

Part III Rehabilitations and Liquidation Oversight Report

This section of the Texas Department of Insurance's *132nd Annual Report* presents statistical information on companies placed in supervision, conservatorship and receivership. It also contains financial information on the state's three guaranty associations: the Texas Property and Casualty Insurance Guaranty Association, Texas Life, Accident, Health and Hospital service Insurance Guaranty Association and the Texas Title Insurance Guaranty Association.

issued by the

Texas Department of Insurance

Rehabilitations and Liquidation Oversight Report

Insurance Companies under Supervision, Conservation, 1.32 Orders and Administrative Oversight Letters

Activity for Fiscal Year 07

BEGINNING BALANCE	NEW INTERVENTIONS	RELEASED TO MANAGEMENT	DISSOLVED	PLACED IN RECEIVERSHIP	YEAR END BALANCE
12	2	6	1	1	6

Balance at End of FY07

ACTION	DATED	COMPANY NAME
1.32	01/05/06	ABBA Indemnity Company
1.32	03/03/03	Coordinated Care Solutions of TX, Inc
1.32	12/08/04	National Health Insurance Company
1.32	09/16/92	Provident American Insurance Company
Supervision	07/17/07	*Confidential*
Supervision	05/25/07	*Confidential*

Receiverships for Rehabilitation or Liquidation

Receiverships by Fiscal Year

New Receiverships/Receiverships Closed Fiscal Years 2003-2007

FISCAL YEAR	RECEIVERSHIP BALANCE BEGINNING OF FY	NEW RECEIVERSHIPS	RECEIVERSHIPS CLOSED
2003	22	7	6
2004	23	3	5
2005	21	4	3
2006	22	9	7
2007	24	1	0

Open Receiverships at Year-end FY07

Employers Casualty Company
 United Republic Insurance Company
 American Eagle Insurance Company and American Meridian Insurance Company
 Comprehensive Health Services of TX. Inc.
 American Benefit Plans, et al
 Colonial Casualty Insurance Company, et al
 AmCare Health Plans of Texas, Inc.
 Empire Lloyds Insurance Co./Lloyds Insurance Holding Co., Inc
 Millers Insurance Company
 Western Indemnity Insurance Company
 Good Samaritan Life Insurance Company
 Highlands Insurance Company
 States General Life Insurance Company
 Financial Insurance Company of America
 Reliant American Insurance Company and Reliant American General Agency
 Universal Insurance Exchange and Universal Paratransit Ins. Services Grp
 Vesta Fire Insurance Group
 Shelby Casualty Insurance Company
 The Shelby Insurance Company
 Texas Select Lloyds
 Select Insurance Services, Inc.
 Vesta Insurance Corporation
 Family Life Insurance Company of America
 Lone Star Life Insurance Company
 Peters Burial Association

Texas Property and Casualty Insurance Guaranty Association

Financial Statements, December 31, 2006

Note: The following is an excerpt only. Readers are advised to review the entire financial statements, including the notes that form an integral part of the statements, which are available from the Department's Financial Program.

Statement of Financial Position, December 31, 2006

ASSETS	2006
Current Assets	
Cash and Cash Equivalents	\$ 10,292,611
Investments, at Fair Value	395,566,290
Assessments Receivable	
Accounts Receivable - Other	155,442
Total Current Assets	406,014,343
Noncurrent Assets	
Loans Receivable (Note 5):	
Administrative	\$ 12,748,120
Auto 126,202,840	
Other Lines	212,625,373
Workers' Compensation	320,943,213
Total Loans Receivable	672,519,546
Allowance for Doubtful Accounts	(672,519,546)
Net Loans Receivable	-
Property and Equipment	
Furniture and Equipment	754,764
Computer Systems	687,666
Telephone Systems	89,196
Company Vehicles	58,277
Leasehold Improvements	294,548
Accumulated Depreciation	(1,104,394)
Net Property and Equipment	780,057
Total Noncurrent Assets	780,057
Total Assets	\$406,794,400

Texas Property and Casualty Insurance Guaranty Association

Note: The following is an excerpt only. Readers are advised to review the entire financial statements, including the notes that form an integral part of the statements, which are available from the Department's Financial Program.

LIABILITIES	2006
Current Liabilities	
Accounts Payable and Accrued Liabilities	\$1,894,972
Outstanding Checks	14,949,721
Current Portion of Claims Payable	55,000,000
Total Current Liabilities	71,844,693
Long Term Liabilities	
Claim Liabilities	
Loss Adjustment Expense	16,594,695
Auto	3,074,626
Other Lines	36,320,950
Workers' Compensation	377,875,198
Total Long Term Claim Liabilities	433,865,469
Other Long Term Liabilities	
Early Access Distributions	31,002,342
Total Other Long Term Liabilities	31,002,342
Total Long Term Liabilities	464,867,811
TOTAL LIABILITIES	\$536,712,504
Net Assets, Invested in Capital Assets	780,057
Net Assets (Deficit), Unrestricted	(130,698,161)
Total Net Assets	(129,918,104)
Total Liabilities and Net Assets	\$ 406,794,400

Texas Property and Casualty Insurance Guaranty Association

Note: The following is an excerpt only. Readers are advised to review the entire financial statements, including the notes that form an integral part of the statements, which are available from the Department's Financial Program.

