-Covered Claims Paid/ Receivership Distribution	(832,558)	-	-	-	-
TOTAL CLAIMS EXPENSES	(832,778)	(217,003)	(2,474,125)	(960,959)	281,804
CLASS I GENERAL ADMIN. EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(750)	(3,044)	(3,216)	(3,223)	(3,260)
Building/Utilities	-	(6,774)	(20,319)	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	(16,672)	(50,019)	-	-
Employee - Payroll, PRTax, Benefits	-	-	-	-	238
Equipment Lease/Inventory/Storage/Moving	-	-	-	(500)	(750)
Mailing/Printing/Postage/Publication	(2,202)	-	(29)	-	(33)
Office Supplies/Miscellaneous	-	(676)	(676)	(659)	(20)
Telephone	-	-	-	-	7
Receivership Allocation	(1,732)	(12,046)	(9,118)	(9,289)	(13,897)
CLASS I GENERAL ADMIN. EXPENSES	(4,684)	(39,212)	(83,377)	(13,671)	(17,715)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/ Federal Income Tax Services	(3,680)	(750)	(3,425)	(1,600)	(1,600)
Consulting Fees/Services	-	(1,805)	(4,057)	-	-
Legal Fees/Services	(8,545)	(330)	-	-	(15,091)
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(12,225)	(2,885)	(7,482)	(1,600)	(16,691)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(5,790)	(6,149)	(30,729)	(14,661)	(37,875)
SDR Accounting	-	(6,219)	(18,389)	(6,252)	(13,253)
SDR Special Services	-	-	-	-	-
SDR Legal Services	-	(2,454)	(9,163)	(15,168)	-
CLASS I SDR ADMIN. EXPENSES	(5,790)	(14,822)	(58,281)	(36,081)	(51,128)
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(22,698)	(56,919)	(149,140)	(51,352)	85,534
NET INC(DEC) to Receivership Cash	(508,719)	(239,942)	(1,247,261)	(666,200)	1,242,122
CLASS I PAYABLES AS OF 8/31/98	-	3,123,129	4,675,335	657,372	9,429
FY 1998 RECONCILIATION ADJUSTMENTS	-	-	-	(5,206)	(1,141,406)
CASH AVAILABLE AS OF 8/31/98	(0)	603,647	5,958,342	673,432	694,141

