

Summary of Supervisions September 1, 1998 through August 31, 1999

Domestic	EXISTING	NEW	FY99 YEAR- END BALANCES
Stock Life	2	3	2
Stipulated Premium	0	0	0
Surplus Lines Insurers	0	0	0
Local Mutual Aid Associations	0	0	0
Fire and/or Casualty	0	0	0
Lloyd's	0	0	0
Title	0	0	0
Title Agency	3	0	0
Unauthorized Insurers	0	0	0
Managing General Agents	0	0	0
Local Recording Agent	0	0	0
Reciprocal	0	0	0
Fraternal	0	0	0
Third Party Administrator	0	1	0
Health Maintenance Organization	1	2	1
Premium Finance Company	0	0	0
Foreign	1	0	0
Totals	7	6	3

Summary of Conservatorships September 1, 1998 through August 31, 1999

Domestic	EXISTING	NEW	FY99 YEAR- END BALANCES
Stock Life	1	2	1
Stipulated Premium	0	0	0
Surplus Lines Insurers	0	0	0
Managing General Agents	0	0	0
Fire and/or Casualty	0	0	0
Lloyd's	0	0	0
Title	0	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	0	0
Health Maintenance Organization	0	1	0
Foreign	0	0	0
Totals	2	3	1

Summary of Insurers under Court-Directed/Special Administrative Action September 1, 1998 through August 31, 1999

Domestic	EXISTING	NEW	FY99 YEAR- END BALANCES
Stock Life	8	6	9
Stipulated Premium	1	0	0
Fire and/or Casualty	4	6	9
Lloyd's	3	0	3
Burial	0	1	1
Title	0	2	1
Premium Finance Company	1	0	0
Reciprocal	1	0	1
Title Agent	1	0	0
Agency	1	0	0
Local Recording Agent	2	0	0
Managing General Agent	1	0	1
Local Mutual Aid	0	1	1
Health Maintenance Organization	1	4	3
Foreign	2	1	2
Totals	26	21	31

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 DISSOLVED	CEASED BUSINESS DISSOLVED	IN RECEIVER-SHIP	RELEASED TO MANAGEMENT	OTHER CHANGES	YEAR-END BALANCES
1976	17	5	4	1	5	7		
1977	5	16	0	0	5	5		
1978	10	15	0	2	2	6		
1979	12	15	0	1	3	12		
1980	8	6	0	0	1	4		
1981	9	11	0	0	1	7		
1982	11	10	0	1	3	8		
1983	7	12	0	0	7	9		
1984	3	12	0	0	3	4		
1985	5	19	0	1	5	4		
1986	12	21	0	0	5	4		
1987	14	58	0	0	14	7		
1988	42	33	1	3	19	10	9	33
1989	33	49	1	5	21	23	16	32
1990	32	31	5	6	20	15	16	17
1991	17	34	0	2	11	14	12	*24
1992	*27	37	0	1	13	25	0	25
1993	25	38	3	0	9	6	11	34
1994	34	36	0	2	7	14	13	34
1995	34	32	2	4	1	11	6	42
1996	42	26	1	5	1	9	11	41
1997	41	36	1	7	4	14	14	37
1998	37	31	2	3	5	7	16	35
1999	35	30	2	8	4	8	8	35

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

Note FY99/Other Changes: 2 entities moved from Supervision to Conservatorship; 2 entities moved from Supervision to Article 1.32; 1 entity moved from Supervision to Administrative Oversight; 1 entity moved from Conservatorship to Administrative Oversight; 1 entity moved from Administrative Oversight to Supervision.; and 1 entity moved from Article 1.32 to Confidential Conservatorship.

Companies in Supervision at Beginning of Fiscal Year 1999

ORDER NO.†	DATED	COMPANY NAME
98-0383	04-07-98	Confidential*
98-0510	05-04-98	Confidential*
98-0612	05-26-98	Confidential*
98-0637	06-01-98	Confidential*
98-0898	08-03-98	Confidential*
98-0944	08-13-98	Confidential*
98-0991	08-26-98	MNM-1997, Inc./Dorsey Dental Plan

† Order Number refers to orders issued by the Commissioner of Insurance.

* Confidential pursuant to Texas Statute

Companies in Conservatorship at Beginning of Fiscal Year 1999

ORDER NO.	DATED	COMPANY NAME
98-0099	01-23-98	Confidential*
98-0596	05-21-98	Business Insurance Agency, Inc.

* Confidential pursuant to Texas Statute

**Art. 1.32/Insurers under Court-Directed/Special Administrative Action
at Beginning of Fiscal Year 1999**

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. 1.32/93-0938	10-13-93	U. S. Health Insurance Company
Agreement Letter	01-13-95	Specialty Lloyds Insurance Company
Letter	01-17-95	Quality Acceptance Corporation
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	01-10-97	Ticor Title Agency of San Antonio
Letter	02-06-97	South Texas Bankers Life Insurance Co.
Letter	03-12-97	Universal Insurance Exchange
Letter	06-24-97	Empire Lloyds Insurance Company
Letter	08-26-97	International Surety & Casualty (Name changed to: Unistar Insurance Company)
Art. 1.32/97-1005	10-07-97	Gramercy Insurance Company
Letter	11-25-97	North American Excess/Surplus
Letter	11-25-97	K. Wolynski Insurance Agency
Art. 1.32/98-0185	02-13-98	American Chambers Life Insurance Co.
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
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. 1.32/98-0691	06-15-98	N. A. of Texas, Inc.

Companies Placed in Supervision Between September 1, 1998 and August 31, 1999

ORDER NO.	DATED	COMPANY NAME
99-0083	01-14-99	Comprehensive Health Service of Texas, Inc.
99-0219	02-08-99	Confidential*
99-0561	04-14-99	Administrative Services of Texas, Inc.
99-0972	07-09-99	Confidential*
99-1050	07-22-99	Confidential*
99-1150	08-13-99	Certus HealthCare, LLC

* Confidential pursuant to Texas Statute

Companies Placed in Conservatorship between September 1, 1998 and August 31, 1999

ORDER NO.	DATED	COMPANY NAME
99-0166	01-26-99	Comprehensive Health Service of Texas, In
99-0182	01-28-99	Mercantile Life Insurance Company
99-0280	02-22-99	Confidential*

* Confidential pursuant to Texas Statute

**Insurers under Court-Directed/Special Administrative Action
between September 1, 1998 and August 31, 1999**

ACTION	DATED	COMPANY NAME
Letter	09-28-98	Dallas Fire Insurance Company
Art. 1.32/98-1131	10-05-98	United Benefit Life Insurance Company
Letter	10-10-98	Texas Bankers Life Insurance Company
Letter	10-12-98	American Title Company/Brazos County
Art. 1.32/98-1344	11-19-98	Statesman National Life Insurance Company
Letter	12-07-98	DentiCare, Inc

continued on page 80

**Insurers under Court-Directed/Special Administrative Action
between September 1, 1998 and August 31, 1999 ...continued**

ACTION	DATED	COMPANY NAME
Letter	12-18-98	Old Republic Title Company/Fort Worth
Letter	02-23-99	MNM-1997, Inc./Dorsey Dental Plan
Letter	03-22-99	Mack H. Hannah Life Insurance Company
Letter	04-29-99	Certus Healthcare, L.L.C.
Letter	07-12-99	Magnolia Relief Fund
Agreement Letter	07-16-99	Highlands Insurance Company
Agreement Letter	07-16-99	Highlands Underwriters Insurance Company
Agreement Letter	07-16-99	Highlands Casualty Company
Agreement Letter	07-16-99	Aberdeen Insurance Company
Agreement Letter	07-16-99	Highland Lloyds
Art. 1.32/99-1046	07-22-99	International Financial Services Life Ins. Co.
Letter	08-18-99	AECC Total Vision Health Plan of Texas, Inc.
Art. 1.32/99-1179	08-20-99	Franklin Protective Life Insurance Company
Art. 1.32/99-1180	08-20-99	First National Life Insurance Co. of America
Letter	08-24-99	Peoples Funeral Service Insurance Company

**Companies Released from Supervision
between September 1, 1998 and August 31, 1999**

ORDER NO.	DATED	COMPANY NAME
98-1349	11-19-98	Lawyers Title Galveston
98-0082	01-04-99	Vaughan Abstract & Title Co.
98-0190	01-29-99	Safeco Land Title/Tarrant
99-0959	07-05-99	Statesman National Life Insurance Company
98-0967	07-08-99	Administrative Services of Texas, Inc.

**Companies Released from Conservatorship
between September 1, 1998 and August 31, 1999**

ORDER NO.	DATED	COMPANY NAME
98-1112	09-25-98	Business Insurance Agency, Inc.
99-0530	04-08-99	Legal Security Life Insurance Company
99-1045	07-22-99	Comprehensive Health Services of Texas, Inc.

**Insurers Released from Court-Directed/Special Administrative Action
between September 1, 1998 and August 31, 1999**

ORDER NO.	DATED	COMPANY NAME
Letter	09-25-98	The Maxfield Agency
Letter	10-19-98	North American Excess/Surplus
Letter	10-19-98	K. Wolynski Insurance Agency, Inc.
Letter	12-03-98	Ticor Title Agency, Inc.
Letter	12-18-98	Texas Bankers Life Insurance Company
Art. 1.32/98-1495	12-22-98	Statesman National Life Insurance Company
Art. 1.32/98-1510	12-28-98	U. S. Health Insurance Company
Letter	12-30-98	Amil International Insurance Company
Letter	04-15-99	Quality Acceptance Corporation
Art. 1.32/99-0705	05-14-99	International Services Insurance Company
Art. 1.32/99-0706	05-14-99	Centennial Life Insurance Company
Letter	06-01-99	South Texas Bankers Insurance Company
Letter	07-01-99	Parliament Dental Plans, Inc.
Letter	07-09-99	Old Republic Title Company of Fort Worth

Insurance Companies and Affiliates in Receivership as of August 31, 1999

	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	442	Commodore Life Insurance	490,005	201st
7	447	American Guardian Ins. Underwriters Lloyds, et al	492,413	53rd
8	450	Texas Employers Insurance Association	91-1681	201st
9	457	Western Employers Insurance Co.	91-6872	147th
10	459	International Service Insurance Co.	91-10584	201st
11	461C	Sir Lloyd's Insurance Company	91-12765	200th
12	462C	Standard Financial Indemnity Corp.	91-12766	201st
13	465	Comco Insurance Company	91-14077	345th
14	473C	Members Mutual Insurance Company	92-10489	299th
15	479C	Guaranty County Mutual Ins. Co.	93-04034	261st
16	480C	Underwriters Lloyds Ins. Co.	93-04318	126th
17	485C	Eagle Insurance Company	93-12483	250th
18	487C	Employers Casualty Company	92-02133	353rd
19	489C	Employers of Texas Lloyd's, et al	94-00949	353rd
20	490C	Employers National Insurance Company	94-00950	53rd
21	492C	International Lloyds Ins. Co.	96-02960	126th
22	494C	Insurance Corporation of America	97-02977	200th
23	495C	United Republic Insurance Company	97-07775	126th
24	496C	American Eagle Insurance Company	97-13405	201st
25	497C	Supreme Home of the Progressive Order of Pilgrims	97-12522	126th
26	498C	Gulf Atlantic Life Insurance Company	97-12317	126th
27	499C	Professional Benefits Insurance Company	98-04500	201st
28	500C	Comprehensive Health Services of Texas Inc.	99-01313	353rd
29	501	Legal Security Life Ins. Co.	99-03277	98th
30	503	The Statesman Life Ins. Co.	99-02772	250th

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
1999	32	†3	5

As of August 31, 1999: 30 Active Receiverships

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

† Not included in this number was one third party administrator that was placed in receivership.

