

Special Master's Status Letter Update
April 22, 2013

State of Texas v. Santa Fe Auto Insurance Company R-554

BACKGROUND

Santa Fe:

- Date of Permanent Injunction (Rehabilitation) – March 8, 2013
- Date of Permanent Injunction (Liquidation) – April 5, 2013
- Name/Date of Appointment of SDR – CANTILLO & BENNETT, L.L.P.; March 8, 2013
- Claims Filing Deadline – To be determined
- State guaranty associations, including Texas Property & Casualty Insurance Guaranty Association – Triggered effective April 5, 2013
- Early Access Distributions – None at this time

Statements of Assets and Liabilities as of March 31, 2013

Not available.

STATUS AND ACTIVITY

Asset Recoveries

- Collections since Receivership (as of April 12, 2013): \$2,228,651.70
- Reinsurance collected (as of March 31, 2013): \$231,462.60
- FF&E Sold (as of April 12, 2013): \$5,500

Claims Activity

- POCs Filed: Not applicable. POC deadline not set as of this date.

General Legal Activities

- The Receivership Court granted the SDR's application to convert the proceeding to liquidation on April 5, 2013. The Commissioner's Order of Impairment was effective on that same date.
- Notice of the automatic stay has been filed in more than 600 pending lawsuits in Texas, Arizona, California, Georgia, Louisiana, Oklahoma, Nevada, New Mexico, New York, and Utah.

CONCLUSION

Summary of Major Achievements:

- Takeover by SDR team and subcontractors.

- Established security of Santa Fe property, data, and systems.
- Closed captive law offices.
- Established SDR web site (www.santafesdr.com).
- Filed Notices of Automatic Stay and Permanent Injunction Barring Claims in more than 600 pending litigation matters in which Santa Fe or its insureds are defendants.
- Obtained Order Approving Application to Use Electronic Service for Pleadings and Notices.
- Established SDR operating account and transferred certain account balances from Santa Fe accounts at Frost Bank.
- Completed TPCIGA check list and coordinated with TPCIGA regarding upcoming transfer of claims and litigation matters.
- Contacted guaranty associations/funds in states where Santa Fe was licensed to initiate transfer of claims and litigation matters.
- Reviewed and documented reinsurance agreements.

Estate Goals to Achieve Prior to Next Status Conference:

- Transition claims and claims litigation to property and casualty insurance guaranty funds/associations.
- Reduction of company staff.
- Determine potential for Early Access and enter into agreements with respective funds/associations.
- Consolidate company offices and close sales offices.
- File Application for Approval of Fees and Expenses
- Liquidate non-realty assets.
- Initiate preference analysis.
- Continue reinsurance reporting and begin efforts to resolve treaties.

Estimated Closing Date of Receivership: To be determined

Factors Affecting Closing Date and Final Distribution: To be determined