

CAUSE NO. D-1-GN-18-001285

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|--|--------------------------------------|-------------------------------------|
| THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i> | § § § § § § § § | IN THE DISTRICT COURT OF |
| v. | | TRAVIS COUNTY, TEXAS |
| ACCESS INSURANCE COMPANY, <i>Defendant.</i> | | 261 ST JUDICIAL DISTRICT |

APPLICATION TO APPROVE FOURTH EARLY ACCESS DISTRIBUTION

TO THE HONORABLE JUDGE OF SAID COURT:

CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of Access Insurance Company (the “SDR” and “AIC” respectively), files this Application to Approve Fourth Early Access Distribution (“Application”).

I. INTRODUCTION

1.1 The SDR files this Application for authority to make a fourth early access distribution to the insurance guaranty associations affected by the AIC receivership (collectively, the “Affected Associations”), as reflected on Exhibit 2 to the Application. The SDR requests authority to distribute \$4,346,854.68 representing the amounts paid by the Affected Associations for Class 1 expenses and Class 2 loss and unearned premium claims reported as of February 29, 2024, that have not already been paid by prior early access distributions, less one holdback for a statutory deposit.

II. AUTHORITY

2.1 The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.303, which provides for early access distributions to insurance guaranty associations with the approval of this Court.

2.2 The subject matter of this Application is referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the *Order of Reference to Master* entered on March 21, 2018.

III. BACKGROUND

3.1 On March 13, 2018, the Court entered an *Agreed Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay* (the “Liquidation Order”) appointing the Texas Commissioner of Insurance as Liquidator of AIC. Effective March 13, 2018, the Texas Commissioner of Insurance, as Liquidator, appointed CANTILO & BENNETT, L.L.P. as Special Deputy Receiver of AIC.

3.2 On August 3, 2018, the SDR filed its *Report Pursuant to TEX. INS. CODE § 443.303(c)*, reporting that the SDR had not had sufficient time to calculate “distributable assets” at that time.

3.3 On December 6, 2019, this Court granted the SDR’s Application to Approve First Early Access Distribution authorizing the SDR to distribute \$55,310,174 to the Affected Associations representing the amounts paid by the associations for Class 1 expenses and Class 2 loss claims as of August 31, 2019, less certain credits. The SDR distributed the money in January 2020. In April 2020, a \$46,719.50 statutory deposit held with US Bank for the benefit of the State of Georgia was released to the Georgia Insurers Insolvency Pool and treated as an early access payment.

3.4 On March 5, 2021, this Court granted the SDR’s Application to Approve Second Early Access Distribution authorizing the SDR to distribute \$64,648,174 to the Affected Associations representing the amounts paid by the associations for Class 1 expenses and Class 2 loss and unearned premium claims as of October 31, 2020, less certain credits. The SDR distributed the money in April 2021.

3.5 On October 5, 2022, this Court granted the SDR's Application to Approve Third Early Access Distribution authorizing the SDR to distribute \$15,234,286.07 to the Affected Associations representing the amounts paid by the associations for Class 1 expenses and Class 2 loss and unearned premium claims as of May 31, 2022, less certain credits. The SDR distributed the money in November of 2022. In January 2023, the South Carolina and Mississippi guaranty associations returned \$835,677 in excess distributions to the SDR.

3.6 The SDR has determined that the estate has additional distributable assets and now seeks Receivership Court authority to make a fourth early access distribution to the Affected Associations.

IV. STATUTORY REQUIREMENTS

4.1 Pursuant to TEX. INS. CODE § 443.303, the SDR shall apply to the Court for approval to make early access payments to a guaranty association having obligations in connection with the liquidation as soon as possible after the entry of the order of liquidation. Thereafter, the SDR must make distributions thereafter as frequently as possible but at least annually if distributable assets are available. Early access payments are not limited to the claims and expenses paid to date by a guaranty association; however, the SDR may not make a distribution to a guaranty association in excess of all anticipated claims of the guaranty association. Deposits or assets advanced to a guaranty association are treated as advances against distributions to be made under TEX. INS. CODE § 443.302.

4.2 TEX. INS. CODE § 443.303(c) provides:

Within 120 days after the entry of an order of liquidation by the receivership court, and at least annually after the entry of the order, the liquidator shall apply to the receivership court for approval to make early access payments out of the general assets of the insurer to any guaranty associations having obligations arising in connection with the liquidation or shall report that there are no distributable assets at that time based on financial reporting as required in Section 443.016. . . .