Receivership Numbers 301–417 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	301 Commercial Standard	313 Transit Casualty	329 Dexter Lloyds	375 First Service LIC	417 Title USA
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	TITLE
STATE OF DOMICILE	TEXAS	MISSOURI	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	1/16/1985	12/13/1985	10/1/1986	12/1/1988	10/19/1989
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	D. BAGGETT	N. MONTALVO	IN HOUSE	IN HOUSE	E. ENGLEKING
Cash Assets					
Operating Account	45,863	7,015	–	7,816	–
Texas Treasury Account	6,707,137	3,594,570	–	230,593	–
Court Approved Deposits	–	–	–	–	–
Early Access/Texas G/A	1,643,190	–	–	–	–
Early Access/Other G/As	6,523,571	–	–	–	–
Total Cash Assets	14,919,761	3,601,585	–	238,409	–
Assets/for Recovery					
Funds Restricted	–	–	–	–	–
Receivable	–	–	–	–	–
Premiums	–	–	–	–	–
Agents Balances	–	–	–	–	–
Reinsurance	26,947	–	–	–	–
Subrogation	–	–	–	–	–
Other	–	–	–	–	–
Allowance for Recovery	–	–	–	–	–
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	26,947	–	–	–	–
Total Assets	14,946,708	3,601,585	–	238,409	–
Company Liabilities					
Class I Reserves–G/A	–	–	–	–	–
Class II Claims Reserves–G/A	41,634	3,400,139	–	–	–
Class II Claims Reserves–Non-G/A	79,828	–	–	–	–
Other Liabilities	–	–	–	–	–
Class I Creditors					
SDR Fees	3,235	1,844	–	–	–
SDR Sub-contractors	3,650	2,937	–	–	–
Receivers Allocation	1,191	824	–	1,097	–
G/A–Claims Expense	696,262	269,038	195,918	–	–
Other CLASS I	–	–	–	–	–
Total Class I Creditors	704,338	274,643	195,918	1,097	–
Class II Creditors					
PH Claims	–	17,952,480	573,940	–	–
G/A-PH Claims Paid	7,564,949	502,073	1,385,371	–	7,497,546
Other Class II	295,797	–	–	–	18,800,384
Total Class II Creditors	7,860,746	18,454,553	1,959,311	–	26,297,931
Class III Creditors					
IRS Payable	–	–	–	–	–
General Creditors	–	1,648,915	1,119,319	–	14,217,893
Reinsurance Payable	9,122,511	–	–	–	–
Other Class III	–	–	–	–	–
Total Class III Creditors	9,122,511	1,648,915	1,119,319	–	14,217,893
Class IV Creditors					
Surplus Debentures	–	–	–	–	–
Ownership Interests	–	–	–	–	–
Other Class IV	–	–	–	–	–
Total Class IV Creditors	–	–	–	–	–
Total Company Liabilities	17,809,057	23,778,250	3,274,548	1,097	40,515,824

**Receivership Numbers 301-417 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	301 Commercial Standard	313 Transit Casualty	329 Dexter Lloyds	375 First Service LIC	417 Title USA
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	TITLE
STATE OF DOMICILE	TEXAS	MISSOURI	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	1/16/1985	12/13/1985	10/1/1986	12/1/1988	10/19/1989
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	D. BAGGETT	N. MONTALVO	IN HOUSE	IN HOUSE	E. ENGLEKING
Equity					
Accumulated (loss) Equity	(2,862,349)	(20,176,665)	(3,274,548)	237,312	(40,515,824)
Unrealized Recovery	-	-	-	-	-
Total Liabilities and Equity	14,946,708	3,601,585	-	238,409	-
Unencumbered Cash as of 8/31/98	4,965,794	3,326,939	(209,202)	239,521	11,832,176
Income					
Funds Held	-	-	-	-	-
Funds Held for Others	75,377	-	-	-	-
Funds Held for Others Expense	(3,378)	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	-	-	-
Collection Expense	-	-	-	-	-
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	-
Agent Balance Expense	(1,138)	-	-	-	-
Reinsurance Recovery	1,093,017	-	-	-	-
Reinsurance Expense	(22,877)	-	-	-	-
Subrogation Recovery	-	-	-	-	-
Subrogation Expense	-	-	-	-	-
Intercompany Receivable Receipts	-	-	-	-	-
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	(478)	-	-	-	-
Statutory Deposit Receipts	-	-	-	-	-
Statutory Deposit Expense	(1,799)	-	-	-	-
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	(425)
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	-	-	-	-	333
Other Asset Sales Expense	(990)	-	-	-	(1,700)
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	1,137,734	-	-	-	(1,792)

Receivership Numbers 301–417 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	301 Commercial Standard	313 Transit Casualty	329 Dexter Lloyds	375 First Service LIC	417 Title USA
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	TITLE
STATE OF DOMICILE	TEXAS	MISSOURI	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	1/16/1985	12/13/1985	10/1/1986	12/1/1988	10/19/1989
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	D. BAGGETT	N. MONTALVO	IN HOUSE	IN HOUSE	E. ENGLEKING
Passive Income					
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	322,732	-	-	11,616	90,678
Early Access Imputed Interest Income	-	-	-	-	-
Net Income/Including Passive	1,460,466	-	-	11,616	88,886
Expenses					
Claims Expense					
Class I Claims Admin. Expenses					
Covered Claims Expense	-	-	-	-	-
G/A Expense	(2,131)	-	-	-	-
SDR Fees	(4,918)	-	-	-	(3,848)
SDR Subcontractor Fees	-	-	-	-	-
Other Covered Claims	(3,476)	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(44,680)	-	-	-	-
SDR Subcontractor Fees	-	-	-	-	-
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution					
Covered Claims Funded-G/A	65,581	-	-	-	-
Covered Claims Paid-G/A	(65,581)	-	-	-	-
Early Access-G/A	(219,317)	-	-	-	-
Non-Covered Claims Paid/Receivership Distribution	-	-	(81,731)	-	(11,883,911)
Total Claims Expenses	(274,522)	-	(81,731)	-	(11,887,759)
Class I General Administration Expenses					
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(1,131)	-	-	(330)	(419)
Building/Utilities	-	-	-	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	-	-	-
Employee-Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/Inventory/Storage/Moving	-	-	-	-	-
Mailing/Printing/Postage/Publication	(462)	-	-	-	(198)
Office Supplies/Miscellaneous	(82)	-	-	-	-
Telephone	(47)	-	-	-	(336)
Receivership Allocation	(20,054)	-	-	(13,511)	(14,064)
Class I General Administration Expenses	(21,776)	-	-	(13,841)	(15,017)
Class I Subcontractor Administration Expenses					
Accounting/Auditing/Federal Income Tax Services	(7,601)	-	(4,886)	-	(7,150)
Consulting Fees/Services	14	-	-	-	-
Legal Fees/Services	(18,370)	-	-	-	(2,750)
Class I Subcontractor Administration Expenses	(25,957)	-	(4,886)	-	(9,900)
Class I SDR Administration Expenses					
SDR Administration	(35,641)	-	-	-	(8,388)
SDR Accounting	(19,729)	-	-	-	-
SDR Special Services	-	-	-	-	-
SDR Legal Services	-	-	-	-	-
Class I SDR Administration Expenses	(55,370)	-	-	-	(8,388)
Total Receivership Administrative Expense	(103,103)	-	(4,886)	(13,841)	(33,305)
Net Increase (Decrease) to Receivership Cash	1,082,841	-	(86,617)	(2,225)	(11,832,177)
Class I Payables as of 8/31/99	704,338	274,643	195,918	1,097	0
FY 1999 Reconciliation Adjustments	27	3	99,901	16	1
Cash Available as of 8/31/99	6,753,000	3,601,585	(0)	238,409	(0)

**Receivership Numbers 447-461 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	447	450	457	459	461
	American Guardian	Texas Employers Indemnity Assn.	Western Employers	International Service	Sir Lloyds
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	TITLE
STATE OF DOMICILE	TEXAS	TEXAS	CALIFORNIA	TEXAS	TEXAS
DATE OF RECEIVERSHIP	10/18/1990	2/1/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	C. KOENIG	J. HOWARD	N. MONTALVO	C. KOENIG	A. REYES
Cash Assets					
Operating Account	52,883	113,157	7,584	36,007	89,189
Texas Treasury Account	5,578,445	12,464,916	-	-	2,768,940
Court Approved Deposits	-	5,136	69,072	-	-
Early Access/Texas G/A	-	183,330,048	-	-	-
Early Access/Other G/As	-	-	-	-	-
Total Cash Assets	5,631,328	195,913,257	76,656	36,007	2,858,129
Assets/For Recovery					
Funds Restricted	-	1,593,882	-	-	-
Receivable	-	-	-	-	-
Premiums	-	1,697,289	-	-	371,575
Agent Balances	1,424,809	-	-	-	-
Reinsurance	-	29,119,096	-	-	71,643
Subrogation	40,345	-	-	-	3,433
Other	-	2,014,944	-	-	342
Allowance for Recovery	(1,320,154)	(29,732,759)	-	-	(417,628)
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	145,000	4,692,452	-	-	29,365
Total assets	5,776,328	200,605,709	76,656	36,007	2,887,494
Company Liabilities					
Class I Reserves-G/A	5,088	-	-	-	-
Class II Claims Reserves-G/A	138,626	301,127,961	6,067,752	40,075	1,362,577
Class II Claims Reserves-Non-G/A	-	-	-	-	3,987,102
Other Liabilities	-	-	-	-	-
Class I Creditors					
SDR Fees	7,066	79,368	1,058	4,508	13,866
SDR Sub-contractors	230	55,697	2,878	1,006	1,850
Receivers Allocation	1,405	6,364	754	-	1,237
G/A-Claims Expense	14,860	4,119,795	338,405	-	725,524
Other Class I	94	-	-	30,998	-
Total Class I Creditors	23,655	4,261,224	343,095	36,512	742,477
Class II Creditors					
PH Claims	276,377	12,545,068	5,015,000	51,368	-
G/A-PH Claims Paid	22,361,293	249,600,389	1,586,781	56,993	5,124,739
Other Class II	480,262	-	-	264,565	124,892
Total Class II Creditors	23,117,932	262,145,457	6,601,781	372,926	5,249,631
Class III Creditors					
IRS Payable	80,557	18,211	-	-	-
General Creditors	560,098	1,064,683	-	463,606	35,816
Reinsurance Payable	-	132,567	-	181,739	-
Other Class III	-	59,736,070	-	-	1,837,552
Total Class III Creditors	640,655	60,951,531	-	645,345	1,873,368
Class IV Creditors					
Surplus Debentures	-	-	-	-	-
Ownership Interests	-	-	-	-	-
Other Class IV	-	-	-	-	-
Total Class IV Creditors	-	-	-	-	-
Total Company Liabilities	23,925,957	628,486,173	13,012,628	1,094,858	13,215,155

Receivership Numbers 447–461 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	447	450 Texas	457	459	461
	American Guardian	Employers Indemnity Assn.	Western Employers	International Service	Sir Lloyds
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	TITLE
STATE OF DOMICILE	TEXAS	TEXAS	CALIFORNIA	TEXAS	TEXAS
DATE OF RECEIVERSHIP	10/18/1990	2/1/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	C. KOENIG	J. HOWARD	N. MONTALVO	C. KOENIG	A. REYES
Equity					
Accumulated (loss) Equity	(18,149,629)	(427,880,464)	(12,935,972)	(1,058,851)	(10,327,661)
Unrealized Recovery	-	-	-	-	-
Total Liabilities and Equity	5,776,328	200,605,709	76,656	36,007	2,887,494
Unencumbered Cash as of 8/31/98	4,960,279	1,453,702	(266,446)	5,127,555	2,130,659
Income					
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	1,526,665	-	-	-
Collection Expense	(5,075)	(295,976)	-	-	(11,806)
Litigation Expense	(368)	(45,441)	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	14,000	-	-	-	-
Agent Balance Expense	(9,775)	-	-	-	-
Reinsurance Recovery	-	7,782,351	-	-	7,950
Reinsurance Expense	-	(975,782)	-	-	(39,745)
Subrogation Recovery	8,250	100,000	-	735	-
Subrogation Expense	(1,583)	(246)	-	-	(9,289)
Intercompany Receivable Receipts	-	-	-	-	-
Other Receivable Receipts	-	41,075	-	-	-
Other Receivable Expenses	-	(67,765)	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgement/Settlement Collections	-	11,258	-	-	-
Judgement Expense	-	(696)	-	-	-
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	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	-	-	-	-	-
Other Asset Sales Expense	(1,113)	-	-	-	-
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	4,336	8,075,443	-	735	(52,890)