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#494	#495	#496	#497	#498
RECEIVERSHIP NAME	Insurance Corp. of America	United Republic Insurance Co.	American Eagle Insurance Co.	SHPOP	Gulf Atlantic Life Insurance Co.
LINES OF INSURANCE	P&C	P&C	P&C	UP&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	3/12/1997	7/8/1997	12/3/1997	12/4/1997	12/19/1997
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	D. Baggett	J. Webb	L. Corson	In House
CASH ASSETS	-	-	-	-	-
OPERATING ACCOUNT	242,499	32,617	82,633	15,314	359,000
TX TREASURY ACCOUNT	6,330,981	5,649,610	5,236,867	36,076	-
COURT APPROVED DEPOSITS	-	25,000	-	-	-
EARLY ACCESS/TX GA	-	-	-	-	-
EARLY ACCESS/OTHER GAs	-	-	-	-	-
TOTAL CASH ASSETS	6,573,480	5,707,227	5,319,500	51,390	359,000
ASSETS/FOR RECOVERY	-	-	-	-	-
FUNDS RESTRICTED	-	-	(970,078)	-	-
RECEIVABLE	-	-	-	-	-
PREMIUMS	2,447,066	4,386,374	152,925	-	-
AGENT BALANCES	-	-	1,154,978	-	-
REINSURANCE	576,359	71,180	13,121,365	-	-
SUBROGATION	-	-	9,832,300	-	-
OTHER	-	16,071,713	21,567,361	862	-
ALLOWANCE FOR RECOVERY	-	-	(14,386,652)	-	-
INVESTMENTS	-	-	-	-	-
STOCKS/BONDS	-	6,383,185	5,977,665	-	-
REAL ESTATE	-	-	-	-	-
MORTGAGES/NOTES	-	26,800	-	-	-
OTHER	2,417,497	15,993,816	-	-	-
ALLOWANCE FOR RECOVERY	(3,079,212)	(16,020,615)	-	-	-
COMPANY ASSETS	-	-	-	-	-
FURNITURE & EQUIPMENT	20,400	-	-	-	-
COMPUTERS/SOFTWARE	-	-	-	-	-
HOME OFFICE BUILDING	-	-	-	-	-
ALLOWANCE FOR RECOVERY	-	-	-	-	-
TOTAL ASSETS/FOR RECOVERY	2,382,110	26,912,453	36,449,864	862	-
TOTAL ASSETS	8,955,590	32,619,680	41,769,364	52,252	359,000
COMPANY LIABILITIES	-	-	-	-	-
CLASS I RESERVES - GA	10,412,217	-	-	275,000	-
CLASS II CLAIMS RESERVES - GA	35,395,563	-	55,128,315	-	-
CLASS II CLAIMS RESERVES - NON-GA	17,738,545	-	45,319,778	-	-
OTHER LIABILITIES	-	-	-	-	-
CLASS I CREDITORS	-	-	-	-	-
SDR FEES	15,647	18,107	80,011	5,433	-
SDR SUB-CONTRACTORS	3,450	127,004	56,305	6,004	-
RECEIVERS ALLOCATION	2,218	821	5,991	-	764
GA-CLAIMS EXPENSE	7,873,510	-	-	-	-
OTHER CLASS I	-	528	-	12,710	-
TOTAL CLASS I CREDITORS	7,894,825	146,460	142,307	24,147	764
CLASS II CREDITORS	-	-	-	-	-
PH CLAIMS	-	-	-	16,720	-
GA - PH CLAIMS PAID	17,072,489	-	-	-	-
OTHER CLASS II	-	-	-	-	-
TOTAL CLASS II CREDITORS	17,072,489	-	-	16,720	-
CLASS III CREDITORS	-	-	-	-	-
IRS PAYABLE	-	-	-	-	-
GENERAL CREDITORS	8,756,935	-	-	606	-
REINSURANCE PAYABLE	3,257,777	38,021,917	-	-	-
OTHER CLASS III	-	518,268	-	-	-
TOTAL CLASS III CREDITORS	12,014,712	38,540,185	-	606	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#494	#495	#496	#497	#498
RECEIVERSHIP NAME	Insurance Corp. of America	United Republic Insurance Co.	American Eagle Insurance Co.	SHPOP	Gulf Atlantic Life Insurance Co.
LINES OF INSURANCE	P&C	P&C	P&C	UP&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	3/12/1997	7/8/1997	12/3/1997	12/4/1997	12/19/1997
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	D. Baggett	J. Webb	L. Corson	In House
CLASS IV CREDITORS	-	-	-	-	-
SURPLUS DEBENTURES	-	-	-	-	-
OWNERSHIP INTERESTS	-	-	-	-	-
OTHER CLASS IV	-	-	-	606	-
TOTAL CLASS IV CREDITORS	-	-	-	606	-
TOTAL COMPANY LIABILITIES	100,528,351	38,686,645	100,590,400	317,080	764
EQUITY	-	-	-	-	-
ACCUMULATED (LOSS) EQUITY	(91,572,762)	(6,066,965)	(58,821,036)	(264,828)	358,236
UNREALIZED RECOVERY	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY	8,955,590	32,619,680	41,769,364	52,252	359,000
Cash Available as of 8/31/97	4,767,249	2,479,221	3,922,203	-	458,682
Class I Payables as of 8/31/97	316,977	-	-	-	-
FY 1997 Reconciliation Adjustments	(1,391,688)	-	-	-	-
Unencumbered Cash as of 8/31/97	3,058,584	2,479,221	3,922,203	-	458,682
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	3,155	17,766	1,474	-
Collection Expense	(154,336)	-	(2,642)	(4,860)	-
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	13,310	-	578,260	-	-
Agent Balance Expense	(33,313)	-	(12,603)	-	-
Reinsurance Recovery	553,707	56,587	2,033,915	-	-
Reinsurance Expense	(24,745)	(89,167)	(259,733)	-	-
Subrogation Recovery	400,000	-	2,232,987	-	-
Subrogation Expense	-	(325,516)	-	-	-
Intercompany Receivable Receipts	-	-	-	-	-
Intercompany Receivable Expenses	-	(2,860)	-	-	-
Other Receivable Receipts	-	1,026	69,324	489	-
Other Receivable Expenses	-	(2,558)	(43)	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	623,707	-	-	-	-
D&O Litigation Expense	(208,973)	(2,145)	-	-	-
Judgment/Settlement Collections	-	-	-	-	-
Judgment Expense	-	(14)	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	(237,810)	(18,091)	(1,136)	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	3,643,336	-	122,608	-
Securities/Bonds Sales Expense	-	(6,058)	(2,385)	(3,918)	-
Statutory Deposit Receipts	-	-	-	-	-
Statutory Deposit Expense	-	(3,348)	(26,154)	-	-
Real Estate Sales Receipts	169,237	-	-	-	-
Real Estate Sales Expense	(1,510)	-	-	-	-
Mortgage Note Expense	-	(866)	-	-	-
Subsidiary Affiliated Receipts	-	6,285	-	-	-
Subsidiary Affiliated Expense	-	(81,942)	(3,691)	-	-
Other Asset Receipts	654,042	955	725,824	-	-
Other Asset Sales Expenses	(129,688)	(330)	(86,584)	-	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#494	#495	#496	#497	#498
RECEIVERSHIP NAME	Insurance Corp. of America	United Republic Insurance Co.	American Eagle Insurance Co.	SHPOP	Gulf Atlantic Life Insurance Co.
LINES OF INSURANCE	P&C	P&C	P&C	UP&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	3/12/1997	7/8/1997	12/3/1997	12/4/1997	12/19/1997
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	D. Baggett	J. Webb	L. Corson	In House
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	(4,206)	-	-	-
Furniture, Fixtures & Equipment Receipts	41,633	28,915	-	213	-
Furniture, Fixtures & Equipment Expense	(17,501)	(5,381)	-	-	-
Company Real Estate Receipts	35,000	-	-	-	-
Company Real Estate Expense	(3,944)	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	(385)	-	-	-
NET INCOME FROM ASSETS/RECEIVABLE	1,875,801	3,303,189	4,920,634	114,870	-
Passive Income	-	-	-	-	-
Investments Interest/Dividends	-	328,261	-	-	-
Cash Deposit Interest Income	381,954	23,190	361,336	1,555	-
Early Access Imputed Interest Income	-	-	-	-	-
NET INCOME/INCLUDING PASSIVE	2,257,755	3,654,640	5,281,970	116,424	-
CLAIMS EXPENSE:	-	-	-	-	-
Class I Claims Admin. Expenses:	-	-	-	-	-
Covered Claims Expense	-	-	-	-	-
G/A Expense	(7,673,558)	-	-	-	-
SDR Fees	(38,330)	-	(83,734)	-	-
SDR Subcontractor Fees	(280)	-	(45,137)	-	-
Other Covered Claims	-	-	(4,239)	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(112,446)	(25,381)	(213,757)	21,200	-
SDR Subcontractor Fees	(6,433)	(16,303)	(120,212)	(5,979)	-
Other Non Covered Claims	(645)	(20,871)	(25,350)	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded - G/A	16,372,489	-	710,890	-	-
Covered Claims Paid - G/A	(16,372,489)	-	(710,890)	-	-
Early Access -G/A	-	-	-	-	-
Non-Covered Claims Paid/	-	-	-	-	-
Receivership Distribution	-	(112,617)	-	-	-
TOTAL CLAIMS EXPENSES	(7,831,692)	(175,172)	(492,429)	(27,179)	-
CLASS I GENERAL ADMIN. EXPENSES:	-	-	-	-	-
Liquidation Division Expense	-	(162,846)	(2,965,444)	(4,364)	(94,206)
Bank/Miscellaneous Charges	(4,561)	(4,409)	(3,040)	(535)	-
Building/Utilities	-	(4,934)	(39,501)	(962)	-
Contract/Employee	-	(24,838)	(53,273)	-	-
Equipment/Lease/Maintenance	(23,259)	(2,526)	(18,668)	-	-
Employee - Payroll, PRTax, Benefits	(5,277)	235	(44,607)	(546)	-
Equipment Lease/	-	-	-	-	-
Inventory/Storage/Moving	-	(2,558)	(25,147)	(176)	-
Mailing/Printing/Postage/Publication	(7,720)	(1,446)	(36,263)	(1,926)	-
Office Supplies/Miscellaneous	-	-	(4,785)	(161)	-
Telephone	(6,222)	(4,135)	(2,244)	(202)	-
Receivership Allocation	(32,642)	(12,884)	(53,181)	-	(5,953)
CLASS I GENERAL ADMIN. EXPENSES	(79,681)	(220,341)	(3,246,153)	(8,872)	(100,159)
CLASS I SUBCONTRACTOR	-	-	-	-	-
ADMIN. EXPENSES:	-	-	-	-	-
Accounting/Auditing/	-	-	-	-	-
Federal Income Tax Services	(56,056)	(2,660)	-	(8,646)	-
Consulting Fees/Services	(1,360)	(31,318)	(50,232)	-	(288)
Legal Fees/Services	-	(18,731)	(1,850)	(10,683)	-