TEX. INS. CODE § 443.303(f) directs that an application for early access payments shall, based on the best information available to the SDR at the time, provide the following:

- (1) the amount reserved for the entire expenses of the liquidation through and after its closure and for distributions on claims, to the extent necessary and appropriate;
- (2) the computation of distributable assets and the amount and method of equitable allocation of early access payments to each of the guaranty associations; and
- (3) the most recent financial information filed with the National Association of Insurance Commissioners.

V. DISTRIBUTABLE ASSETS

5.1 TEX. INS. CODE § 443.303(a) defines “distributable assets” as all general assets of the receivership estate, less the necessary and appropriate amounts reserved for expenses of liquidation through and after closure and distributions on claims other than those of the guaranty associations that fall within the priority classes of claims established in Section 443.301(b). As of February 29, 2024, the cash assets of the receivership estate were \$56,844,238. Copies of the February 29, 2024, Statement of Assets and Statement of Liabilities are attached as Exhibits 1-A and 1-B, respectively. As of February 29, 2024, the Affected Associations estimate future expense reserves to be \$482,472 and future loss reserves to be \$976,307.

5.2 The SDR estimates that the expenses of the liquidation through and after its closing are approximately \$8.5 million. After adjustment for expenses of liquidation, the anticipation of future recoveries and losses, and establishing a prudent reserve, the SDR’s preliminary estimate for liquid “distributable assets” for the fourth early access distribution exceeds the approximately \$4.3 million necessary to cover all of the Affected Associations’ loss payments and paid expenses reported as of February 29, 2024 for which an early access distribution has not already been made.

5.2 The SDR's preliminary estimate for "distributable assets" is based upon current projections of the receivership's future activities. The receivership reserves may change substantially due to unforeseen factors beyond the SDR's control.

VI. GUARANTY ASSOCIATION CLAIMS

6.1 Pursuant to TEX. INS. CODE § 443.252(d), all Affected Associations report their expense and loss payments and reserves through the Uniform Data Standards ("UDS") protocol of the National Conference of Insurance Guaranty Funds. UDS is an electronic communication protocol that uses a series of defined computer file formats to permit guaranty associations to report insolvency-related claims to receivers electronically. In summary, as of February 29, 2024, the Affected Associations report as follows:

- a) Paid Class 1 claims of \$46,622,177;
- b) Paid Class 2 claims of \$92,147,399 (including return of unearned premium); and
- c) Class 1 expense reserves of \$482,472 and Class 2 reserves of \$976,307, for a total of \$1,458,779 in reserves.

6.2 All reporting on behalf of the Affected Associations is subject to supplementation as additional expenses and claims payments are incurred. The paid claims and reserve numbers reported by the associations have not been verified or audited. They are used exclusively for making the calculations necessary for this Application. Neither this Application, nor any other early access application, constitutes an adjudication of the POCs filed or to be filed by any Affected Association.

6.3 At this time, the SDR seeks to make early access distributions based on the paid expenses for Class 1 and on the paid Class 2 claims. It appears that estate assets will ultimately exceed the current and projected Class 1 claims of the Affected Associations, so the SDR is able

to make a distribution on Class 2 paid claims but does not intend to make a distribution on the Class 1 reserves. The Schedule attached as Exhibit 2 sets out the paid Class 1 and paid Class 2 claims reported in the UDS reporting for each Affected Association as of February 29, 2024. As of the date of this Application, the New Mexico and the North Carolina guaranty associations have not reported any expense or loss claim payments or reserves, so those associations will not receive distributions at this time.

6.4 The \$120,000 (plus some accrued interest) statutory deposit held by the insurance regulator in Arkansas exceeds the amounts paid to date by Arkansas Property and Guaranty Fund. The SDR requests that no distributions be made to the Arkansas Property and Guaranty Fund at this time.

6.5 Section 443.303(i) provides:

Without the consent of the affected guaranty associations or an order of the receivership court, the liquidator may not offset the amount to be dispersed to any guaranty association by the amount of any specific deposit or any other statutory deposit or asset of the insolvent insurer held in that state unless the association has actually received the deposit.