**Receivership Numbers 447-461 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	447	450	457	459	461
	American Guardian	Texas Employers Indemnity Assn.	Western Employers	International Service	Sir Lloyds
LINES OF INSURANCE	P&C	P&C	P&C	ULAH	TITLE
STATE OF DOMICILE	TEXAS	TEXAS	CALIFORNIA	TEXAS	TEXAS
DATE OF RECEIVERSHIP	10/18/1990	2/1/1991	5/30/1991	7/30/1991	9/10/1991
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	C. KOENIG	J. HOWARD	N. MONTALVO	C. KOENIG	A. REYES
Passive Income					
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	272,427	413,187	-	270,816	138,138
Early Access Imputed Interest Income	-	-	-	-	-
Net Income/Including Passive	276,763	8,488,630	-	271,551	85,248
Expenses					
Claims Expense					
Class I Claims Administration Expenses					
Covered Claims Expense	-	-	-	-	-
G/A Expense	(11,357)	(1,128,005)	-	-	(8,491)
SDR Fees	-	(409,105)	-	-	(22,723)
SDR Subcontractor Fees	-	(118,084)	-	-	(143)
Other Covered Claims	-	(39,192)	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(30,617)	-	-	-	-
SDR Subcontractor Fees	(4,047)	-	-	-	-
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution					
Covered Claims Funded-G/A	19,006	12,982,514	-	-	138,926
Covered Claims Paid-G/A	(19,006)	(12,234,733)	-	-	(138,926)
Early Access-G/A	-	-	-	-	-
Non-Covered Claims Paid/Receivership Distribution	-	-	-	(5,426,705)	-
Total Claims Expenses	(46,021)	(946,605)	-	(5,426,705)	(31,357)
Class I General Administration Expenses					
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(1,350)	(2,087)	-	-	(662)
Building/Utilities	-	(32,884)	-	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	-	-	-
Employee-Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/Inventory/Storage/Moving	-	(215,545)	-	-	-
Mailing/Printing/Postage/Publication	(454)	(2,434)	-	-	-
Office Supplies/Miscellaneous	(3)	(371)	-	-	-
Telephone	(21)	(3,609)	-	-	(320)
Receivership Allocation	(17,802)	(88,204)	-	-	(15,105)
Class I General Administration Expenses	(19,630)	(345,134)	-	-	(16,087)
Class I Subcontractor Administration Expenses					
Accounting/Auditing/Federal Income Tax Services	(550)	(10,520)	-	-	(3,802)
Consulting Fees/Services	-	(71,930)	-	-	-
Legal Fees/Services	(4,713)	(40,862)	-	-	-
Class I Subcontractor Administration Expenses	(5,263)	(123,312)	-	-	(3,802)
Class I SDR Administration Expenses					
SDR Administration	(29,814)	(92,719)	-	-	(31,941)
SDR Accounting	(15,018)	(82,418)	-	-	(9,120)
SDR Special Services	-	(30,159)	-	-	-
SDR Legal Services	-	-	-	-	(7,976)
Class I SDR Administration Expenses	(44,832)	(205,296)	-	-	(49,037)
Total Receivership Administrative Expense	(69,725)	(673,742)	-	-	(68,926)
Net Increase (Decrease) to Receivership Cash	161,017	6,868,283	-	(5,155,154)	(15,035)
Class I Payables as of 8/31/99	23,656	4,261,224	343,095	36,512	742,477
FY 1999 Reconciliation Adjustments	486,377	-	7	27,094	28
Cash Available as of 8/31/99	5,631,328	12,583,209	76,656	36,007	2,858,129

Receivership Numbers 462-473 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	462 Standard Financial	465 Comco Insurance	466 Texas Employers Insurance Co.	468 Bell Indemnity	473 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	10/30/1991	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	86,338	6,719	97,640	12,715	15,971
Texas Treasury Account	4,405,117	13,131,885	800,291	414,588	16,251,025
Court Approved Deposits	-	-	-	-	-
Early Access/Texas G/A	-	-	5,251,114	1,184,521	2,721,400
Early Access/Other G/As	-	-	-	-	-
Total Cash Assets	4,491,455	13,138,604	6,149,045	1,611,824	18,988,396
Assets For Recovery					
Funds Restricted	-	-	-	-	-
Receivable	-	-	-	-	-
Premiums	5,602,567	-	-	434,174	-
Agent Balances	-	270,224	-	-	-
Reinsurance	564,149	-	-	-	-
Subrogation	327,585	-	138,308	-	-
Other	-	1,497,823	-	-	-
Allowance for Recovery	(5,666,012)	(1,305,716)	(138,308)	-	-
Investments	-	-	-	-	-
Stocks/Bonds	-	-	-	-	-
Real Estate	-	-	-	-	-
Mortgages/Notes	-	-	-	-	-
Other	-	-	-	-	-
Allowance for Recovery	-	-	-	-	-
Company Assets	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Computers/Software	-	-	-	-	3,000
Home Office Building	-	-	-	-	7,000
Allowance for Recovery	-	-	-	-	-
Total Assets /For Recovery	828,289	462,331	-	434,174	10,000
Total assets	5,319,744	13,600,935	6,149,045	2,045,999	18,998,396
Company Liabilities					
Class I Reserves-G/A	-	1,560,515	-	-	-
Class II Claims Reserves-G/A	7,636,001	3,633,133	2,592,579	242,819	-
Class II Claims Reserves-Non-G/A	9,304,453	-	5,836,254	-	-
Other Liabilities	23,906	-	-	-	-
Class I Creditors					
SDR Fees	17,174	2,404	7,167	3,800	4,200
SDR Sub-contractors	1,850	282	1,500	2,079	81
Receivers Allocation	1,238	1,959	1,426	809	5,462
GA-Claims Expense	1,348,248	463,856	304,763	250,890	507,267
Other Class I	-	4,036,774	-	-	-
Total Class I Creditors	1,368,510	4,505,275	314,856	257,578	517,010
Class II Creditors					
PH Claims	9,338,457	388,082	-	-	4,702,052
G/A-PH Claims Paid	-	3,350,002	2,189,598	820,751	4,305,932
Other Class II	-	6,956,832	-	-	-
Total Class II Creditors	9,338,457	10,694,916	2,189,598	820,751	9,007,984
Class III Creditors					
IRS Payable	-	-	-	-	-
General Creditors	21,285	1,610,092	-	14,761	1,691,849
Reinsurance Payable	-	-	-	-	-
Other Class III	4,160,985	-	-	1,706,623	-
Total Class III Creditors	4,182,270	1,610,092	-	1,721,384	1,691,849
Class IV Creditors					
Surplus Debentures	-	-	-	-	-
Ownership Interests	-	-	-	-	-
Other Class IV	-	-	-	-	-
Total Class IV Creditors	-	-	-	-	-
Total Company Liabilities	31,853,597	22,003,930	10,933,287	3,042,531	11,216,843

**Receivership Numbers 462-473 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	462 Standard Financial	465 Comco Insurance	466 Texas Employers Insurance Co.	468 Bell Indemnity	473 Members Insurance P&C
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	10/30/1991	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
Equity					
Accumulated (loss) Equity	(26,533,853)	(8,402,995)	(4,784,242)	(996,532)	7,781,553
Unrealized Recovery	-	-	-	-	-
Total Liabilities and Equity	5,319,744	13,600,935	6,149,045	2,045,999	18,998,396
Unencumbered Cash as of 8/31/98	3,165,843	8,134,225	682,025	174,804	14,824,305
Income					
Funds Held	-	-	-	-	-
Funds Held for Others	3,182	-	-	-	-
Funds Held for Others Expense	(3,182)	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	-	-	-
Collection Expense	(14,252)	-	-	-	-
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	-
Agent Balance Expense	-	-	-	-	-
Reinsurance Recovery	4,991	-	-	-	-
Reinsurance Expense	(48,055)	-	-	-	-
Subrogation Recovery	-	-	-	-	87,594
Subrogation Expense	(10,859)	-	-	-	(12,555)
Intercompany Receivable Receipts	-	-	-	-	-
Other Receivable Receipts	-	-	-	-	-
Other Receivable Expenses	-	-	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgement/Settlement Collections	-	-	-	-	-
Judgement 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	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	-
Other Asset Receipts	-	-	-	-	-
Other Asset Sales Expense	-	(812)	-	-	-
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	(68,175)	(812)	-	-	75,039

Receivership Numbers 462–473 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	462 Standard Financial	465 Comco Insurance	466 Texas Employers Insurance Co.	468 Bell Indemnity	473 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	10/30/1991	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
Passive Income					
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	219,362	580,434	44,608	19,879	791,511
Early Access Imputed Interest Income	-	-	-	-	-
Net Income/Including Passive	151,187	579,622	44,608	19,879	866,550
Expenses					
Claims Expense					
Class I Claims Administration Expenses					
Covered Claims Expense	-	-	-	-	-
G/A Expense	(50,625)	(33,270)	(12,115)	(740)	(8,932)
SDR Fees	(30,479)	-	(132)	-	-
SDR Subcontractor Fees	(143)	-	-	(816)	(1,209)
Other Covered Claims	-	-	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(31,472)	-	-	-	-
SDR Subcontractor Fees	-	-	-	-	-
Other Non Covered Claims	-	-	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded–G/A	204,860	149,904	107,410	-	-
Covered Claims Paid–G/A	(204,860)	(149,904)	(107,410)	43,241	-
Early Access–G/A	-	-	-	(42,502)	-
Non-Covered Claims Paid/Receivership Distribution	-	-	-	-	(11,565)
Total Claims Expenses	(112,719)	(33,270)	(12,247)	(817)	(21,706)
Class I General Administration Expenses					
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(877)	(1,948)	(511)	(2,575)	(3,036)
Building/Utilities	-	-	(388)	-	-
Contract/Employee	-	-	-	-	-
Equipment/Lease/Maintenance	-	-	(15,175)	-	-
Employee–Payroll, PRTax, Benefits	-	-	-	-	-
Equipment Lease/Inventory/Storage/Moving	-	-	(3,597)	-	-
Mailing/Printing/Postage/Publication	-	-	(418)	-	-
Office Supplies/Miscellaneous	-	-	-	-	(1,200)
Telephone	(268)	-	-	-	-
Receivership Allocation	(15,167)	(22,375)	(16,730)	(9,454)	(67,476)
Class I General Administration Expenses	(16,312)	(24,324)	(36,819)	(12,029)	(71,712)
Class I Subcontractor Administration Expenses					
Accounting/Auditing/Federal Income Tax Services	(3,892)	(1,500)	(3,700)	(1,500)	(1,950)
Consulting Fees/Services	-	-	-	-	-
Legal Fees/Services	-	(2,622)	(19,597)	(12,959)	(13,623)
Class I Subcontractor Administration Expenses	(3,892)	(4,122)	(23,297)	(14,459)	(15,573)
Class I SDR Administration Expenses					
SDR Administration	(43,203)	(13,054)	(8,712)	(12,100)	(43,320)
SDR Accounting	(9,045)	(5,748)	(11,801)	(5,040)	-
SDR Special Services	-	-	(50,681)	-	-
SDR Legal Services	(8,939)	-	-	-	-
Class I SDR Administration Expenses	(61,187)	(18,802)	(71,194)	(17,140)	(43,320)
Total Receivership Administrative Expense	(81,391)	(47,248)	(131,310)	(43,628)	(130,605)
Net Increase (Decrease) to Receivership Cash	(42,923)	499,105	(98,949)	(24,566)	714,239
Class I Payables as of 8/31/99	1,368,510	4,505,274	314,856	257,578	517,010
FY 1999 Reconciliation Adjustments	25	-	(1)	19,488	211,442
Cash Available as of 8/31/99	4,491,455	13,138,604	897,931	427,304	16,266,996

**Receivership Numbers 479-487 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	479 Guaranty County Mutual	480 Underwriters Lloyds	481 Western Lloyds Insurance Co.	485 Eagle Insurance	487 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	266,431	75,943	-	66,185	538,953
Texas Treasury Account	10,772,175	3,210,401	-	3,829,100	56,271,780
Court Approved Deposits	-	-	-	-	3,678,432
Early Access/TX GA	-	-	-	-	74,826,001
Early Access/Other GAs	-	-	-	-	29,080,590
Total Cash Assets	11,038,606	3,286,344	-	3,895,285	164,395,756
Assets For Recovery					
Funds Restricted	-	-	-	-	-
Receivable	-	-	-	-	-
Premiums	-	-	-	-	24,867,996
Agent Balances	-	-	-	1,671	-
Reinsurance	-	4,534,101	-	259,959	5,555,198
Subrogation	-	-	-	20,000	1,838,688
Other	-	-	-	-	1,141,924
Allowance for Recovery	-	-	-	(281,630)	(18,156,711)
Investments	-	-	-	-	-
Stocks/Bonds	-	-	-	-	-
Real Estate	-	-	-	-	-
Mortgages/Notes	-	-	-	-	403,188
Other	-	-	-	-	-
Allowance for Recovery	-	-	-	-	-
Company Assets	-	-	-	-	-
Furniture & Equipment	-	-	-	-	31,473
Computers/Software	-	-	-	-	-
Home Office Building	-	-	-	-	-
Allowance for Recovery	-	-	-	-	-
Total Assets For Recovery	-	4,534,101	-	-	15,681,756
Total assets	11,038,606	7,820,445	-	3,895,285	180,077,512
Company Liabilities					
Class I Reserves-G/A	-	-	-	16,729	-
Class II Claims Reserves-G/A	-	-	-	20,000	107,751,586
Class II Claims Reserves-Non-G/A	-	-	-	192,910	44,786,407
Other Liabilities	-	-	-	-	50,568,813
Class I Creditors					
SDR Fees	19,158	2,118	-	4,803	55,678
SDR Sub-contractors	9,045	2,236	-	4,379	66,206
Receivers Allocation	3,608	-	-	3,595	6,072
GA-Claims Expense	3,989,586	1,141,665	-	863,891	21,659,991
Other Class I	-	-	-	-	-
Total Class I Creditors	4,021,397	1,146,019	-	876,668	21,787,947
Class II Creditors					
PH Claims	2,530,889	652,590	-	12,204,936	13,112,028
G/A-PH Claims Paid	20,792,059	3,090,583	-	1,730,494	68,240,890
Other Class II	-	-	-	-	-
Total Class II Creditors	23,322,948	3,743,173	-	13,935,430	81,352,918
Class III Creditors					
IRS Payable	-	-	-	-	-
General Creditors	-	-	15,878,523	585,139	587,239
Reinsurance Payable	-	3,611,244	-	-	-
Other Class III	-	929,644	-	-	-
Total Class III Creditors	-	4,540,888	15,878,523	585,139	587,239
Class IV Creditors					
Surplus Debentures	-	-	-	-	-
Ownership Interests	-	-	-	-	-
Other Class IV	-	-	700,000	-	-
Total Class IV Creditors	-	-	700,000	-	-
Total Company Liabilities	27,344,345	9,430,080	16,578,523	15,626,876	306,834,910