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#494	#495	#496	#497	#498
RECEIVERSHIP NAME	Insurance Corp. of America	United Republic Insurance Co.	American Eagle Insurance Co.	SHPOP	Gulf Atlantic Life Insurance Co.
LINES OF INSURANCE	P&C	P&C	P&C	UP&C	LAH
STATE OF DOMICILE	Texas	Texas	Texas	Texas	Texas
DATE OF RECEIVERSHIP	3/12/1997	7/8/1997	12/3/1997	12/4/1997	12/19/1997
DATE OF CLOSURE	open	open	open	open	open
SDR RESPONSIBLE PARTY	R. Price	D. Baggett	J. Webb	L. Corson	In House
CLASS I SUBCONTRACTOR ADMIN. EXPENSES	(57,416)	(52,709)	(52,082)	(19,328)	(288)
CLASS I SDR ADMIN. EXPENSES:	-	-	-	-	-
SDR Administration	(43,879)	(74,863)	(126,642)	(31,718)	-
SDR Accounting	-	(49,222)	(62,709)	(2,610)	-
SDR Special Services	-	-	-	-	-
SDR Legal Services	(16,709)	(798)	(44,591)	-	-
CLASS I SDR ADMIN. EXPENSES	(60,588)	(124,883)	(233,942)	(34,328)	-
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(197,685)	(397,933)	(3,532,177)	(62,528)	(100,446)
NET INC(DEC) to Receivership Cash	(5,771,622)	3,081,535	1,257,364	26,717	(100,446)
CLASS I PAYABLES AS OF 8/31/98	7,894,825	146,460	142,307	24,147	764
FY 1998 Reconciliation Adjustments	1,391,693	-	(2,374)	526	-
CASH AVAILABLE AS OF 8/31/98	6,573,480	5,707,216	5,319,500	51,390	359,000

RECEIVERSHIP NUMBER	#499	
RECEIVERSHIP NAME	Professional Benefits LIC	
LINES OF INSURANCE	LAH	
STATE OF DOMICILE	Texas	
DATE OF RECEIVERSHIP	04/30/1998	
DATE OF CLOSURE	open	Receivership
SDR RESPONSIBLE PARTY	E. Garza	Totals
CASH ASSETS	-	-
OPERATING ACCOUNT	2,291	2,740,681
TX TREASURY ACCOUNT	528,385	175,220,515
COURT APPROVED DEPOSITS	527,091	22,342,414
EARLY ACCESS/TX GA	-	274,135,427
EARLY ACCESS/OTHER Gas	-	60,909,577
TOTAL CASH ASSETS	1,057,768	535,348,613
ASSETS/FOR RECOVERY	-	-
FUNDS RESTRICTED	-	(4,735,983)
RECEIVABLE	-	-
PREMIUMS	-	65,231,846
AGENT BALANCES	-	8,595,353
REINSURANCE	-	72,983,156
SUBROGATION	-	21,028,126
OTHER	-	65,668,064
ALLOWANCE FOR RECOVERY	-	(137,079,103)
INVESTMENTS	-	-
STOCKS/BONDS	-	12,547,100
REAL ESTATE	-	536,000
MORTGAGES/NOTES	600,000	1,119,078
OTHER	319,044	18,905,734
ALLOWANCE FOR RECOVERY	(241,006)	(19,368,441)
COMPANY ASSETS	-	-
FURNITURE & EQUIPMENT	22,269	129,603
COMPUTERS/SOFTWARE	-	3,000