Statement of Revenues, Expenses, and Changes in Net Assets for December 31

Revenues	2006
Distributions	\$ 44,085,067
Assessments	49,999,860
Investment Income, Net	15,751,994
Interest on Accounts	811,758
Subrogation and Salvage Recoveries	11,280,594
Miscellaneous Income	0
Total Revenues	121,929,273
Claims Activity	
Claims Payments	
Claims Administration	9,482,014
Auto 1,289,191	
Other Lines	75,528,089
Workers' Compensation	32,575,546
Total Claims Payments	118,874,840
Change in Claims Liabilities	(11,977,992)
Total Claims Activity	106,896,848
Excess (Deficiency) of Revenues over Claims Activity and Refunds	15,032,425
Operating Expenses	
Employment Expenses	\$4,441,905
Employee Relations	15,502
Education and Staff Development	85,699
Contract labor	29,158
Legal Fees	35,471
Audit Fees	14,500
Consulting	40,800
Leasehold Improvements	2,441
Office Rent and Overhead	367,155
Insurance	66,217
Furniture and Equipment	3,762
Equipment Rental	43,129
Computer Systems	654,560
Telephone	39,550
Office Supplies	58,121
Postage and Delivery	255,759
Printing	22,607
Advertising – Employee Procurement	0
Travel	68,130
Professional Meetings	36,578
Reference Materials	17,854
Subscriptions and Professional Dues	98,772
Property Taxes	10,810
Bank Charges	71,779
Depreciation Expense	148,295
Total Operating Expenses	6,628,554
Increase (Decrease) in Net Assets	8,403,871
Gain (Loss) on Sale of Property and Equipment	0
Beginning Net Assets (Deficit) at January 1	3,820
Net Assets (Deficit) at December 31	\$(129,918,104)

Life, Accident, Health and Hospital Service Insurance Guaranty Association

Financial Statements, December 31, 2006

Note: The following is an excerpt only. Readers are advised to review the entire financial statements, including the notes that form an integral part of the statements, which are available from the Department's Financial Program.

Statements of Financial Position, December 31, 2006

Assets

Current assets²⁰⁰⁶

Cash and cash equivalents	\$78,192,299
Investments	0

Receivables

Billed assessments, net of allowance of \$682,268 and \$681,182 at December 31, 2006	69,327
Other receivables	203,936

Proofs of claim, net of allowance of \$322,926,269 and \$311,157,149 at December 31, 2006	174,014
Total current assets	78,639,576

Noncurrent assets

Unbilled assessments	60,361,928
Capital assets, net	22,530
Total noncurrent assets	60,384,458
Total assets	\$139,024,034

Liabilities and Net Assets

Current liabilities

Accounts payable	\$361,033
Accrued expenses	275,191
Estate funds payable	663,465
Current portion of insurance contractual obligations	8,200,491
Total current liabilities	9,500,180

Noncurrent liabilities

Insurance contractual obligations	102,360,241
Total liabilities	111,860,421

Net assets

Invested in capital assets	22,530
Unrestricted	27,141,083
Total net assets	27,163,613

Total liabilities and net assets	\$ 139,024,034
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Life, Accident, Health and Hospital Service Insurance Guaranty Association

Note: The following is an excerpt only. Readers are advised to review the entire financial statements, including the notes that form an integral part of the statements, which are available from the Department's Financial Program.

Statement of Revenues, Expenses, and Changes in Net Assets For the Year Ended December 31, 2006

Operating revenues

Membership assessments:	
Billed assessments	\$0
Change in unbilled assessments	(2,498,133)
Net Membership assessments	(2,498,133)
Estate recoveries and early access distributions	10,689,928
Change in proofs of claim, net of allowance	(7,778,385)
Premiums	200,759
Other	215,559
<i>Total operating revenues</i>	<i>829,728</i>

Operating Expenses

Claims

Change in insurance contractual obligations	(12,452,958)
Refund of prior years' assessments	(490)
Claims paid	7,752,996
Assumption reinsurance agreements	5,485,555
Third-party administrators	51,956
National task forces	858,545
	<i>1,695,604</i>

Administrative costs

Legal and professional	168,771
Salaries and benefit costs	543,612
Building and equipment lease costs	87,944
Depreciation	14,660
National organization dues and meetings	61,950
Other	125,641
Total administrative costs	1,002,578
<i>Total operating expenses</i>	<i>2,698,182</i>
<i>Operating income (loss)</i>	<i>(1,868,454)</i>

Non-operating revenues

Interest income (net of interest exp)	3,462,746
Net nonoperating revenues	3,462,746
Change in net assets	1,594,292
Net assets, beginning of year	25,569,321

Net assets, end of year **\$27,163,613**

Texas Title Insurance Guaranty Association

Note: The following is an excerpt only. Readers are advised to review the entire financial statements, including the notes that form an integral part of the statements, which are available from the Department's Financial Program.

Statement of Net Assets December 31, 2006

Assets	2006
Cash and cash equivalents	\$193,442
Investments	2,404,992
Assessment receivable	354,141
Total assets	\$2,952,575
Liabilities and Net Assets	
Liabilities	
Accrued expenses	\$94,430
Total liabilities	94,430
Net assets	
Unrestricted	837,172
Restricted	2,020,973
Total net assets	2,858,145
Total liabilities and net assets	\$ 2,952,575

Statement of Revenues, Expenses and Changes in Net Assets Years Ended December 31, 2006

Operating revenues	2006
Investment income	\$80,710
Guaranty Fees	1,529,509
Restitution	
Appreciation in fair value investments	\$6,351
Total operating revenues	1,616,570
Operating expenses	
Examiners	1,067,441
Professional services	50,646
Board meeting expenses	1,629
Bank charges	148
Administration & other expenses	\$2,945
Total operating expenses	1,122,809
Operating revenues over expenses	493,761
Non Operating Expenses	
Refund Title Assessment	0
Loss on sale of land	0
Total nonoperating expense	0
Revenue over expenses	493,761
Net assets at beginning of year	2,364,384
Net assets at end of year	\$2,858,145
Total	\$2,858,145