Receivership Numbers 479–487 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	479 Guaranty County Mutual	480 Underwriters Lloyds	481 Western Lloyds Insurance Co.	485 Eagle Insurance	487 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
Equity					
Accumulated (loss) Equity	(16,305,739)	(1,609,635)	(16,578,523)	(11,731,591)	(126,757,398)
Unrealized Recovery	-	-	-	-	-
Total Liabilities and Equity	11,038,606	7,820,445	-	3,895,285	180,077,512
Unencumbered Cash as of 8/31/98	2,585,251	271,622	5,635,344	860,166	51,877,088
Income					
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	-	-	-	3,870,530
Collection Expense	-	-	-	-	(444,716)
Litigation Expense	-	-	-	-	(163,626)
Receivable	-	-	-	-	-
Agents Balance Receipts	275,000	-	-	-	-
Agent Balance Expense	(67,886)	-	-	(458)	-
Reinsurance Recovery	2,890,670	-	-	2,123,997	2,930,943
Reinsurance Expense	(10,568)	-	-	(14,160)	(153,250)
Subrogation Recovery	4,748	-	600	26,000	63,114
Subrogation Expense	(3,561)	-	-	(31,976)	(44,437)
Intercompany Receivable Receipts	-	3,040	-	-	(1,132,783)
Other Receivable Receipts	270	-	-	-	353,452
Other Receivable Expenses	(3,248)	-	-	-	(148)
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	-
Judgement/Settlement Collections	-	2,600,000	-	-	2,150
Judgement Expense	-	-	-	-	191
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	436,000
Other Litigation Expense	-	-	-	-	(49,410)
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	-	-	(12,559)
Statutory Deposit Receipts	-	-	-	-	10,759,670
Statutory Deposit Expense	-	-	-	-	(9,746)
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	-	-	-	(2,645)
Other Asset Receipts	-	-	-	-	2,103
Other Asset Sales Expense	-	-	-	(119)	(36,338)
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	588	-	-	-	50,010
Furniture, Fixtures & Equipment Expense	(197)	-	-	-	(232)
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
Net Income from Assets/Receivable	3,085,816	2,603,040	600	2,103,284	16,418,273

**Receivership Numbers 479-487 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	479 Guaranty County Mutual	480 Underwriters Lloyds	481 Western Lloyds Insurance Co.	485 Eagle Insurance	487 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
Passive Income					
Investments Interest/Dividends	-	-	-	-	-
Cash Deposit Interest Income	387,641	82,450	104,953	124,595	7,863,201
Early Access Imputed Interest Income	-	-	-	-	1,194,248
Net Income/Including Passive	3,473,457	2,685,490	105,553	2,227,879	25,475,722
Expenses					
Claims Expense					
Class I Claims Administration Expenses					
Covered Claims Expense	-	-	-	-	-
G/A Expense	1,107,063	(4,340)	(531)	(3,034)	(1,873,725)
SDR Fees	(9,326)	(14,817)	(1,245)	-	(77,400)
SDR Subcontractor Fees	-	(7,249)	(4,400)	-	(48,999)
Other Covered Claims	-	-	-	-	-
Non Covered Claims Expenses					
SDR Fees	(42,601)	-	-	(5,248)	(135,361)
SDR Subcontractor Fees	(380)	-	-	(715)	(86,346)
Other Non Covered Claims	(110)	-	-	-	(4,784)
Claims Paid/Distribution:					
Covered Claims Funded-G/A	1,431,528	-	-	-	8,312,415
Covered Claims Paid-G/A	(1,431,528)	-	-	-	(8,312,415)
Early Access-G/A	-	-	-	-	(27,787,747)
Non-Covered Claims Paid/Receivership Distribution	-	-	(5,656,209)	-	-
Total Claims Expenses	1,054,646	(26,406)	(5,662,385)	(8,997)	(30,014,362)
Class I General Administration Expenses					
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(1,741)	(1,794)	(956)	(642)	(9,278)
Building/Utilities	-	-	-	-	(145,917)
Contract/Employee	-	-	-	-	(3,717)
Equipment/Lease/Maintenance	-	-	-	-	(270,936)
Employee-Payroll, PRTax, Benefits	-	-	(1,643)	-	(93,714)
Equipment Lease/Inventory/Storage/Moving	(72)	-	(13,785)	(71)	(11,380)
Mailing/Printing/Postage/Publication	(2,540)	(338)	(2,038)	(124)	(11,688)
Office Supplies/Miscellaneous	421	(1,166)	-	-	(17,786)
Telephone	(339)	-	(166)	(32)	(10,735)
Receivership Allocation	(37,339)	(10,448)	(12,386)	(19,714)	(100,001)
Class I General Administration Expenses	(41,610)	(13,746)	(30,974)	(20,583)	(675,152)
Class I Subcontractor Administration Expenses					
Accounting/Auditing/Federal Income Tax Services	(30,361)	(14,545)	(4,212)	-	(2,430)
Consulting Fees/Services	-	-	-	(8,580)	(40,999)
Legal Fees/Services	-	(11,109)	(7,463)	(2,894)	(9,053)
Class I Subcontractor Administration Expenses	(30,361)	(25,654)	(11,675)	(11,474)	(52,482)
Class I SDR Administration Expenses					
SDR Administration	(18,994)	(13,649)	(35,863)	(28,371)	(118,979)
SDR Accounting	-	-	-	-	(75,374)
SDR Special Services	-	-	-	-	-
SDR Legal Services	(5,173)	-	-	-	(35,659)
Class I SDR Administration Expenses	(24,167)	(13,649)	(35,863)	(28,371)	(230,012)
Total Receivership Administrative Expense	(96,138)	(53,049)	(78,512)	(60,428)	(957,646)
Net Increase (Decrease) to Receivership Cash	4,431,965	2,606,035	(5,635,344)	2,158,454	(5,496,286)
Class I Payables as of 8/31/99	4,021,397	1,146,019	0	876,668	21,787,947
FY 1999 Reconciliation Adjustments	(7)	(737,332)	-	(3)	(7,679,584)
Cash Available as of 8/31/99	11,038,606	3,286,344	0	3,895,285	60,489,165

Receivership Numbers 489–494 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	489	490	492	493	494
	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life	Insurance Corp. of America
LINES OF INSURANCE	P&C	P&C	P&C	LAH	P&C
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	2/11/1994	2/11/1994	3/13/1996	10/23/1996	3/12/1997
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	J. WEBB	J. WEBB	J. GUTIERREZ	J. WEBB	R. PRICE
Cash Assets					
Operating Account	35,440	87,405	65,106	78,816	1,262,542
Texas Treasury Account	522,749	7,918,131	672,112	638,841	7,167,675
Court Approved Deposits	–	35,000	–	–	–
Early Access/TX GA	1,372,021	10,578,757	771,698	1,141,395	–
Early Access/Other GAs	–	14,638,897	–	–	–
Total Cash Assets	1,930,210	33,258,190	1,508,916	1,859,052	8,430,217
Assets For Recovery					
Funds Restricted	(45,603)	(1,183,903)	–	–	–
Receivable	–	–	–	–	–
Premiums	11,847	11,672,762	–	–	2,447,066
Agent Balances	–	–	–	–	–
Reinsurance	–	–	1,155,235	–	188,681
Subrogation	246,624	1,034,598	–	–	–
Other	102,119	41,583	–	–	1,376,309
Allowance for Recovery	(344,454)	(5,276,615)	–	–	(2,610,346)
Investments	–	–	–	–	–
Stocks/Bonds	–	–	–	–	–
Real Estate	–	–	–	–	–
Mortgages/Notes	–	–	–	–	–
Other	–	–	–	–	–
Allowance for Recovery	–	–	–	–	–
Company Assets	–	–	–	–	–
Furniture & Equipment	–	–	–	–	14,021
Computers/Software	–	–	–	–	–
Home Office Building	–	–	–	–	–
Allowance for Recovery	–	–	–	–	–
Total Assets For Recovery	(29,467)	6,288,425	1,155,235	–	1,415,731
Total assets	1,900,743	39,546,615	2,664,151	1,859,051	9,845,947
Company Liabilities					
Class I Reserves–G/A	–	–	115,295	444,612	8,274,906
Class II Claims Reserves–G/A	9,313,895	39,466,514	2,701,543	–	20,276,442
Class II Claims Reserves–Non-G/A	16,462,622	9,171,500	–	–	17,738,545
Other Liabilities	–	25,501,322	–	–	–
Class I Creditors					
SDR Fees	2,549	11,786	6,845	7,155	6,690
SDR Sub-contractors	239	7,740	77	8,268	3,282
Receivers Allocation	2,363	963	1,021	1,200	2,435
GA–Claims Expense	3,167,085	5,321,266	662,933	–	14,825,536
Other Class I	–	–	–	–	–
Total Class I Creditors	3,172,236	5,341,755	670,876	16,623	14,837,943
Class II Creditors					
PH Claims	1,399,853	–	–	3,359,189	–
G/A-PH Claims Paid	3,861,723	18,382,982	1,557,823	–	27,782,755
Other Class II	–	–	–	–	–
Total Class II Creditors	5,261,576	18,382,982	1,557,823	3,359,189	27,782,755
Class III Creditors					
IRS Payable	–	–	–	–	–
General Creditors	566,666	–	136,366	–	8,756,935
Reinsurance Payable	–	–	–	–	3,257,777
Other Class III	–	–	–	72,800	–
Total Class III Creditors	566,666	–	136,366	72,800	12,014,712
Class IV Creditors					
Surplus Debentures	–	–	–	–	–
Ownership Interests	–	–	–	–	–
Other Class IV	–	–	–	–	–
Total Class IV Creditors	–	–	–	–	–
Total Company Liabilities	34,776,995	97,864,073	5,181,903	3,893,224	100,925,303

**Receivership Numbers 489-494 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER	489	490	492	493	494
RECEIVERSHIP NAME	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life	Insurance Corp. of America
LINES OF INSURANCE	P&C	P&C	P&C	LAH	P&C
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	2/11/1994	2/11/1994	3/13/1996	10/23/1996	3/12/1997
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	J. WEBB	J. WEBB	J. GUTIERREZ	J. WEBB	R. PRICE
Equity					
Accumulated (loss) Equity	(32,876,252)	(58,317,458)	(2,517,752)	(2,034,172)	(91,079,356)
Unrealized Recovery	-	-	-	-	-
Total Liabilities and Equity	1,900,743	39,546,615	2,664,151	1,859,051	9,845,948
Unencumbered Cash as of 8/31/98	(2,519,482)	1,283,007	16,060	(456,694)	70,348
Income					
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	-	605,942	-	-	-
Collection Expense	(102)	(85,204)	-	-	-
Litigation Expense	-	(671)	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	-	-	-	-
Agent Balance Expense	-	-	-	-	(4,896)
Reinsurance Recovery	-	-	127,684	-	1,338,930
Reinsurance Expense	(88)	(45)	(22,190)	(608)	(32,656)
Subrogation Recovery	9,138	12,277	-	-	-
Subrogation Expense	(2,431)	(2,549)	-	-	(10,467)
Intercompany Receivable Receipts	-	1,132,783	-	-	-
Other Receivable Receipts	228	-	-	3	-
Other Receivable Expenses	-	-	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	(342)
Judgement/Settlement Collections	-	-	-	-	-
Judgement Expense	-	-	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	-	(1,727)	-	-	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	-	-	-	-	-
Securities/Bonds Sales Expense	-	-	-	-	-
Statutory Deposit Receipts	-	150,000	-	100,000	-
Statutory Deposit Expense	-	(145)	-	(1,392)	-
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	-	(355)	-	-	-
Other Asset Receipts	-	-	-	-	463,260
Other Asset Sales Expense	(468)	(3,727)	-	(12)	(88,780)
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	-
Charter Sales Expense	-	-	-	-	-
Furniture, Fixtures & Equipment Receipts	-	-	-	-	6,397
Furniture, Fixtures & Equipment Expense	-	-	-	-	(1,272)
Company Real Estate Receipts	-	-	-	-	-
Company Real Estate Expense	-	-	-	-	-
Other Fixed Asset Receipts	-	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
Net Income from Assets Receivable	6,277	1,806,579	105,494	97,991	1,670,174