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#499	
RECEIVERSHIP NAME	Professional Benefits LIC	
LINES OF INSURANCE	LAH	
STATE OF DOMICILE	Texas	
DATE OF RECEIVERSHIP	04/30/1998	
DATE OF CLOSURE	open	Receivership
SDR RESPONSIBLE PARTY	E. Garza	Totals
HOME OFFICE BUILDING	550,000	550,000
ALLOWANCE FOR RECOVERY	(200,000)	(239,277)
TOTAL ASSETS/FOR RECOVERY	1,050,307	105,874,255
TOTAL ASSETS	2,108,075	641,222,868
COMPANY LIABILITIES	-	-
CLASS I RESERVES - GA	325,000	22,402,171
CLASS II CLAIMS RESERVES - GA	1,129,061	613,556,369
CLASS II CLAIMS RESERVES - NON-GA	-	136,779,896
OTHER LIABILITIES	-	80,118,030
CLASS I CREDITORS	-	-
SDR FEES	45,148	584,860
SDR SUB-CONTRACTORS	23,359	424,388
RECEIVERS ALLOCATION	1,842	57,352
GA-CLAIMS EXPENSE	104,471	52,044,876
OTHER CLASS I	1,088,533	5,971,717
TOTAL CLASS I CREDITORS	1,263,353	59,083,193
CLASS II CREDITORS	-	-
PH CLAIMS	-	112,026,918
GA - PH CLAIMS PAID	2,133,003	472,843,582
OTHER CLASS II	-	16,315,149
TOTAL CLASS II CREDITORS	2,133,003	601,185,649
CLASS III CREDITORS	-	-
IRS PAYABLE	-	98,768
GENERAL CREDITORS	-	48,389,133
REINSURANCE PAYABLE	-	72,658,120
OTHER CLASS III	-	69,596,996
TOTAL CLASS III CREDITORS	-	190,743,017
CLASS IV CREDITORS	-	-
SURPLUS DEBENTURES	-	500,000
OWNERSHIP INTERESTS	-	-
OTHER CLASS IV	194,435	1,095,041
TOTAL CLASS IV CREDITORS	194,435	1,595,041
TOTAL COMPANY LIABILITIES	6,044,852	1,705,463,367
EQUITY	-	-
ACCUMULATED (LOSS) EQUITY	(3,936,777)	(1,064,240,499)
UNREALIZED RECOVERY	-	-
TOTAL LIABILITIES AND EQUITY	2,108,075	641,222,868
Cash Available as of 8/31/97	-	-
Class I Payables as of 8/31/97	-	-
FY 1997 Reconciliation Adjustments	-	-
Unencumbered Cash as of 8/31/97	-	-
Funds Held	-	-
Funds Held for Others	-	-
Funds Held for Others Expense	-	-
Premium	-	-
Collections	-	3,209,059
Collection Expense	(40)	(1,093,211)
Litigation Expense	-	(174,735)
Receivable	-	-
Agents Balance Receipts	-	1,118,196
Agent Balance Expense	(20)	(299,951)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#499	
RECEIVERSHIP NAME	Professional Benefits LIC	
LINES OF INSURANCE	LAH	
STATE OF DOMICILE	Texas	
DATE OF RECEIVERSHIP	04/30/1998	
DATE OF CLOSURE	open	Receivership
SDR RESPONSIBLE PARTY	E. Garza	Totals
Reinsurance Recovery	24,034	7,737,876
Reinsurance Expense	(147,243)	(1,437,481)
Subrogation Recovery	-	3,414,193
Subrogation Expense	-	(504,413)
Intercompany Receivable Receipts	-	-
Intercompany Receivable Expenses	-	(124,830)
Other Receivable Receipts	-	577,342
Other Receivable Expenses	-	(206,525)
Litigation Receivable	-	-
D&O Litigation Recovery	-	623,707
D&O Litigation Expense	(555)	(211,673)
Judgment/Settlement Collections	-	15,812
Judgment Expense	-	(1,304)
Investment Account Receipts	-	-
Investment Account Expense	-	(1,274)
Other Litigation Receipts	-	-
Other Litigation Expense	-	(704,221)
Sale/Conversion of Investment Assets	-	-
Securities/Bonds Sales Receipts	-	3,765,944
Securities/Bonds Sales Expense	-	(54,756)
Statutory Deposit Receipts	100,000	2,046,500
Statutory Deposit Expense	(1,194)	(176,096)
Real Estate Sales Receipts	-	181,737
Real Estate Sales Expense	-	(15,974)
Mortgage Note Expense	-	(866)
Subsidiary Affiliated Receipts	-	42,036
Subsidiary Affiliated Expense	-	(86,057)
Other Asset Receipts	42,268	2,057,413
Other Asset Sales Expenses	(3,649)	(309,788)
Sale of Company Fixed Assets	-	-
Charter Sales Receipts	-	-
Charter Sales Expense	(1,203)	(5,409)
Furniture, Fixtures & Equipment Receipts	-	125,056
Furniture, Fixtures & Equipment Expense	(5,436)	(28,503)
Company Real Estate Receipts	200	35,200
Company Real Estate Expense	(44,963)	(48,940)
Other Fixed Asset Receipts	-	-
Other Fixed Asset Expense	-	(385)
NET INCOME FROM ASSETS/RECEIVABLE	(37,802)	19,422,852
Passive Income	-	-
Investments Interest/Dividends	-	330,052
Cash Deposit Interest Income	20,053	11,540,583
Early Access Imputed Interest Income	-	1,811,580
NET INCOME/INCLUDING PASSIVE	(17,749)	33,105,067
CLAIMS EXPENSE:	-	-
Class I Claims Admin. Expenses:	-	-
Covered Claims Expense	-	-
G/A Expense	(104,471)	(13,458,175)
SDR Fees	(26,441)	(823,566)
SDR Subcontractor Fees	(9,593)	(248,469)
Other Covered Claims	-	(43,098)
Non Covered Claims Expenses	-	-
SDR Fees	(16,429)	(958,889)
SDR Subcontractor Fees	(12,152)	(329,077)

Receivership Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1998 (unaudited)

RECEIVERSHIP NUMBER	#499	
RECEIVERSHIP NAME	Professional Benefits LIC	
LINES OF INSURANCE	LAH	
STATE OF DOMICILE	Texas	
DATE OF RECEIVERSHIP	04/30/1998	
DATE OF CLOSURE	open	Receivership
SDR RESPONSIBLE PARTY	E. Garza	Totals
Other Non Covered Claims	(8,059)	(55,367)
Claims Paid/Distribution:	-	-
Covered Claims Funded - G/A	2,132,803	47,877,935
Covered Claims Paid - G/A	(2,132,803)	(46,457,347)
Early Access -G/A	-	(84,692,100)
Non-Covered Claims Paid/		
Receivership Distribution	-	(18,757,915)
TOTAL CLAIMS EXPENSES	(177,144)	(117,946,069)
	-	-
CLASS I GENERAL ADMIN. EXPENSES:	-	-
Liquidation Division Expense	(22,841)	(3,249,700)
Bank/Miscellaneous Charges	(922)	(112,759)
Building/Utilities	-	(231,604)
Contract/Employee	-	(120,763)
Equipment/Lease/Maintenance	(22,148)	(420,961)
Employee - Payroll, PRTax, Benefits	(62,872)	(233,313)
Equipment Lease/		
Inventory/Storage/Moving	(1,304)	(261,604)
Mailing/Printing/Postage/Publication	(4,136)	(81,529)
Office Supplies/Miscellaneous	(2,554)	(174,216)
Telephone	(17,092)	(45,229)
Receivership Allocation	(4,297)	(685,104)
CLASS I GENERAL ADMIN. EXPENSES	(138,166)	(5,616,782)
	-	-
CLASS I SUBCONTRACTOR		
ADMIN. EXPENSES:	-	-
Accounting/Auditing/		
Federal Income Tax Services	(7,090)	(246,072)
Consulting Fees/Services	(25,151)	(161,134)
Legal Fees/Services	(13,723)	(287,801)
CLASS I SUBCONTRACTOR		
ADMIN. EXPENSES	(45,965)	(695,007)
	-	-
CLASS I SDR ADMIN. EXPENSES:	-	-
SDR Administration	(72,388)	(1,237,364)
SDR Accounting	-	(419,610)
SDR Special Services	-	(61,862)
SDR Legal Services	-	(160,105)
CLASS I SDR ADMIN. EXPENSES	(72,388)	(1,878,941)
	-	-
TOTAL RECEIVERSHIP ADMIN. EXPENSE	(256,519)	(8,190,730)
	-	-
NET INC(DEC) to Receivership Cash	(451,413)	(93,031,732)
	-	-
CLASS I PAYABLES AS OF 8/31/98	1,263,353	59,083,193
FY 1998 RECONCILIATION ADJUSTMENTS	245,828	941,527
	-	-
CASH AVAILABLE AS OF 8/31/98	1,057,768	196,666,032

Texas Property and Casualty Insurance Guaranty Association
 Audited Financial Statements December 31, 1997

Disclaimer The state's three insurance guaranty associations now report receivership activity on a calendar year basis. The latest data available is for Calendar Year 1997. 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 1998 that runs from September 1, 1997 through August 31, 1998.