The SDR proposes to offset the amount to be dispersed in the fourth early access distribution to the Arkansas Property and Guaranty Fund by the amount of the statutory deposit held by or withdrawn by the insurance regulator in that state. The Arkansas Property and Guaranty Fund will share in any future distributions to the extent that its recovery from the statutory deposit does not cover its claims and expenses. The SDR moves the Court to order that the SDR may offset the amounts to be dispersed to this association. To the extent that any deposits are not transferred to an affected association, the SDR will make additional early access payments out of future distributions to the extent necessary to equalize the distributions between all affected associations.

VII. PROPOSED DISTRIBUTION

7.1 The SDR proposes to distribute \$4,346,854.68 from the receivership estate as the fourth early access distribution to the Affected Associations in the amounts set out on Exhibit 2. The SDR agrees to make the distribution within thirty (30) business days after the date the Order is entered by the Receivership Court, unless a motion for new trial or an appeal is filed, or an order staying the distribution is entered and not yet expired.

VIII. NOTICE

8.1 The SDR has served this Application to all known parties at interest and all individuals and entities identified by the SDR in the Certificate of Service including the Affected Associations, by e-mail and, as noted, by mail or overnight delivery to certain state and federal agencies. Further, the SDR has provided the Affected Associations with the thirty (30) days' actual notice of the filing of the application and the application itself as required by TEX. INS. CODE § 443.303(e). The Application is set for submission to the Special Master more than thirty (30) days after its filing and service.

IX. OFFER OF PROOF AND VERIFICATION

9.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) of Susan E. Salch, designated representative of CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of Access Insurance Company.

X. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

10.1 All pleadings filed in response to this Application shall be served by e-mail on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., solely in its capacity as SDR of Access Insurance Company, respectfully prays that this Court enter an order:

1. Granting the Application in all respects;
2. Authorizing the SDR to distribute \$4,346,854.68 from the assets of the receivership estate to the Affected Associations as the fourth early access distribution pursuant to TEX. INS. CODE § 443.303 as set out in Exhibit 2;
3. Authorizing the SDR to offset the amount to be dispersed in the fourth early access distribution to the Arkansas Property and Guaranty Fund by the amount of the special deposit held by or withdrawn by the Arkansas insurance regulator and treated as advances against any distributions to be made to Arkansas Property and Guaranty Fund under TEX. INS. CODE § 443.303;
4. Authorizing the SDR to make the fourth early access distribution within thirty (30) business days after the date the Order is entered by the Receivership Court, unless a motion for new trial or an appeal is filed, or an order staying the distribution is entered and not yet expired;
5. Ordering the Affected Associations to return to the SDR any amount of the fourth and any other early access distribution that may be required to pay secured creditors and other claims as provided in TEX. INS. CODE § 443.303(g);
6. Authorizing the SDR to take any actions necessary to implement the Order;
7. Finding that the Order constitutes a final order fully resolving all issues relating to this Application, provided that this Court may issue further orders pursuant to TEX. INS. CODE Chapter 443.303; and
8. Granting the SDR such other and further relief to which it may be justly entitled.

Respectfully submitted,

FULLER LAW GROUP

By: /s/Christopher Fuller

Christopher Fuller

Texas Bar No. 07515500

4612 Ridge Oak Drive

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Telephone: (512) 470-9544

Email: cfuller@fullerlaw.org

**Attorney for CANTILO & BENNETT, L.L.P.,
Special Deputy Receiver of Access Insurance Co.**

CERTIFICATE OF SERVICE

I certify that on April 23, 2024, a true and correct copy of this Application was served pursuant to TEX. INS. CODE § 443.007(d) and § 443.303(e), the Order of Reference, and the Court's order requiring electronic service on the following by electronic mail, except as specifically noted.

Via Email: specialmasterclerk@tdi.texas.gov

Tom Collins, Receivership Master
c/o Special Master's Clerk
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via e-Service: Brian.Riewe@tdi.texas.gov

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Austin, TX 78711-2030

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Via Email: Vane.Hugo@tdi.texas.gov

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Branch)*

/s/Christopher Fuller
Christopher Fuller

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Order of Reference to Master entered by the District Court in this cause, the SDR's *Application to Approve Fourth Early Access Distribution* is hereby set for written submission before the Special Master, Tom Collins, on **May 27, 2024**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Christopher Fuller at cfuller@fullerlaw.org; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Christopher Fuller/