Receivership Numbers 489–494 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	489	490	492	493	494
	Employers Texas Lloyds	Employers National	International Lloyds	Texas Central Life	Insurance Corp. of America
LINES OF INSURANCE	P&C	P&C	P&C	LAH	P&C
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	2/11/1994	2/11/1994	3/13/1996	10/23/1996	3/12/1997
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	J. WEBB	J. WEBB	J. GUTIERREZ	J. WEBB	R. PRICE
Passive Income					
Investments Interest/Dividends	–	–	–	–	–
Cash Deposit Interest Income	27,687	792,191	33,587	11,035	347,177
Early Access Imputed Interest Income	–	254,872	–	–	–
Net Income/Including Passive	33,964	2,853,642	139,081	109,026	2,017,352
Expenses					
Claims Expense					
Class I Claims Administration Expenses					
Covered Claims Expense	–	–	–	–	–
G/A Expense	(48,442)	(662,163)	(22,229)	–	(6,952,026)
SDR Fees	(4,928)	(24,555)	(3,449)	(142)	(10,053)
SDR Subcontractor Fees	(135)	(3,785)	–	(35)	–
Other Covered Claims	–	–	–	(136)	–
Non Covered Claims Expenses	–	–	–	–	–
SDR Fees	(11,501)	(54,540)	(7,688)	(1,026)	(19,822)
SDR Subcontractor Fees	(1,466)	(15,811)	–	(10,405)	(260)
Other Non Covered Claims	–	–	–	(18,933)	–
Claims Paid/Distribution:					
Covered Claims Funded–G/A	7,276	2,809,490	25,393	–	10,710,266
Covered Claims Paid–G/A	(7,276)	(2,809,490)	(25,393)	–	(10,710,266)
Early Access–G/A	–	(566,721)	–	–	–
Non-Covered Claims Paid/Receivership Distribution	–	–	–	–	–
Total Claims Expenses	(66,472)	(1,327,575)	(33,366)	(30,677)	(6,982,161)
Class I General Administration Expenses					
Liquidation Division Expense	–	–	–	(40,180)	–
Bank/Miscellaneous Charges	(336)	(1,302)	(462)	(335)	(2,132)
Building/Utilities	(7,727)	(23,183)	–	–	–
Contract/Employee	–	–	–	–	–
Equipment/Lease/Maintenance	(15,359)	(46,103)	–	–	(8,117)
Employee–Payroll, PRTax, Benefits	–	–	–	–	–
Equipment Lease/Inventory/Storage/Moving	–	–	(95)	–	(73)
Mailing/Printing/Postage/Publication	–	(99)	–	–	(3,140)
Office Supplies/Miscellaneous	(600)	(600)	–	–	–
Telephone	–	–	–	–	(1,379)
Receivership Allocation	(24,512)	(12,824)	(12,605)	(4,817)	(39,809)
Class I General Administration Expenses	(48,534)	(84,111)	(13,162)	(45,332)	(54,650)
Class I Subcontractor Administration Expenses					
Accounting/Auditing/Federal Income Tax Services	–	–	(3,200)	(800)	(37,150)
Consulting Fees/Services	(1,916)	(5,573)	–	–	–
Legal Fees/Services	–	–	–	(4,533)	–
Class I Subcontractor Administration Expenses	(1,916)	(5,573)	(3,200)	(5,333)	(37,150)
Class I SDR Administration Expenses					
SDR Administration	(4,678)	(22,821)	(22,141)	(8,219)	(24,900)
SDR Accounting	(4,698)	(14,206)	(9,956)	(3,145)	–
SDR Special Services	–	–	–	–	–
SDR Legal Services	(2,221)	(7,636)	(6,987)	–	(4,873)
Class I SDR Administration Expenses	(11,597)	(44,663)	(39,084)	(11,364)	(29,773)
Total Receivership Administrative Expense	(62,047)	(134,347)	(55,446)	(62,028)	(121,572)
Net Increase (Decrease) to Receivership Cash	(94,555)	1,391,720	50,269	16,322	(5,086,381)
Class I Payables as of 8/31/99	3,172,236	5,341,755	670,876	16,623	14,837,943
FY 1999 Reconciliation Adjustments	(10)	24,054	13	1,141,406	(1,391,693)
Cash Available as of 8/31/99	558,189	8,040,536	737,218	717,657	8,430,217

**Receivership Numbers 495-499 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	495 United Republic Insurance Co.	496 American Eagle Insurance Co.	497 SHPOP	498 Gulf Atlantic Life Insurance Co.	499 Professional Benefits LIC
LINES OF INSURANCE	P&C	P&C	UP&C	LAH	LAH
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	7/8/1997	12/3/1997	12/4/1997	12/19/1997	4/30/1998
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	D. BAGGETT	J. WEBB	L. CORSON	IN HOUSE	E. GARZA
Cash Assets					
Operating Account	98,216	82,441	147	399,602	125,558
Texas Treasury Account	6,023,502	6,991,630	26,518	-	1,000,351
Court Approved Deposits	27,954	-	-	-	-
Early Access/TX GA	-	-	-	-	-
Early Access/Other GAs	-	-	-	-	-
Total Cash Assets	6,149,672	7,074,071	26,665	399,602	1,125,909
Assets For Recovery					
Funds Restricted	-	(449,896)	-	-	-
Receivable	-	-	-	-	-
Premiums	4,611,957	152,925	-	-	-
Agent Balances	-	1,154,978	-	-	-
Reinsurance	55,080	12,744,281	-	-	-
Subrogation	-	7,928,298	-	-	4,450
Other	16,094,638	18,449,531	862	-	300,964
Allowance for Recovery	-	(16,189,858)	-	-	(5,414)
Investments	-	-	-	-	-
Stocks/Bonds	4,923,372	5,589,050	-	-	-
Real Estate	-	-	-	-	-
Mortgages/Notes	23,575	-	-	-	-
Other	17,303,075	-	-	-	-
Allowance for Recovery	(17,326,650)	-	-	-	-
Company Assets	-	-	-	-	-
Furniture & Equipment	-	-	-	-	4,902
Computers/Software	-	-	-	-	-
Home Office Building	-	-	-	-	-
Allowance for Recovery	-	-	-	-	-
Total Assets For Recovery	25,685,047	29,379,309	862	-	304,902
Total assets	31,834,719	36,453,380	27,527	399,602	1,430,812
Company Liabilities					
Class I Reserves-G/A	-	-	275,000	-	250,000
Class II Claims Reserves-G/A	-	95,460,133	-	-	1,112,954
Class II Claims Reserves-Non-G/A	-	36,885,188	-	-	-
Other Liabilities	-	-	-	-	-
Class I Creditors					
SDR Fees	31,524	72,800	2,023	-	4,795
SDR Sub-contractors	11,297	39,440	1,482	-	1,954
Receivers Allocation	1,020	4,174	-	1,197	1,175
GA-Claims Expense	-	-	-	-	465,465
Other Class I	30	-	12,710	-	-
Total Class I Creditors	43,871	116,414	16,215	1,197	473,389
Class II Creditors					
PH Claims	-	5,730,595	-	-	-
G/A-PH Claims Paid	-	-	-	-	3,234,656
Other Class II	-	-	16,720	-	-
Total Class II Creditors	-	5,730,595	16,720	-	3,234,656
Class III Creditors					
IRS Payable	-	-	-	-	-
General Creditors	-	-	-	-	-
Reinsurance Payable	38,021,917	-	-	-	-
Other Class III	518,268	-	-	371,969	-
Total Class III Creditors	38,540,185	-	-	371,969	-
Class IV Creditors					
Surplus Debentures	-	-	-	-	-
Ownership Interests	-	-	-	-	-
Other Class IV	-	-	606	-	194,435
Total Class IV Creditors	-	-	606	-	194,435
Total Company Liabilities	38,584,056	138,192,330	308,541	373,166	5,265,435

Receivership Numbers 495–499 Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	495 United Republic Insurance Co.	496 American Eagle Insurance Co.	497 SHPOP	498 Gulf Atlantic Life Insurance Co.	499 Professional Benefits LIC
LINES OF INSURANCE	P&C	P&C	UP&C	LAH	LAH
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	7/8/1997	12/3/1997	12/4/1997	12/19/1997	4/30/1998
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	D. BAGGETT	J. WEBB	L. CORSON	IN HOUSE	E. GARZA
Equity					
Accumulated (loss) Equity	(6,749,337)	(101,738,950)	(281,014)	26,435	(3,834,624)
Unrealized Recovery	-	-	-	-	-
Total Liabilities and Equity	31,834,719	36,453,380	27,527	399,601	1,430,811
Unencumbered Cash as of 8/31/98	5,560,756	5,177,193	27,769	358,236	40,243
Income					
Funds Held	-	-	-	-	-
Funds Held for Others	-	-	-	-	-
Funds Held for Others Expense	-	-	-	-	-
Premium	-	-	-	-	-
Collections	4,779	10,772	-	-	-
Collection Expense	(60)	(2,642)	-	-	-
Litigation Expense	-	-	-	-	-
Receivable	-	-	-	-	-
Agents Balance Receipts	-	43	-	-	-
Agent Balance Expense	-	(4,042)	-	-	-
Reinsurance Recovery	24,596	109,712	-	-	236,477
Reinsurance Expense	(119,132)	(314,103)	-	-	46,303
Subrogation Recovery	-	3,212,215	-	-	5,717
Subrogation Expense	-	(1,144,234)	-	-	(60)
Intercompany Receivable Receipts	86	-	-	-	-
Other Receivable Receipts	1,770	42,242	-	46,623	-
Other Receivable Expenses	-	-	-	-	-
Litigation Receivable	-	-	-	-	-
D&O Litigation Recovery	-	-	-	-	-
D&O Litigation Expense	-	-	-	-	(1,430)
Judgement/Settlement Collections	-	-	-	-	-
Judgement Expense	-	-	-	-	-
Investment Account Receipts	-	-	-	-	-
Investment Account Expense	-	-	-	-	-
Other Litigation Receipts	-	-	-	-	-
Other Litigation Expense	(283,287)	(115,663)	(1,153)	-	-
Sale/Conversion of Investment Assets	-	-	-	-	-
Securities/Bonds Sales Receipts	1,080,627	-	-	-	-
Securities/Bonds Sales Expense	(2,106)	(475)	-	-	-
Statutory Deposit Receipts	-	425,422	-	-	298,759
Statutory Deposit Expense	-	(30,165)	-	-	(2,314)
Real Estate Sales Receipts	-	-	-	-	-
Real Estate Sales Expense	-	-	-	-	-
	(2,652)	-	-	-	-
Subsidiary Affiliated Receipts	-	-	-	-	-
Subsidiary Affiliated Expense	(38,099)	(44)	-	-	-
Other Asset Receipts	1,289	597,952	-	-	254,223
Other Asset Sales Expense	(593)	(165,425)	-	-	(4,077)
Sale of Company Fixed Assets	-	-	-	-	-
Charter Sales Receipts	-	-	-	-	5,000
Charter Sales Expense	(2,229)	-	-	-	(3,562)
Furniture, Fixtures & Equipment Receipts	-	-	-	-	19,056
Furniture, Fixtures & Equipment Expense	(60)	-	-	-	(11,687)
Company Real Estate Receipts	-	-	-	-	380,200
Company Real Estate Expense	-	-	-	-	(35,568)
Other Fixed Asset Receipts	625	-	-	-	-
Other Fixed Asset Expense	-	-	-	-	-
Net Income from Assets/Receivable	665,554	2,621,565	(1,153)	46,623	1,187,037

**Receivership Numbers 495-499 Assets, Liabilities and Equity Balance/Cash Receipts,
Disbursements and Cash Balances as of August 31, 1999 (unaudited)**