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

Assets	1997	1996
Cash and Cash Equivalents (Notes 1 and 2)	\$ 2,814,341	\$ 2,293,140
Investments, at Amortized (Note 3)	256,763,215	258,591,240
Accounts Receivable - Other	139,334	26,426
Loans Receivable (Note 5):		
Administrative	\$ 40,138,698	\$ 5,277,042
Auto	124,886,832	126,247,017
Other Lines	58,490,352	69,451,568
Workers' Compensation	<u>191,061,615</u>	<u>175,341,677</u>
Total Loans Receivable	414,577,497	376,317,304
Allowance for Doubtful Accounts (Note 1 and 5)	<u>(414,577,497)</u>	<u>(376,317,304)</u>
Net Loans Receivable	-	-
Property and Equipment (Note 1):		
Furniture and Equipment	647,046	631,540
Computer Systems	1,465,162	1,460,802
Telephone Systems	156,383	173,629
Company Vehicle	14,417	14,417
Leasehold Improvements	81,192	184,433
Accumulated Depreciation	<u>(1,427,025)</u>	<u>(1,113,597)</u>
Net Property and Equipment	<u>937,175</u>	<u>1,351,224</u>
TOTAL ASSETS	\$ 260,654,065	\$ 262,262,030
	1997	1996
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	487,351	588,682
Employee Health Claims	11,297	38,423
Outstanding Checks	1,573,636	2,109,884
Current Portion of Claims Payable (Note 6)	<u>38,000,000</u>	<u>48,000,000</u>
Total Current Liabilities	40,072,284	50,736,989
Long-term Liabilities:		
Claim Liabilities (Note 6):		
Loss Adjustment Expense	31,585,246	25,488,864
Auto	4,088,626	5,762,822
Other Lines	46,020,876	23,293,231
Workers' Compensation	<u>289,790,239</u>	<u>266,449,217</u>
Total Long-term Claim Liabilities	<u>371,484,987</u>	<u>320,994,134</u>
Other Long Term Liabilities:		

Lease (Note 8)	97,667	97,667
Due to Deferred Compensation Plan Participants (Note 11)	<u>20,951,778</u>	<u>0</u>
Total Other Long Term Liabilities	<u>21,049,445</u>	<u>97,667</u>
TOTAL LIABILITIES	\$ 432,606,716	\$ 371,828,790
Net Assets (Deficit), Permanently Restricted (Note 7)	<u>(171,952,651)</u>	<u>(109,566,760)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 260,654,065	\$ 262,262,030

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

	1997	1996
Revenues:		
Loan Repayments	\$ 346,820	\$ 0
Distributions	21,563,860	27,121,119
Investment Income, Net (Note 10)	19,703,422	17,238,137
Interest on Accounts	148,992	166,611
Subrogation and Salvage Recoveries	858,280	978,596
Miscellaneous Income	<u>86,809</u>	<u>18,688</u>
Total Revenues	42,708,083	45,523,151
Claims Activity:		
Claims Payments:		
Claims Administration	6,980,302	10,530,525
Auto	1,944,390	4,320,148
Other Lines	8,192,273	21,028,677
Workers' Compensation	<u>20,927,591</u>	<u>23,394,176</u>
Total Claims Payments	<u>38,044,556</u>	<u>59,273,526</u>
Change in Claim Liabilities	<u>61,442,631</u>	<u>4,608,799</u>
Total Claims Activity	99,487,187	63,882,325
Refunds Relating to Prior Year Assessments	<u>0</u>	<u>10,863,762</u>
Total Claims and Assessment Activity	<u>99,487,187</u>	<u>74,746,087</u>
Excess (deficiency) of Revenues over Claims Activity and Refund	(56,779,104)	(29,222,936)
Operating Expenditures:		
Employment Expenses	\$ 3,170,465	\$ 3,329,156
Employee Relations	6,998	5,956
Education & Staff Development	55,737	69,129
Contract Labor	117,123	235,054
Legal Fees	102,045	165,279
Audit Fees	15,653	11,550
Consulting	71,201	3,355
Leasehold Improvements	908	4,390
Office Rent & Overhead	446,629	372,274
Insurance	75,836	85,682
Furniture & Equipment	20	427
Equipment Rental	162,051	108,837
Repairs & Maintenance	612	1,312
Computer Systems	524,557	462,137
Telephone	81,804	120,022
Office Supplies	41,491	43,495

Postage & Deliveries	69,538	74,380
Printing	13,726	9,338
Advertising-Employee Procurement	2,524	657
Travel	58,524	93,154
Trade Association Activities	29,911	56,498
Reference Materials	13,752	26,497
Subscriptions & Professional Dues	64,704	59,248
Property Taxes	29,298	34,498
Bank Charges	6,211	2,791
Depreciation Expense	<u>362,900</u>	<u>370,322</u>
Total Operating Expenses	<u>\$ 5,471,004</u>	<u>\$ 5,798,652</u>
Decrease in Net Assets	(62,250,108)	(35,021,588)
Losses on Sale of Property and Equipment (Note 13)	(135,783)	(228,447)
Beginning Net Assets (Deficit) at January 1	(109,566,760)	<u>(74,316,725)</u>
Net Assets (Deficit) at December 31	\$ (171,952,651)	\$(109,566,760)

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

	1997	1996
Cash flows from Operating Activities:		
Decrease in Net Assets	<u>\$ (62,250,108)</u>	<u>\$(35,021,588)</u>
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	362,900	370,322
Unrealized Gains on Investments	(4,156,595)	0
Change in Assets and Liabilities:		
(Increase) Decrease in Other Assets	(112,909)	1,260,736
Increase (Decrease) in Bank Overdraft	0	(386,110)
Increase (Decrease) in Claim Liabilities	61,442,632	4,608,799
Increase (Decrease) in Other Liabilities	<u>(664,706)</u>	<u>(3,166,214)</u>
Total Adjustments	<u>56,871,322</u>	<u>2,687,533</u>
Net Cash (Used) Provided by Operating Activities	<u>(5,378,786)</u>	<u>(32,334,055)</u>
Cash flows from Investing Activities:		
Cash Restricted to Fund Settlement Agreement (Note 2)	0	12,000,000
Capital Expenditures	(94,633)	(26,606)
Sale of Property and Equipment	145,783	322,693
Losses on Sale of Property and Equipment	(135,783)	(228,447)
Purchase of Investments	(502,167,420)	(602,967,675)
Proceeds from Sales of Investments	<u>508,152,040</u>	<u>622,007,868</u>
Net Cash (Used) Provided by Investing Activities	<u>5,899,987</u>	<u>31,107,833</u>
Net Increase (Decrease) in Cash and Cash Equivalents	521,201	(1,226,222)
Cash and Cash Equivalents at January 1	<u>2,293,140</u>	<u>3,519,362</u>
Cash and Cash Equivalents at December 31 (Note 2)	\$ 2,814,341	\$ 2,293,140

The accompanying notes are an integral part of these financial statements

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 market value.