Christopher Fuller

**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION
PURSUANT TO TEX. INS.CODE ANN. §443.017(b)**

AFFIDAVIT OF SUSAN E. SALCH

State of Texas

County of Travis

BEFORE ME, the undersigned authority appeared Susan E. Salch, who after being by me duly sworn, stated the following under oath:

1. "My name is Susan E. Salch. I am of sound mind, capable of making this affidavit, and am competent to testify to the matters contained in this affidavit.
2. I am a partner in CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Access Insurance Company (the "SDR" and "AIC" respectively), I am duly authorized to make this Affidavit on behalf of the SDR.
3. I have reviewed the Application to Approve Fourth Early Access Distribution and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with the staff and subcontractors.
4. I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to TEX. INS. CODE § 443.017, are either true and correct copies of records of AIC and were received from the custody of AIC or found among its effects, or were created by and filed with the Receiver's office in connection with the receivership of this delinquent company, and are held by the Special Deputy Receiver in its official capacity."

By: *Susan E. Salch*
Susan E. Salch

SUBSCRIBED AND SWORN TO BEFORE ME on April 17, 2024, by Susan E. Salch, Special Deputy Receiver of Access Insurance Company

[Signature]

Notary Public

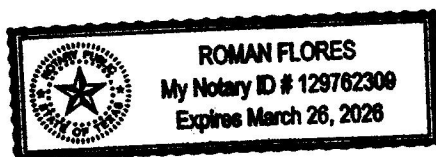


EXHIBIT 1-A

**Access Insurance Co
Statement of Net Assets**

**For the Period Ending
2/29/2024**

| Line | | 02/29/24 |
|-------------------------------|--|--------------------|
| Cash | | |
| 1 | Cash | |
| | Cash - Unrestricted | 56,844,238 |
| | APF Funds (Loan proceeds) | |
| Investments | | |
| 2 | Short-Term Investments | |
| 3 | Bonds | |
| 4 | Stocks - Preferred & Common | |
| 5 | Investments in Subsidiaries, Controlled or Affiliated Entities | |
| 6 | Mortgage Loans | |
| 7 | Real Estate | |
| 8 | Policy Loans | |
| 9 | Other Invested Assets | |
| Restricted Assets | | |
| 10 | Statutory Deposits | 122,375 |
| 11 | Funds held by or deposited with Reinsured Companies | |
| 12 | Restricted - Other | |
| | Funds Held in Trust for Others-Allianz | 10,304,018 |
| | Funds Held-Premium Collected on Cancelled Policies | 271 |
| Reinsurance Receivable | | |
| 13 | Reinsurance Recoverables on Paid Losses & LAE (net of allowance) | 746,063 |
| 14 | Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance) | 63,397,106 |
| 15 | Reinsurance Recoverables on UEP & Contingent Commissions | |
| Other Receivables | | |
| 16 | Salvage & Subrogation Recoveries | |
| 17 | Premiums Due from Agents & Policyholders | |
| 18 | Receivable from Parents, Subsidiaries & Affiliates | |
| 19 | Receivable from Guaranty Associations - Early Access Payments | 134,403,678 |
| 20 | Other Receivables | |
| | Income and Premium Tax Receivable | 96,451 |
| Other Assets | | |
| 21 | FF&E | |
| 22 | Other Assets | |
| | | |
| | | |
| | Total Assets | 265,914,200 |