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	495 United Republic Insurance Co.	496 American Eagle Insurance Co.	497 SHPOP	498 Gulf Atlantic Life Insurance Co.	499 Professional Benefits LIC
LINES OF INSURANCE	P&C	P&C	UP&C	LAH	LAH
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	TEXAS	TEXAS
DATE OF RECEIVERSHIP	7/8/1997	12/3/1997	12/4/1997	12/19/1997	4/30/1998
DATE OF CLOSURE	OPEN	OPEN	OPEN	OPEN	OPEN
SDR RESPONSIBLE PARTY	D. BAGGETT	J. WEBB	L. CORSON	IN HOUSE	E. GARZA
Passive Income					
Investments Interest/Dividends	84,800	-	-	-	-
Cash Deposit Interest Income	238,115	430,485	544	-	59,216
Early Access Imputed Interest Income	-	-	-	-	-
Net Income/Including Passive	988,469	3,052,050	(609)	46,623	1,246,254
Expenses					
Claims Expense					
Class I Claims Administration Expenses					
Covered Claims Expense	-	-	-	-	-
G/A Expense	-	(1,066,002)	-	-	(360,994)
SDR Fees	-	(94,652)	-	-	3,592
SDR Subcontractor Fees	-	(46,471)	-	-	(347)
Other Covered Claims	-	(74,943)	-	-	-
Non Covered Claims Expenses	-	-	-	-	-
SDR Fees	(111,554)	(279,382)	(1,050)	-	(20,531)
SDR Subcontractor Fees	(426)	(93,615)	(980)	-	(1,552)
Other Non Covered Claims	(4,494)	(12,714)	-	-	-
Claims Paid/Distribution:	-	-	-	-	-
Covered Claims Funded-G/A	-	(905,161)	-	-	1,101,653
Covered Claims Paid-G/A	-	905,161	-	-	(1,101,653)
Early Access-G/A	-	-	-	-	-
Non-Covered Claims Paid/Receivership Distribution	(238,957)	-	-	-	-
Total Claims Expenses	(355,431)	(1,667,779)	(2,030)	-	(379,832)
Class I General Administration Expenses					
Liquidation Division Expense	-	-	-	-	-
Bank/Miscellaneous Charges	(1,524)	(8,640)	(168)	-	(1,266)
Building/Utilities	-	(7,390)	-	-	-
Contract/Employee	-	(176,566)	-	-	-
Equipment/Lease/Maintenance	-	(49,461)	-	-	4,859
Employee-Payroll, PRTax, Benefits	-	28	-	-	48,813
Equipment Lease/Inventory/Storage/Moving	(163)	(8,463)	(87)	-	-
Mailing/Printing/Postage/Publication	(776)	(21,322)	-	-	64
Office Supplies/Miscellaneous	-	(8,442)	-	100	-
Telephone	(834)	(7,673)	-	-	13,213
Receivership Allocation	(23,505)	(66,891)	-	(5,319)	(15,618)
Class I General Administration Expenses	(26,802)	(354,820)	(255)	(5,219)	50,065
Class I Subcontractor Administration Expenses					
Accounting/Auditing/Federal Income Tax Services	-	(2,274)	(2,229)	(2,000)	(1,850)
Consulting Fees/Services	-	(42,941)	-	-	(208)
Legal Fees/Services	(10,202)	(2,374)	(2,787)	-	(16,802)
Class I Subcontractor Administration Expenses	(10,202)	(47,589)	(5,016)	(2,000)	(18,860)
Class I SDR Administration Expenses					
SDR Administration	(23,705)	(135,057)	(8,073)	-	(39,522)
SDR Accounting	(27,306)	(81,103)	(810)	-	-
SDR Special Services	-	-	-	-	-
SDR Legal Services	-	(46,527)	-	-	-
Class I SDR Administration Expenses	(51,011)	(262,687)	(8,883)	-	(39,522)
Total Receivership Administrative Expense	(88,015)	(665,096)	(14,154)	(7,219)	(8,318)
Net Increase (Decrease) to Receivership Cash	545,023	719,175	(16,793)	39,404	858,105
Class I Payables as of 8/31/99	43,871	116,414	16,215	1,197	473,390
FY 1999 Reconciliation Adjustments	22	1,061,289	(526)	764	(245,828)
Cash Available as of 8/31/99	6,149,672	7,074,071	26,665	399,601	1,125,909

Receivership Numbers 500–503 and Totals Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	500 Comprehensive Health Svs of TX	501 Legal Security LIC	503 Statesman National LIC*	RECEIVERSHIP TOTALS
LINES OF INSURANCE	HMO	LIFE	LIFE	
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	
DATE OF RECEIVERSHIP	2/3/1999	3/17/1999	6/10/1999	
DATE OF CLOSURE	OPEN	OPEN	OPEN	
SDR RESPONSIBLE PARTY	H. SIVLEY	C. KOENIG	C. KOENIG	
Cash Assets				
Operating Account	1,069	98,624		3,861,375
Texas Treasury Account	1,012,553	696,761		173,101,787
Court Approved Deposits	239,553	–		4,055,147
Early Access/TX G/A	–	–		282,820,145
Early Access/Other G/As	–	–		50,243,058
Total Cash Assets	1,253,175	795,385		514,081,512
Assets For Recovery				
Funds Restricted	–	(563,511)		(649,031)
Receivable	–	–		–
Premiums	–	–		51,870,158
Agent Balances	–	149,898		3,001,580
Reinsurance	97,000	121,795		54,493,165
Subrogation	–	–		11,582,329
Other	29,176	55,028		41,105,243
Allowance for Recovery	–	(149,898)		(81,595,503)
Investments	–	–		–
Stocks/Bonds	–	78,650		10,591,072
Real Estate	–	1,100		1,100
Mortgages/Notes	–	–		426,763
Other	–	199,000		17,502,075
Allowance for Recovery	–	(1,100)		(17,327,750)
Company Assets	–	–		–
Furniture & Equipment	34,174	–		84,570
Computers/Software	–	–		3,000
Home Office Building	–	–		7,000
Allowance for Recovery	–	–		–
Total Assets For Recovery	160,350	(109,038)		91,095,771
Total Assets	1,413,525	686,347		605,177,282
Company Liabilities				
Class I Reserves–G/A	–	195,000		11,137,145
Class II Claims Reserves–G/A	–	1,250,000		603,636,362
Class II Claims Reserves–Non-G/A	–	–		144,444,809
Other Liabilities	–	–		76,094,041
Class I Creditors				
SDR Fees	5,458	12,719		391,790
SDR Sub-contractors	12,766	12,299		254,750
Receivers Allocation	190	1,973		54,751
GA–Claims Expense	–	178,083		61,510,328
Other Class I	–	–		4,080,606
Total Class I Creditors	18,414	205,074		66,292,225
Class II Creditors				
PH Claims	6,319,455	–		96,152,358
G/A-PH Claims Paid	–	1,276,461		456,296,844
Other Class II	–	–		26,939,452
Total Class II Creditors	6,319,455	1,276,461		579,388,654
Class III Creditors				
IRS Payable	–	754,000		852,768
General Creditors	975,184	–		49,934,370
Reinsurance Payable	–	98,518		54,426,273
Other Class III	–	–		69,333,911
Total Class III Creditors	975,184	852,518		174,547,322
Class IV Creditors				
Surplus Debentures	–	–		0
Ownership Interests	–	–		–
Other Class IV	185,032	–		1,080,073
Total Class IV Creditors	185,032	–		1,080,073
Total Company Liabilities	7,498,084	3,779,053		1,656,620,632

Receivership Numbers 500-503 and Totals Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	500 Comprehensive Health Svcs of TX	501 Legal Security LIC	503 Statesman National LIC*	RECEIVERSHIP TOTALS
LINES OF INSURANCE	HMO	LIFE	LIFE	
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	
DATE OF RECEIVERSHIP	2/3/1999	3/17/1999	6/10/1999	
DATE OF CLOSURE	OPEN	OPEN	OPEN	
SDR RESPONSIBLE PARTY	H. SIVLEY	C. KOENIG	C. KOENIG	
Equity				
Accumulated (loss) Equity	(6,084,559)	(3,092,706)		(1,051,443,351)
Unrealized Recovery	-	-		-
Total Liabilities and Equity	1,413,525	686,347		605,177,282
Unencumbered Cash as of 8/31/98	1,333,725	(478,919)	0	0
Income				
Funds Held	-	-		-
Funds Held for Others	-	-		78,559
Funds Held for Others Expense	-	-		(6,560)
Premium	-	-		-
Collections	18,708	535,527		6,572,923
Collection Expense	-	(395)		(860,228)
Litigation Expense	-	-		(210,106)
Receivable	-	-		-
Agents Balance Receipts	-	-		289,043
Agent Balance Expense	-	(899)		(89,093)
Reinsurance Recovery	-	4,650		18,675,968
Reinsurance Expense	-	(11,682)		(1,718,639)
Subrogation Recovery	-	3,134		3,533,522
Subrogation Expense	-	-		(1,274,248)
Intercompany Receivable Receipts	-	-		1,132,869
	-	-		(1,129,743)
Other Receivable Receipts	20,761	14,240		520,664
Other Receivable Expenses	-	(156)		(71,317)
Litigation Receivable	-	-		-
D&O Litigation Recovery	-	-		-
D&O Litigation Expense	-	-		(1,772)
Judgement/Settlement Collections	-	-		2,613,408
Judgement Expense	-	-		(505)
Investment Account Receipts	-	-		-
Investment Account Expense	-	-		-
Other Litigation Receipts	-	-		436,000
Other Litigation Expense	-	(2,630)		(453,870)
Sale/Conversion of Investment Assets	-	-		-
Securities/Bonds Sales Receipts	-	370,045		1,450,672
Securities/Bonds Sales Expense	-	(1,883)		(17,501)
Statutory Deposit Receipts	-	-		11,733,851
Statutory Deposit Expense	-	-		(45,561)
Real Estate Sales Receipts	-	-		-
Real Estate Sales Expense	-	-		(425)
	-	-		(2,652)
Subsidiary Affiliated Receipts	-	-		-
Subsidiary Affiliated Expense	-	-		(41,143)
Other Asset Receipts	-	12,157		1,331,318
Other Asset Sales Expense	-	(881)		(305,034)
Sale of Company Fixed Assets	-	-		-
Charter Sales Receipts	-	-		5,000
Charter Sales Expense	-	-		(5,791)
Furniture, Fixtures & Equipment Receipts	-	3,000		79,051
Furniture, Fixtures & Equipment Expense	-	(1,693)		(15,141)
Company Real Estate Receipts	-	-		380,200
Company Real Estate Expense	-	-		(35,568)
Other Fixed Asset Receipts	-	-		625
Other Fixed Asset Expense	-	-		-
Net Income from Assets/Receivable	39,469	922,534	0	42,548,776

Receivership Numbers 500–503 and Totals Assets, Liabilities and Equity Balance/Cash Receipts, Disbursements and Cash Balances as of August 31, 1999 (unaudited)

RECEIVERSHIP NUMBER RECEIVERSHIP NAME	500 Comprehensive Health Svs of TX	501 Legal Security LIC	503 Statesman National LIC*	RECEIVERSHIP TOTALS
LINES OF INSURANCE	HMO	LIFE	LIFE	
STATE OF DOMICILE	TEXAS	TEXAS	TEXAS	
DATE OF RECEIVERSHIP	2/3/1999	3/17/1999	6/10/1999	
DATE OF CLOSURE	OPEN	OPEN	OPEN	
SDR RESPONSIBLE PARTY	H. SIVLEY	C. KOENIG	C. KOENIG	
Passive Income				
Investments Interest/Dividends	–	6,097		90,897
Cash Deposit Interest Income	22,986	10,253		13,711,503
Early Access Imputed Interest Income	–	–		1,449,120
Net Income/Including Passive	62,455	938,883		57,800,297
Expenses				
Claims Expense				
Class I Claims Administration Expenses				
Covered Claims Expense	–	–		–
G/A Expense	–	(178,083)		(11,320,172)
SDR Fees	–	–		(708,180)
SDR Subcontractor Fees	–	–		(231,816)
Other Covered Claims	–	–		(117,747)
Non Covered Claims Expenses	–	–		–
SDR Fees	–	(7,278)		(804,350)
SDR Subcontractor Fees	(33,658)	(12,139)		(261,800)
Other Non Covered Claims	–	–		(41,035)
Claims Paid/Distribution:	–	–		–
Covered Claims Funded–G/A	–	1,276,461		38,437,522
Covered Claims Paid–G/A	–	(1,276,461)		(37,646,499)
Early Access–G/A	–	–		(28,616,287)
Non-Covered Claims Paid/Receivership Distribution	–	–		(23,299,078)
Total Claims Expenses	(33,658)	(197,500)		(64,609,442)
Class I General Administration Expenses				
Liquidation Division Expense	(1,037)	(80,746)		(121,962)
Bank/Miscellaneous Charges	(80)	(82)		(45,664)
Building/Utilities	(24,285)	(3,529)		(245,303)
Contract/Employee	–	(9,855)		(190,138)
Equipment/Lease/Maintenance	–	(930)		(401,221)
Employee–Payroll, PRTax, Benefits	(5,468)	–		(51,984)
Equipment Lease/Inventory/Storage/Moving	(13,723)	(2,525)		(269,579)
Mailing/Printing/Postage/Publication	(38)	(199)		(46,204)
Office Supplies/Miscellaneous	(137)	(1,333)		(31,199)
Telephone	(787)	(4,455)		(17,787)
Receivership Allocation	(8,593)	(10,821)		(705,144)
Class I General Administration Expenses	(54,148)	(114,475)		(2,126,185)
Class I Subcontractor Administration Expenses				
Accounting/Auditing/Federal Income Tax Services	–	(6,538)		(154,640)
Consulting Fees/Services	(30,795)	(11,995)		(214,923)
Legal Fees/Services	(5,465)	(34,790)		(222,968)
Class I Subcontractor Administration Expenses	(36,260)	(53,323)		(592,531)
Class I SDR Administration Expenses				
SDR Administration	(21,068)	(57,591)		(902,523)
SDR Accounting	(15,044)	(10,277)		(399,838)
SDR Special Services	(5,529)	–		(86,369)
SDR Legal Services	–	–		(125,991)
Class I SDR Administration Expenses	(41,641)	(67,868)		(1,514,721)
Total Receivership Administrative Expense	(132,049)	(235,666)		(4,233,438)
Net Increase (Decrease) to Receivership Cash	(103,252)	505,719		(11,042,582)
Class I Payables as of 8/31/99	18,413	205,074	0	66,292,226
FY 1999 Reconciliation Adjustments	4,289			(6,978,738)
Cash Available as of 8/31/99	1,253,175	231,874	0	180,454,797