Derivatives - Mortgage-backed Pass-through Securities are used to enhance the Association's investment rate of return and are recorded at market value. 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, 1997 and 1996, represented 11.9% and 13.9% 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.

1 Summary of Significant Accounting Policies, Continued

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:

	1996	1997
Cash in Bank	\$ 935,271	\$1,147,234
Mutual Funds	<u>1,879,070</u>	<u>1,145,906</u>
	\$2,914,341	\$2,293,140

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, 1997 and 1996, the Association maintained demand accounts with bank balances in excess of federally insured limits of \$835,272 and \$1,047,234. The carrying value of these demand accounts, resulting from outstanding checks, was \$935,272 in 1997 and \$1,147,234 in 1996.

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:
 - are eligible for purchase by the Federal Reserve System;
 - do not exceed 270 days to maturity; and
 - 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:
 - does not exceed 270 days to maturity; and
 - as 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 Securities 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, were as follows:

	1997 Market Value	Percent of Market Value
Commercial Paper	\$ 16,008,018	6.2%
Government-backed CMOs (Derivatives)	0	0.0%
U.S. Treasury Issues	157,261,378	61.3%
Federal Agency Issues	45,267,866	17.6%
Mortgage-backed Pass-through Securities (Derivatives)	30,545,707	11.9%
Cash Equivalents	129,053	0.1%
Short Term Notes and Bonds	4,674,715	1.8%
Accrued Interest	<u>2,867,478</u>	<u>1.1%</u>
Total at December 31, 1997	<u>\$256,763,215</u>	<u>100.0%</u>

	1996 Market Value	Percent of Market Value
Commercial Paper	\$ 29,353,273	11.4%
Government-backed (Derivatives)	0	0.0
U.S. Treasury Issues	166,741,756	64.6
Federal Agency Issues	17,682,785	6.8
Mortgage-backed Pass-through Securities (Derivatives)	36,099,588	13.9
Cash Equivalents	1,087,813	0.4
Short Term Notes and Bonds	4,811,237	1.8
Accrued Interest	<u>2,814,788</u>	<u>1.1</u>
	<u>\$258,591,240</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 (1996):

Line-of-Business	Premium Base	Capability
Automobile	\$ 9,137,402,462	\$ 182,748,049
Other Lines	6,521,342,844	130,426,857
Workers' Compensation	<u>2,631,547,601</u>	<u>78,946,428</u>
	\$18,290,292,907	\$ 392,121,334

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. Early access distributions are recorded as long term liabilities until those estates are closed.

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 \$171,952,651 and \$109,566,760 at December 31, 1997 and 1996, 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, 1997, are as follows:

Line-of-Business	Claims Payable	Annual Assessment Capability
Automobile	\$ 4,088,626	\$182,748,049
Other Lines	46,020,876	130,426,857
Workers' Compensation	289,790,239	78,946,428
Loss Adjustment Expenses	<u>31,585,246</u>	No Limit
Total	371,484,987	
Current	<u>38,000,000</u>	
Long Term	\$409,484,987	

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. This lease expires in November, 2004. The Association is obligated for the following minimum lease payments:

	Minimum Lease Payment
1998	514,659
1999	514,659
2000	514,659
2001	515,569
2002	525,581
2003	526,188
2004	<u>488,458</u>
	\$ 3,599,773

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 is \$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 1997 were \$21,628,717 (including \$4,156,595 in unrealized gains, \$1,382,062 in realized gains and security lending income of \$183,894), net of realized losses of \$1,456,742, custodian fees of \$29,867, and investment manager's fees of \$438,686, resulting in net investment income of \$19,703,422. 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.

11 Deferred Compensation Plan

The Association has established a defined contribution retirement plan (the plan) (a "profit sharing" plan under IRS Section 401(a) Plan. The plan is open to all employees. The employer made a discretionary contribution of 3% of all employees' compensation for the plan year. The employer will make a "matching contribution" to the plan on behalf of the employees in the amount of 100% of the employees' elective deferral, up to 3% of total compensation for the plan year. The employee may make discretionary before tax contribution to the plan not to exceed Internal Revenue Service limitations. The Association's contribution for the years ended December 31, 1997, and 1996, were \$145,339 and \$12,570, respectively. The employees contributed \$145,335 and \$156,882, for 1997 and 1996 respectively. The employees are fully vested in their own contributions to the plan and become vested in the employer contributions to the plans as follows based on years of service: 1 year - 20%; 2 years - 40%; 3 years - 60%; 4 years - 80%; and 5 years - 100%.

12 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.

13 Losses on Sale of Property and Equipment

The Association moved its offices during 1997. The balance of undepreciated leasehold improvements made on the former location were written-off during 1997 resulting in a loss of \$135,783.

The Association closed offices in Houston and Dallas during 1996. Equipment from these offices was 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 at less than book value.

Life, Accident, Health and Hospital Service Insurance Guaranty Association

Audited Financial Statements

December 31, 1997 and 1996

Disclaimer The state's three insurance guaranty associations now report receivership activity on a calendar year basis. The latest data available is for Calendar Year 1997. As a result, the data provided by the guaranty associations no longer corresponds directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1998 that runs from September 1, 1997 through August 31, 1998.

LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE INSURANCE GUARANTY ASSOCIATION