EXHIBIT 1-B

**Access Insurance Co
Statement of Net Liabilities**

**For Period Ending
02/29/24**

| Line | | 02/29/24 |
|--|---|----------------------|
| 1 | Secured Claims | |
| 2 | APF Loan | |
| 3 | Special Deposit Claims | |
| Administrative Claims - Class 1 | | |
| 4 | Administrative Claims - State/Receiver | |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 96,449 |
| | Liquidation Oversight | 5,710 |
| | Special Master's Fees | 68 |
| 5 | Administrative Claims - Guaranty Assns | |
| | Administrative Expense Paid | 29,099,386 |
| | Administrative Expense Reserves | |
| 6 | LAE - Guaranty Assns | |
| | LAE Paid | 17,522,791 |
| | LAE Reserves | 482,472 |
| Policy Claims - Class 2 | | |
| 7 | Loss Claims - Guaranty Assns | |
| | Loss Claims Paid | 73,606,637 |
| | Loss Claims Reserves | 976,307 |
| 8 | Loss Claims - Other | |
| | Other Loss Claims Paid | |
| | Other Loss Claims Reserves | 151,712,773 |
| 9 | LAE - Other | |
| 10 | Unearned & Advance Premium Claims - GA | 18,540,762 |
| 11 | Unearned & Advance Premium Claims - Other | 2,958,896 |
| Other Liabilities | | |
| 12 | Class 3 Claims | |
| 13 | Class 4 Claims | |
| 14 | Class 5 General Unsecured Creditor Claims | 36,612,420 |
| 15 | Class 5 Reinsurance Related Unsecured Claims | |
| 16 | Class 6 Claims | 57,284 |
| 17 | Class 7 Claims | |
| 18 | Class 8 Claims | |
| 19 | Class 9 Claims | |
| 20 | Class 10 Interest | |
| 21 | Class 11 Claims | |
| 22 | Other Liabilities | |
| | Funds Held in Trust for Others-Allianz | 10,304,018 |
| | Funds Held-Premium Collected on Cancelled Policies | 271 |
| | Non Filed POCs for pre Receivership Liabilities | 144,420,639 |
| | | |
| | Total Liabilities | 486,396,883 |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | (220,482,683) |
| | | |
| | Total Liabilities & Equity | 265,914,200 |

EXHIBIT 2

ACCESS INSURANCE COMPANY IN RECEIVERSHIP
 EARLY ACCESS CALCULATION - GA ADMIN, LAE EXP AND LOSS CLAIMS PAID
 AS OF FEBRUARY 29, 2024

| State | Reporting To | (A) GA Admin Claims Paid (Class 1) | (B) GA LAE Expense Payments (Class 1) | (C) GA Loss Claims Payments (Class 2) | (D) Return of Premium Claims Payments | (E) Total Paid Through December 31, 2023 Columns (A)+(B)+(C)+(D) | (F) Statutory Deposits Held by State | (G) Payments via draw down of statutory deposit bonds | (H) Early Access Amounts Previously Paid | (I) Recommended Early Access Payments- Sum of Columns (E)-(F)-(G)- (H) |
|--------------|--------------|--|---|---|--|--|---|---|---|--|
| AL | 20240131 | \$1,924,511.01 | 630,652.18 | 3,020,385.41 | 85,823.00 | \$5,661,371.60 | | \$5,567,294.22 | \$94,077.38 | |
| AR | 20231231 | \$14,710.63 | 1,705.00 | 2,628.59 | 0.00 | \$19,044.22 | \$120,000.00 | \$0.00 | \$0.00 | |
| AZ | 20221130 | \$16,313.65 | 32,930.75 | 79,881.40 | 7,441.00 | \$136,566.80 | | \$135,524.64 | \$1,042.16 | |
| CA | 20240131 | \$23,085,132.25 | 13,213,927.24 | 57,195,707.64 | 16,035,241.30 | \$109,530,008.43 | | \$106,203,730.31 | \$3,326,278.12 | |
| GA | 20240131 | \$692,218.67 | 156,934.31 | 600,472.81 | 174,082.00 | \$1,623,707.79 | | \$1,614,236.87 | \$9,470.92 | |
| IN | 20231231 | \$14,961.46 | 0.00 | 0.00 | 0.00 | \$14,961.46 | | \$14,645.01 | \$316.45 | |
| LA | 20220531 | \$87,396.75 | 43,069.21 | 209,260.60 | 30,409.86 | \$370,136.42 | | \$368,760.28 | \$1,376.14 | |
| MS | 20230930 | \$25,931.40 | 85,416.57 | 26,807.01 | 1,196.00 | \$139,350.98 | | \$139,350.98 | \$0.00 | |
| NV | 20220228 | \$34,238.35 | 25,352.32 | 7,017.00 | 1,530.00 | \$68,137.67 | | \$66,555.67 | \$1,582.00 | |
| OK | 20221231 | \$32,148.97 | 8,014.04 | 134,310.55 | 13,902.00 | \$188,375.56 | | \$161,431.09 | \$26,944.47 | |
| PA | 20231231 | \$1,789,987.40 | 2,761,517.81 | 9,232,691.37 | 1,231,887.06 | \$15,016,083.64 | | \$14,896,661.93 | \$119,421.71 | |
| SC | 20231231 | \$1,326,247.67 | 553,999.05 | 3,084,794.43 | 958,797.44 | \$5,923,838.59 | | \$5,159,597.08 | \$764,241.51 | |
| TN | 20210331 | \$42,809.57 | 5,959.50 | 12,680.19 | 0.00 | \$61,449.26 | | \$60,880.18 | \$569.08 | |
| TX | 20200331 | \$12,778.45 | 3,313.16 | 0.00 | 452.50 | \$16,544.11 | | \$15,009.37 | \$1,534.74 | |
| Totals as of | | \$29,099,386.23 | \$17,522,791.14 | \$73,606,637.00 | \$18,540,762.16 | \$138,769,576.53 | \$120,000.00 | \$0.00 | \$134,403,677.63 | \$4,346,854.68 |