Texas Property and Casualty Insurance Guaranty Association
Audited Financial Statements, December 31, 1998

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 1998. 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 1999 that runs from September 1, 1998 through August 31, 1999.

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

Assets	1998	1997
Cash and Cash Equivalents (Notes 1 and 2)	\$17,089,423	\$2,814,341
Investments, at Market Value (Note 3)	296,460,193	256,763,215
Accounts Receivable—Other	132,613	139,334
Assessments Receivable	12,000,000	—
Loans Receivable (Note 5)		
Administrative	\$42,492,132	\$40,138,698
Auto	122,840,505	124,886,832
Other Lines	71,155,343	58,490,352
Workers' Compensation	146,736,561	191,061,615
Total Loans Receivable	383,224,541	414,577,497
Allowance for Doubtful Accounts (Note 1 and 5)	(383,224,541)	(414,577,497)
Net Loans Receivable	—	—
Property and Equipment (Note 1)		
Furniture and Equipment	648,616	647,046
Computer Systems	1,196,441	1,465,162
Telephone Systems	156,383	156,383
Company Vehicle	16,319	14,417
Leasehold Improvements	81,191	81,192
Accumulated Depreciation	(1,278,364)	(1,427,025)
Net Property and Equipment	820,586	937,175
Total Assets	\$ 326,502,815	\$ 260,654,065
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	451,712	487,351
Employee Health Claims	10,964	11,297
Outstanding Checks	2,386,453	1,573,636
Current Portion of Claims Payable (Note 6)	45,000,000	38,000,000
Total Current Liabilities	47,849,129	40,072,284
Long-term Liabilities		
Claim Liabilities (Note 6)		
Loss Adjustment Expense	26,563,792	31,585,246
Auto	3,165,782	4,088,626
Other Lines	31,972,332	46,020,876
Workers' Compensation	285,353,151	289,790,239
Total Long-term Claim Liabilities	347,055,057	371,484,987
Other Long Term Liabilities		
Lease (Note 8)	—	97,667
Early Access Distributions (Note 6)	23,198,226	20,951,778
Total Other Long Term Liabilities	23,198,226	21,049,445
Total Liabilities	\$418,102,412	\$432,606,716
Net Assets (Deficit), Permanently Restricted (Note 7)	(91,599,597)	(171,952,651)
Total Liabilities and Net Assets	\$326,502,815	\$260,654,065

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

	1998	1997
Revenues		
Loan Repayments	\$-	\$346,820
Distributions	86,183,676	21,563,860
Assessments	12,000,000	-
Investment Income, Net (Note 10)	21,941,147	19,703,422
Interest on Accounts	162,481	148,992
Subrogation and Salvage Recoveries	558,983	858,280
Miscellaneous Income	97,544	86,709
Total Revenues	120,943,831	42,708,083
Claims Activity		
Claims Payments		
Claims Administration	10,066,946	6,980,302
Auto	2,179,889	1,944,390
Other Lines	19,476,658	8,192,273
Workers' Compensation	19,115,456	20,927,591
Total Claims Payments	50,838,949	38,044,556
Change in Claim Liabilities	(15,183,482)	61,442,631
Total Claims Activity	35,655,467	99,487,187
Excess (deficiency) of Revenues over Claims Activity and Refund	85,288,364	(56,779,104)
Operating Expenditures		
Employment Expenses	\$2,993,305	\$3,170,465
Employee Relations	7,699	6,998
Education & Staff Development	60,045	55,737
Contract Labor	12,885	117,123
Legal Fees	39,651	102,045
Audit Fees	13,944	15,653
Consulting	3,813	71,201
Leasehold Improvements	349	908
Office Rent & Overhead	543,316	446,629
Insurance	65,459	75,836
Furniture & Equipment	2,827	20
Equipment Rental	99,250	108,837
Repairs & Maintenance	-	612
Computer Systems	423,993	524,557
Telephone	82,207	81,804
Office Supplies	32,471	41,491
Postage & Deliveries	59,945	69,538
Printing	8,593	13,726
Advertising-Employee Procurement	23	2,524
Travel	60,658	58,524
Trade Association Activities	38,383	29,911
Reference Materials	10,890	13,752
Subscriptions & Professional Dues	65,772	64,704
Property Taxes	19,016	29,298
Bank Charges	360	6,211
Depreciation Expense	282,790	362,900
Total Operating Expenses	\$ 4,927,644	\$ 5,471,004
Decrease in Net Assets	80,360,720	(62,250,108)
Losses on Sale of Property and Equipment (Note 13)	(7,666)	(135,783)
Beginning Net Assets (Deficit) at January 1	(171,952,651)	(109,566,760)
Net Assets (Deficit) at December 31	\$(91,599,597)	\$(171,952,651)

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

	1998	1997
Cash flows from Operating Activities		
Decrease in Net Assets	\$80,360,720	\$(62,250,108)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	282,790	362,900
Unrealized Gains on Investments	1,417,942	(4,156,595)
Change in Assets and Liabilities		
(Increase) Decrease in Assessments Receivable	(12,000,000)	-
(Increase) Decrease in Other Assets	6,721	(112,909)
Increase (Decrease) in Claim Liabilities	(15,183,482)	61,442,632
Increase (Decrease) in Other Liabilities	776,845	(664,706)
Total Adjustments	(24,699,184)	56,871,322
Net Cash (Used) Provided by Operating Activities	55,661,536	(5,378,786)
Cash flows from Investing Activities		
Capital Expenditures	(282,734)	(94,633)
Sale of Property and Equipment	18,865	145,783
Losses on Sale of Property and Equipment	(7,666)	(135,783)
Purchase of Investments	(878,119,816)	(502,167,420)
Proceeds from Sales of Investments	837,004,897	508,152,040
Net Cash (Used) Provided by Investing Activities	(41,386,454)	5,899,987
Net Increase (Decrease) in Cash and Cash Equivalents	14,275,082	521,201
Cash and Cash Equivalents at January 1	2,814,341	2,293,140
Cash and Cash Equivalents at December 31 (Note 2)	\$17,089,423	\$2,814,341

The accompanying notes are an integral part of these financial statements

Texas Property and Casualty Insurance Guaranty Association

Notes to Financial Statements, December 31, 1998

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 recognized 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, 1998 and 1997, represented 14.3% and 11.9% 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.

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

2 Cash and Cash Equivalents

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

	1998	1997
Cash in Bank	\$4,630,326	\$935,271
Mutual Funds	12,459,097	1,879,070
	\$17,089,423	\$2,814,341

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, 1998 and 1997, the Association maintained demand accounts with bank balances in excess of federally insured limits of \$4,844,872 and \$970,858. The carrying value of these demand accounts, resulting from outstanding checks, was \$4,630,326 in 1998 and \$935,271 in 1997.

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 or 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
 - has received the highest short term credit rating by a nationally recognized investment rating firm;
- G** direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest credit rating by a nationally recognized investment rating firm;
- H** direct obligations of a state or an agency, county, city, or other political subdivision of a state (the municipal securities shall be rated A or better on long term debt and A-1 or SP-1 for short term maturity assets or the equivalent by a nationally recognized rating service). Investments shall be limited to no more than 1% investment in any one single issuer's debt.
- I** mutual funds which invest only in direct obligations of a state or an agency, county, city or other political subdivision of a state (no M.U.D.s allowed);
- J** bank certificates of deposit; must be purchased from domestic and foreign banking institutions with U.S. branches ("Yankee CDs") that have ratings similar to those used for purchasing commercial paper and bankers' acceptances. Investments shall be limited to no greater than 10% of an individual bank's total capital, surplus and undivided profits.
- K** mutual funds which invest only in investments described in some or all of the items **(A)** through **(J)** above.
- L** Mortgage-backed Pass-through Securities must be AAA rated by Standard & Poor's or Moody's and have prepayment assumptions of ten years or less if they have price liquidity characteristics documentably similar to ten year or shorter investments. The total aggregate of Mortgagee-backed Pass-through 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.

Texas Property and Casualty Insurance Guaranty Association

Notes to Financial Statements, December 31, 1998

Investments at December 31, were as follows:

1998	MARKET VALUE	% OF MARKET VALUE
Commercial Paper	\$8,000,000	2.7%
Government-backed CMOs (Derivatives)	0	0.0%
U.S. Treasury Issues	154,622,215	52.1%
Federal Agency Issues	86,211,694	29.1%
Mortgage-backed Pass-through Securities (Derivatives)	42,522,621	14.3%
Cash Equivalents	(3,970,766)	(1.3)%
Short Term Notes and Bonds	5,927,045	2.0%
Accrued Interest	3,147,384	1.1%
Total at December 31, 1998	\$296,460,193	100.0%
1997		
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	2,876,478	1.1%
Total at December 31, 1997	\$256,763,215	100.0%

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 (1997):

LINE-OF-BUSINESS	PREMIUM BASE	CAPABILITY
Automobile	\$9,299,341,811	\$185,986,836
Other Lines	6,724,197,423	134,483,948
Workers' Compensation	2,779,926,027	55,598,521
	\$18,803,465,261	\$376,069,305

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, an 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 \$91,599,597 and \$171,952,651 at December 31, 1998 and 1997, 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, 1998, are as follows:

LINE-OF-BUSINESS	CLAIMS PAYABLE	ANNUAL ASSESSMENT CAPABILITY
Automobile	\$3,165,782	\$185,986,836
Other Lines	31,972,332	134,483,948
Workers' Compensation	285,353,151	55,598,521
Loss Adjustment Expenses	26,563,792	No Limit
Total	347,055,057	
Current	45,000,000	
Long Term	\$392,055,057	

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
1999	514,659
2000	514,659
2001	515,569
2002	525,581
2003	526,188
2004	488,458
	\$3,085,114

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 1998 were \$30,319,106 (including \$1,417,942 in unrealized losses, \$15,407,839 in realized gains and security lending income of \$151,273), net of realized losses of \$8,022,129, custodian fees of \$25,074, and investment manager's fees of \$330,756, resulting in net investment income of \$21,941,147. 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.

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, 1998, and 1997, were \$141,650 and \$145,339 respectively. The employees contributed \$149,524 and \$145,335 for 1998 and 1997 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.