Statement of Cash Flows For the Year Ended December 31, 1997 and 1996

	1997	1996
Cash Flows from Operating Activities:		
Excess of Revenues over (under)Expenses	\$ <u>(283,848)</u>	\$ <u>11,269,850</u>
Adjustments to Reconcile Excess of Revenue over (under) Expenses to Net Cash Provided by Operating Activities:		
Allowance for Assessments Receivable	(36,907)	(64,870)
Depreciation	51,059	53,716
Amortization of Bond Discount	(1,988,034)	(2,414,527)
Change in Assets and Liabilities:		
(Increase) Decrease in Unbilled Assessments Receivable	5,061,348	17,320,872
(Increase) Decrease in Assessments Receivable	300,599	600,429
(Increase) Decrease in Lawsuit Settlement Receivable	582,016	565,064
Increase (Decrease) in Other Receivables	2,024	2,940
Increase (Decrease) in Bank Overdraft	(42,924)	(5,078,372)
Increase (Decrease) in Accounts Payable	231,775	(26,814)
Increase (Decrease) in Accrued Expenses	(282,250)	259,898
Increase (Decrease) in Refund Payable	3,934,278	(646,778)
Increase (Decrease) in Unearned Discount	0	(1,942)
Increase (Decrease) in Insurance Contractual Obligations	(13,100,932)	(28,957,326)
Increase (Decrease) in Deferred Compensation Due Employees	<u>0</u>	<u>(24,756)</u>
Total Adjustments	<u>(5,287,948)</u>	<u>(18,412,466)</u>
Net Cash (Used) Provided by Operating Activities	<u>(5,571,796)</u>	<u>(7,142,616)</u>
Cash Flows from Financing Activities:		
Notes Payable	0	102,158,732
Principal Reduction in Notes Payable	(19,700,000)	(62,558,732)
Interaccount Loans	(945,744)	(7,961,835)
Interaccount Borrowings	<u>945,744</u>	<u>7,961,835</u>
Net Cash (Used) Provided by Financing Activities	<u>(19,700,000)</u>	<u>39,600,000</u>
Cash Flows from Investing Activities:		
Maturities of Government Securities	12,650,000	12,650,000
Long-Term Bonds Called	25,000	0
Investments in Escrowed Funds - MBL	(29,060)	(319,709)
Investment in Escrowed Funds - Kentucky Central Life	764,653	(2,268,805)
Increase in Allowance for Uncollectible POC and Loans	25,415,691	3,285,404
Proofs of Claim and Loans Written-off	0	56,514,137
Proofs of Claim Filed	(29,127,262)	(91,160,694)
Purchase of Furniture and Equipment Net	(3,050)	(10,078)
Deferred Compensation	0	24,756
Recoveries from Estates	<u>25,201,893</u>	<u>13,407,799</u>
Net Cash (Used) Provided by Investing Activities	<u>34,897,865</u>	<u>(7,877,190)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,626,069	24,580,194
Cash and Cash Equivalents at January 1	<u>131,609,443</u>	<u>107,029,249</u>
Cash Equivalents at December 31	\$ <u>141,235,512</u>	\$ <u>131,609,443</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, 1997 and 1996

	1996	1995
Revenue		
Assessments (Note 4)	\$ 8,002,243	\$ 52,397,067
Changes in Unbilled Assessments	(5,061,348)	(17,320,871)
Recoveries from Estates	3,376,356	34,179,031
Interest		9,646,232
	7,862,573	
Premiums	138,604	563,271
Other	8,000	10,026
Total Revenue	<u>16,110,087</u>	<u>77,691,097</u>
Expenses		
Claims:		
Changes in Insurance Contractual Obligations	(13,100,932)	(28,957,326)
Claims Paid	2,094,312	753,115
Assumptive Reinsurance Agreements	22,929,393	89,686,294
Third Party Administrators	138,225	40,499
Interest	2,721,718	2,528,907
National Task Forces	350,821	790,897
	<u>15,133,537</u>	<u>64,842,386</u>
Administrative Costs:		
Salaries and Benefits	1,089,576	938,804
Legal and Professional	238,354	497,713
Other	338,435	288,869
Depreciation	51,059	53,716
Indirect Cost Allocation	(457,026)	(200,241)
	<u>1,260,398</u>	<u>1,578,861</u>
Total Expenses	<u>16,393,935</u>	<u>66,421,247</u>
Revenue over (under) Expenses	(283,848)	11,269,850
Net Assets Balance - Beginning	<u>41,633,017</u>	<u>30,363,167</u>
Net Assets - Ending	\$ 41,349,169	\$ 41,633,017

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

LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE
INSURANCE GUARANTY ASSOCIATION
Statement of Financial Position December 31, 1997 and 1996

	1997	1996
Assets		
Cash and Cash Equivalents, partially pledged (Note 2 and 7)	\$ 141,235,512	\$ 131,609,443
Investments (Note 3)	30,511,369	41,933,927
Receivables:		
Billed Assessments (Net of Allowance of \$1,902,629 and \$1,939,535 (Note 4))	310,764	574,456
Interaccount Loans (Note 6)	1,021,708	4,716,728

Other Receivables	9,301	11,326
Unbilled Assessments (Note 4)	132,876,245	137,937,593
Loans and Proofs of Claims (Net of Allowance of \$187,582,430 and \$162,166,738 (Note 5))	30,369,631	51,859,952
Lawsuit Settlement	1,852,921	2,434,936
Furniture, Equipment and Leasehold Improvements, Net of Accumulated Depreciation \$256,355 and \$205,296	<u>69,294</u>	<u>117,303</u>
Total Assets	<u>\$ 338,256,745</u>	<u>\$ 371,195,664</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Bank Overdraft	\$ 0	\$ 42,924
Accounts Payable	467,628	235,852
Accrued Expenses	370,009	652,258
Interaccount Borrowings (Note 6)	1,021,708	4,716,728
Note Payable - Bank (Note 7)	19,900,000	39,600,000
Refunds Payable	6,125,121	2,190,843
Insurance Contractual Obligations (Note 8)	<u>269,023,110</u>	<u>282,124,042</u>
Total Liabilities	<u>296,907,576</u>	<u>329,562,647</u>
Commitments and Contingencies (Note 9)	-	-
Net Assets (Note 12):		
Permanently Restricted	<u>41,349,169</u>	<u>41,633,017</u>
Total Liabilities and Net Assets	<u>\$ 338,256,745</u>	<u>\$ 371,195,664</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, 1997 and 1996

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.

Reclassifications - Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's financial statements.

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 \$4,251,131 as collateral on notes payable (Note 7). Cash and cash equivalents consist of bank demand deposits and mutual fund investments

3 Investments

Funds of the Association may be invested in bonds, notes or securities or 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, 1997 and 1996 were as follows:

	1997 Amortized	1997 Estimated Market Cost	1996 Amortized Value	1996 Estimated Market Cost/Value
Stocks & Bonds	\$ 26,000	\$ 26,000	\$ 51,000	\$ 51,000
Mutual Funds	\$143,291,621	\$143,291,621	\$134,466,648	\$134,466,648
U.S. Treasury Securities	<u>28,363,757</u>	<u>28,421,685</u>	<u>39,025,722</u>	<u>20,124,118</u>
	<u>\$171,681,378</u>	<u>\$171,739,306</u>	<u>\$173,543,370</u>	<u>\$ 173,641,766</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 (1996 and 1995):

Line of Business	1996		1995	
	Assessable Premium Base	Assessment Capability	Assessable Premium Base	Assessment Capability
Life	\$ 5,008,007,987	\$ 50,080,079	\$ 5,045,314,552	\$ 50,453,145
Accident & Health	6,239,850,264	62,398,502	6,243,615,786	62,436,158
Annuity	<u>4,118,802,175</u>	<u>41,188,021</u>	<u>4,118,865,612</u>	<u>41,188,656</u>
	<u>\$15,366,660,426</u>	<u>\$153,666,602</u>	<u>\$15,407,795,950</u>	<u>\$154,077,959</u>

Class B assessment revenue for 1997 and 1996 was \$23,954,748 and \$52,397,067 respectively. In accordance with statute, a credit refund which returned \$15,952,505 to member insurers, was netted against 1997 assessment revenue.