| | | |
|--|--------------------------------------|-------------------------------------|
| THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i> | § § § § § § § § | IN THE DISTRICT COURT OF |
| v. | | TRAVIS COUNTY, TEXAS |
| ACCESS INSURANCE COMPANY, <i>Defendant.</i> | | 261 ST JUDICIAL DISTRICT |

**ORDER GRANTING SPECIAL DEPUTY RECEIVER'S
APPLICATION TO APPROVE FOURTH EARLY ACCESS DISTRIBUTION**

On this date, the Court heard the Application to Approve Fourth Early Access Distribution (the "Application") filed by CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Access Insurance Company (the "SDR" and "AIC" respectively).

Having considered the Application, the Court finds as follows:

1. The *Order of Reference to Master* entered on March 21, 2018 ("Order of Reference") provides that motions filed pursuant to TEX. INS. CODE § 443.007 and § 443.303 are referred to the Special Master appointed in this proceeding;
2. Notice of the Application was provided in accordance with TEX. INS. CODE § 443.007(d) and § 443.303(e), and the Order of Reference;
3. The SDR provided the Affected Associations with the thirty (30) days' actual notice of the filing of the application and the application itself as required by TEX. INS. CODE § 443.303(e).
4. The Texas Property and Casualty Insurance Guaranty Association filed its acknowledgement and waiver;
5. No objections to the Application were filed;
6. The Court has jurisdiction over the Application and the parties affected hereunder;
and
7. The SDR's Application should be granted in all respects.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

1. The Application is GRANTED in all respects.
2. The SDR shall distribute \$4,346,854.68 from the assets of the receivership estate to the Affected Associations in the amounts described in Exhibit 2 to the Application as a fourth early access distribution pursuant to TEX. INS. CODE § 443.303. The fourth early access distribution to the Affected Associations shall be treated as advances against distributions to be made under TEX. INS. CODE § 443.302.
3. The SDR is authorized to offset the amount to be dispersed in the fourth early access distribution to the Arkansas Property and Guaranty Fund by the amount of the Statutory Deposit held or withdrawn by the insurance regulator in that state and to be treated as advances against any distribution to be made to the Arkansas Property and Guaranty Fund under TEX. INS. CODE § 443.303.
4. The fourth early access distribution shall be made within thirty (30) business days after the date the Order is entered by the Receivership Court, unless a motion for new trial or an appeal is filed, or an order staying the distribution is entered and not yet expired.
5. Any Affected Association must return to the SDR any amount from all early access distributions if such amount is required to pay secured creditors and other claims as provided in TEX. INS. CODE § 443.303(g).
6. The SDR is authorized to take any actions necessary to implement this Order.
7. This fourth early access distribution will apply to the Class 1 and Class 2 claims of the Affected Associations under TEX. INS. CODE § 443.301(a).

8. This Order constitutes a final ruling fully resolving all issues relating to the Application, provided that this Court may issue further orders pursuant to TEX. INS. CODE Chapter 443.

Signed on _____, 2024.

JUDGE PRESIDING

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Christopher Fuller on behalf of Christopher Fuller

Bar No. 07515500

cfuller@fullerlaw.org

Envelope ID: 86986252

Filing Code Description: Motion (No Fee)

Filing Description: APPLICATION TO APPROVE FOURTH EARLY ACCESS DISTRIBUTION

Status as of 4/24/2024 8:42 AM CST

Case Contacts

| Name | BarNumber | Email | TimestampSubmitted | Status |
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Associated Case Party: TEXAS DEPARTMENT OF INSURANCE

| Name | BarNumber | Email | TimestampSubmitted | Status |
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