Life, Accident, Health and Hospital Service Insurance Guaranty Association
Audited Financial Statements, December 31, 1998 and 1997

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Life, Accident, Health and Hospital Service Insurance Guaranty Association
Statement of Financial Position, December 31, 1998 and 1997

	Assets	1998	1997
Cash and Cash Equivalents, partially pledged (Note 2)		\$91,918,422	\$141,235,512
Investments (Note 3)		901,115	30,511,369
	Receivables		
Billed Assessments (Net of Allowance of \$1,863,162 and \$1,902,629 (Note 4))		537,066	310,764
Interaccount Loans (Note 6)		17,659,898	1,021,708
Other Receivables		40,865	9,301
Unbilled Assessments (Note 4)		104,826,901	132,876,245
Loans and Proofs of Claims (Net of Allowance of \$273,839,762 and \$187,582,430 (Note 5))		27,091,522	30,369,631
Lawsuit Settlement		1,197,857	1,852,921
Furniture, Equipment and Leasehold Improvements, Net of Accumulated Depreciation \$256,355 in 1997		-	69,294
	Total Assets	\$244,173,646	\$338,256,745
	Liabilities and Net Assets		
	Liabilities		
Accounts Payable		\$429,737	\$467,628
Accrued Expenses		243,363	370,009
Interaccount Borrowings (Note 6)		17,659,898	1,021,708
Note Payable-Bank (Note 7)		-	19,900,000
Refunds Payable		4,648,094	6,125,121
Insurance Contractual Obligations (Note 8)		171,548,342	269,023,110
	Total Liabilities	194,529,434	296,907,576
Commitments and Contingencies (Note 9)		-	-
	Net Assets (Note 12)		
Permanently Restricted		49,644,212	41,349,169
	Total Liabilities and Net Assets	\$244,173,646	\$338,256,745

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 1998 and 1997

	1998	1997
Revenues		
Assessments (Note 4)	\$18,368,799	\$8,002,243
Changes in Unbilled Assessments	(28,049,344)	(5,061,348)
Recoveries from Estates	17,761,215	3,376,356
Interest	6,167,061	9,646,232
Premiums	1,981,297	138,604
Other	4,719	8,000
Total Revenue	16,233,747	16,110,087
Expenses		
Claims		
Changes in Insurance Contractual Obligations	(97,474,768)	(13,100,932)
Claims Paid	6,283,890	2,094,312
Assumptive Reinsurance Agreements	95,946,438	22,929,393
Third Party Administrators	63,680	138,225
Interest	1,078,310	2,721,718
National Task Forces	379,840	350,821
	6,277,390	15,133,537
Administrative Costs		
Salaries and Benefits	94,116	1,089,576
Legal and Professional	325,432	238,354
Management Service Contract	1,056,000	–
Other	185,766	338,435
Depreciation	–	51,059
Indirect Cost Allocation	–	(457,026)
	1,661,314	1,260,398
Total Expenses	7,938,704	16,393,935
Revenue over (under) Expenses	8,295,043	(283,848)
Net Assets Balance—Beginning	41,349,169	41,633,017
Net Assets—Ending	\$49,644,212	\$41,349,169

Statement of Cash Flows

For the Year Ended December 31, 1998 and 1997

	1998	1997
Cash Flows from Operating Activities		
Excess of Revenues over (under) Expenses	\$8,295,043	\$(283,848)
Adjustments to Reconcile Excess of Revenue over (under) Expenses to Net Cash Provided by Operating Activities		
Allowance for Assessments Receivable	(39,467)	(36,907)
Depreciation	–	51,059
Amortization of Bond Discount	(625,243)	(1,988,034)
Change in Assets and Liabilities		
(Increase) Decrease in Unbilled Assessments Receivable	28,049,344	5,061,348
(Increase) Decrease in Assessments Receivable	(186,835)	300,599
(Increase) Decrease in Lawsuit Settlement Receivable	655,064	582,016
Increase (Decrease) in Other Receivables	(31,563)	2,024
Increase (Decrease) in Bank Overdraft	–	(42,924)
Increase (Decrease) in Accounts Payable	(57,132)	231,775
Increase (Decrease) in Accrued Expenses	(107,403)	(282,250)
Increase (Decrease) in Refund Payable	(1,477,027)	3,934,278
Increase (Decrease) in Insurance Contractual Obligations	(97,474,768)	(13,100,932)
Total Adjustments	(71,295,030)	(5,287,948)
Net Cash (Used) Provided by Operating Activities	(62,999,987)	(5,571,796)
Cash Flows from Financing Activities		
Principal Reduction in Notes Payable	(19,900,000)	(19,700,000)
Interaccount Loans	(16,638,190)	(3,695,020)
Interaccount Borrowings	16,638,190	3,695,020
Net Cash (Used) Provided by Financing Activities	(19,900,000)	19,700,000

Statement of Cash Flows**For the Year Ended December 31, 1998 and 1997**

	1998	1997
Cash Flows from Investing Activities		
Maturities of Government Securities	28,989,000	12,650,000
Long-Term Bonds Called	-	25,000
Investments in Escrowed Funds-MBL	(29,480)	(29,060)
Investment in Escrowed Funds-Kentucky Central Life	1,275,975	764,653
Increase in Allowance for Uncollectible POC and Loans	86,257,331	25,415,691
Proofs of Claim Filed	(103,860,285)	(29,127,262)
Sale of Furniture and Equipment	69,294	-
Purchase of Furniture and Equipment Net	-	(3,050)
Recoveries from Estates	20,881,062	25,201,893
Net Cash (Used) Provided by Investing Activities	33,582,897	34,897,865
Net Increase (Decrease) in Cash and Cash Equivalents	(49,317,090)	9,626,069
Cash and Cash Equivalents at January 1	141,235,512	131,609,443
Cash Equivalents at December 31	\$91,918,422	\$141,235,512

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, 1998 and 1997****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.

Pursuant to the Act, the Association is governed by a nine member Board of Directors appointed by the Commissioner of Insurance. Five members of the Board must be chosen from industry member companies, three from the fifty member companies having the largest total direct premium income and two from other member companies. Four of the Directors shall be representatives of the general public. Board members serve for six-staggered terms and are eligible to succeed themselves in office.

Association Management—Effective January 1, 1998, the Association entered into a contract for management of the Association. Annual compensation under this contract is classified as “Management Service Contract” in the accompanying statement of activities and changes in net assets. Equipment owned by the Association as well as all outstanding facility and equipment lease obligations were purchased and assumed by the management company. During 1998, the employee pension plans were terminated and distribution made to the former employees. In January 1999 the Association renewed the management contract for a three-year period ending December 31, 2001.

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 to 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 estate 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

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, 1998 and 1997 were as follows:

Life, Accident, Health and Hospital Service Insurance Guaranty Association

Notes to Financial Statements, December 31, 1998 and 1997

	1998 AMORTIZED COST	1998 ESTIMATED MARKET VALUE	1997 AMORTIZED COST	1997 ESTIMATED MARKET VALUE
Stocks & Bonds	\$26,000	\$26,000	\$26,000	\$26,000
Mutual Funds	\$92,860,802	\$92,860,802	\$143,291,621	\$143,291,621
U.S. Treasury Securities	0	0	28,363,757	28,421,685
	\$92,886,802	\$92,886,802	\$171,681,378	\$171,739,306

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 (1997 and 1996):

LINE OF BUSINESS	1997 ASSESSABLE PREMIUM BASE	ASSESSMENT CAPABILITY	1996 ASSESSABLE PREMIUM BASE	ASSESSMENT CAPABILITY
Life	\$5,126,424,132	\$51,264,241	\$5,008,007,987	\$50,080,079
Accident & Health	8,988,520,654	89,885,206	6,239,850,264	62,398,502
Annuity	4,042,712,994	40,427,130	4,118,802,175	41,188,021
	\$18,157,657,780	\$181,576,577	\$15,366,660,426	\$153,666,602

Class B assessment revenue for 1998 and 1997 was \$23,200,548 and \$23,954,748 respectively. In accordance with statute, a credit refunds in 1998 and 1997 of \$4,831,749 and \$15,952,505, respectively, were netted against 1998 1997 assessment revenue.

Billed assessments receivable as of December 31, 1998 and 1997 were \$2,400,228 and \$2,213,393 respectively, and represent the balance of billed and unpaid assessments. These unpaid assessments were levied in years 1991 through 1998. An allowance for uncollectible billed assessments in the amount of \$1,863,162 and \$1,902,629 has been recorded as of December 31, 1998 and 1997, respectively.

Unbilled assessments, \$104,826,901 and \$132,876,245 at December 31, 1998 and 1997, 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, 1998 and 1997, loans and proofs of claim receivable totaled \$300,931,284 and \$217,952,061 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, 1998 and 1997, were \$273,839,762 and \$187,582,430 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	\$1,021,708	\$17,080,101	\$441,911	\$17,659,898
Interaccount Borrowings	\$(1,021,708)	\$441,911	\$17,080,101	\$(17,659,898)
1998 Total		\$17,522,012	\$17,522,012	
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	

7 Note Payable—Bank

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

	BALANCE JANUARY 1	BORROWINGS	REPAYMENTS	BALANCE DECEMBER 31
1998	\$19,900,000	\$0	\$19,900,000	\$0
1997	39,600,000	0	19,700,000	19,900,000

These notes payable were due in annual installments of \$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. During 1998 distributions from the NHL Liquidation Trust and available NHL funds totaling \$8,400,000 were used to reduce the outstanding obligation. In October 1998 an interaccount loan for \$11,500,000 was made. The proceeds of this interaccount loan were used to payoff the balance of the note payable.

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 estimates, 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, 1998 the Association had received approximately \$45 million subject to such agreements.

Investment earnings attributable to the distributions received are not included in the amount cited above. As of December 31, 1998 no refund of early access distributions has ever been required of the Association by a liquidator or special deputy receiver.

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 Net Assets—Permanently Restricted

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

	1998	1997
Association's Continuing Administrative Expenses	\$8,082,270	\$7,530,831
Self Insurance Restricted Funds	37,697	35,549
Insolvent Estates	41,524,245	33,782,789
Net Assets	\$49,644,212	\$41,349,169

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.

Texas Title Insurance Guaranty Association

Audited Financial Statements, December 31, 1998 and 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 1998. 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 1999 that runs from September 1, 1998 through August 31, 1999.

Texas Title Insurance Guaranty Association

Balance Sheet, December 31, 1998 and 1997

	1998	1997
Assets		
Cash and Cash Equivalents (Note 2)	\$9,473,752	\$6,303,617
Receivables		
Loans and Proofs of Claims (Net Allowance of \$7,851,639 in 1997) (Note 4)	-	3,360,000
Other Assets, net	123,345	-
Total Assets	\$9,597,097	\$9,663,617
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$77,144	\$70,350
Total Liabilities	77,144	70,350
Commitments and Contingencies (Note 6)	-	-
Net Assets		
Permanently Restricted	9,519,953	9,593,267
Total Liabilities and Net Assets	\$9,597,097	\$9,663,617

Statement of Revenue, Expenses and Changes in Fund Balance

For the Year Ended December 31, 1998 and 1997

	1998	1997
Revenues		
Recoveries	\$359,377	-
Interest	395,785	322,064
Title Guaranty Fees	4,042	1,664
Recoupment Fees	163	-
Total Revenue	759,367	323,728
Expenses		
Claims		
Legal and Professional	-	5,749
Third Party Administrators	-	8,459
Examiners' Fees	786,741	744,154
Administrative Costs		
Legal and Professional	32,268	24,048
Accounting and Auditing	10,500	10,500
Board Members' Expense	1,085	2,027
Other	2,087	-
	45,940	36,575
Total Expenses	832,681	794,937
Revenue over Expenses	(73,314)	(471,209)
Net Assets—Beginning	9,593,267	10,064,476
Net Assets—Ending	\$9,519,953	\$9,593,267

Statement of Cash Flows**For the Year Ended December 31, 1998 and 1997**

	1998	1997
Cash Flows from Operating Activities		
Excess of Revenues over Expenses	\$(73,314)	\$(471,209)
Adjustments to Reconcile of Revenues over Expenses to Net Cash Provided by Operating Activities		
Allowance for Loans Receivable	-	-
Change in Assets and Liabilities		
(Increase) Decrease in Accrued Interest Receivable	-	28,180
(Increase) Decrease in Other Assets	(123,345)	-
Increase (Decrease) in Accounts Payable	6,794	(220,300)
Increase (Decrease) in Escrow Deposits Held	-	-
Increase (Decrease) in Insurance Contractual Obligations	-	-
Total Adjustments	(116,551)	(192,120)
Net Cash (Used) Provided by Operating Activities	(189,865)	(663,329)
Cash Flows from Investing Activities		
(Increase) Decrease in Loans Receivable	3,360,000	-
Loans Recoveries	-	-
Net Cash (Used) Provided by Investing Activities	3,360,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,170,135	(663,329)
Cash Equivalents, Beginning of Year	6,303,617	6,966,946
Cash Equivalents, End of Year	\$9,473,752	\$6,303,617

Notes to Financial Statements**December 31, 1998 and 1997****1 Summary of Significant Accounting Policies**

Organization—The Texas Title Insurance Guaranty Association (the Association) is a non-profit 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.

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.

	1998	1997
Cash on Deposit	\$71,067	\$30,704
Mutual Funds	9,402,685	6,272,913
	\$9,473,752	\$6,303,617

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

Liabilities for insurance contractual obligations payable are based on estimates 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, 1998 and 1997, 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 title insurance industry in the state of Texas.