Assessments receivable totaling 2,213,393 and \$2,513,991 represent the balance of billed assessments unpaid as of December 31, 1997 and 1996, respectively. These unpaid assessments were levied in years 1991 through 1997. An allowance for uncollectible billed assessments in the amount of \$1,902,629 and \$1,939,535 has been recorded as of December 31, 1997 and 1996, respectively.

Unbilled assessments, \$132,876,245 and \$137,937,593 at December 31, 1997 and 1996, 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, 1997 and 1996, loans and proofs of claim receivable totaled \$217,952,061 and \$214,026,690 and 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, 1997 and 1996, were \$187,582,430 and \$162,166,738 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	\$ 4,716,728	\$ 7,582,212	\$11,277,232	\$ 1,021,708
Interaccount Borrowings	\$(4,716,728)	\$11,277,232	\$ 7,582,212	\$(1,021,708)
1997 Total	\$18,859,444	\$18,859,444		
Interaccount Loans	\$ 2,630,111	\$ 5,024,226	\$ 2,937,609	\$ 4,716,728
Interaccount Borrowings	\$(2,630,111)	\$ 2,937,609	\$ 5,024,226	\$(4,716,728)
1996 Total	\$ 8,961,835	\$ 8,961,835		

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
1997	\$ 39,600,000	\$000	\$ 19,700,000	\$ 19,900,000
1996	\$ 00000	\$102,158,732	\$ 62,558,732	\$ 39,600,000

Notes outstanding at December 31, 1997 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, 1997 the Association had received approximately \$26 million subject to such agreements. Investment earnings attributable to the distributions received is not included in the amount cited above. As of December 31, 1997 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, 1997 and 1996, 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 \$45,020 in minimum lease payments in 1998.

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 1997 both plans were terminated. The assets are held by the Association to be distributed upon employee retirement or termination.

The Association established a new defined contribution pension plan for its employees under Internal Revenue Code Section 401(a) effective January 1, 1997. This plan covers substantially all of the Association's employees. Employees are permitted to contribute up to the maximum permitted under the Internal Revenue Code. The Association contributes 6% of employees salary to the plan annually. Contributions to this 401(a) plan for 1997 were \$49,367 and \$45,961 in 1996.

12 Net Assets - Permanently Restricted

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

	1997	1996
Association's Continuing Administrative Expenses	\$ 7,530,831	\$ 6,311,396
Self Insurance Restricted Funds	35,549	33,838
Insolvent Estates	<u>33,782,789</u>	<u>35,287,783</u>
Net Assets	\$41,349,169	\$ 41,633,017

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, 1997 and December 31, 1996

Disclaimer The state's three insurance guaranty associations now report receivership activity on a calendar year basis. The latest data available is for Calendar Year 1997. As a result, the data provided by the guaranty associations no longer corresponds directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1998 that runs from September 1, 1997 through August 31, 1998.

TEXAS TITLE INSURANCE GUARANTY ASSOCIATION Balance Sheet December 31, 1997 and 1996

	1997	1996
ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 6,303,617	\$ 6,966,946
Receivables:		
Loans and Proofs of Claims (Net Allowance of \$7,851,639 and \$ 7,851,639 respectively) (Note 4)	3,360,000	3,360,000
Accrued Interest	0	28,180
Total Assets	\$ 9,663,617	\$ 10,355,126
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ 70,350	\$ 290,650
Total Liabilities	70,350	290,650
Commitments and Contingencies (Note 6)	-	-
Net Assets:		
Permanently Restricted	9,593,267	10,064,476
Total Liabilities and Net Assets	\$ 9,663,617	\$ 10,355,126

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, 1997 and 1996

	1997	1996
Revenue		
Decrease in Insurance Contractual Obligations	\$ 0	\$ 350,000
Recoveries	0	151,230
Interest	322,064	334,390
Other	0	5,490
Title Fees	1,664	1,078
Recoupment Fees	0	8
Total Revenue	323,728	842,196

Expenses		
Claims:		
Claims Paid	0	135,000
Legal and Professional	5,749	2,458
Third Party Administrators	8,459	0
	14,208	137,458
Examiners' Fees	744,154	528,901
Administrative Costs:		
Legal and Professional	24,048	17,047
Accounting and Auditing	10,500	9,900
Board Members' Expense	2,027	2,500
Other	0	27
	36,575	29,474
Total Expenses	794,937	695,833
Revenue over Expenses	(471,209)	146,363
Net Assets - Beginning	10,064,476	9,918,113
Net Assets - Ending	\$ 9,593,267	\$ 10,064,476

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, 1997 and 1996

	1997	1996
Cash Flows from Operating Activities:		
Excess of Revenues over Expenses	\$ (471,209)	\$ 146,363
Adjustments to Reconcile of Revenues over Expenses to Net Cash Provided by Operating Activities:		
Allowance for Loans Receivable	0	(164,677)
Change in Assets and Liabilities:		
(Increase) Decrease in Accrued Interest Receivable	28,180	3,286
Increase (Decrease) in Accounts Payable	(220,300)	156,190
Increase (Decrease) in Escrow Deposits Held	-	-
Increase (Decrease) in Insurance Contractual Obligations	0	(350,000)
Total Adjustments	(192,120)	(355,201)
Net Cash (Used) Provided by Operating Activities	(663,329)	(208,838)
Cash Flows from Investing Activities:		
(Increase) Decrease in Loans Receivable	-	-
Loans	0	(134,163)
Recoveries	0	151,230
Net Cash (Used) Provided by Investing Activities	0	17,067
Net Increase (Decrease) in Cash and Cash Equivalents	(663,329)	(191,771)
Cash Equivalents, Beginning of Year	6,966,946	7,158,717
Cash Equivalents, End of Year	\$ 6,303,617	\$ 6,966,946

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

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 may be 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. These fees are no longer being collected except for late filings by title 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. All assessments have been fully recovered.

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, 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 three months 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.

	1997	1996
Cash on Deposit	\$ 30,704	\$ 61,572
Mutual Funds	6,272,913	6,905,374
	\$6,303,617	\$6,966,946

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 are based on estimates amount for all impaired companies. These amounts are necessarily based on an estimate, and the ultimate liability may vary significantly from this estimate. In addition, these liabilities are 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. As of December 31, 1997 and 1996, the Association has no estimated insurance contractual obligations.

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.

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