

Report for Special Master's Status Conference

January 28, 2019

R-554 Santa Fe Auto Insurance Company

SDR: CANTILO & BENNETT, L.L.P.
Primary Responsible Person: Susan E. Salch
Estate Counsel: Christopher Fuller
Receiver's Counsel: Kimberly M. Hammer
RLO Analyst: Moses Chao

Background on Receivership

- Date of Permanent Injunction (Rehabilitation): March 8, 2013
- Date of Permanent Injunction (Liquidation): April 5, 2013
- Date of Appointment of SDR: March 8, 2013
- Claims Filing Deadline: October 5, 2014 (November 4, 2014, for certain SDR filed claims)
- States where Licensed: Arkansas, Arizona, Georgia, Nevada, New Mexico, Oklahoma, Texas, and Utah
- Lines of Business: Nonstandard Auto Insurance
- Texas Property & Casualty Insurance Guaranty Association
- Date of Impairment: April 11, 2013
- Early Access Distributions: Total: \$10,227,574.82. First: \$2,777,574.82 distributed on September 23, 2014; Second: \$7,500,000 distributed in June 2016

Statement of Assets and Liabilities as of December 31, 2018

Total Assets:	\$15,669,334
Cash Assets:	\$ 4,975,368
Non-Cash Assets:	\$10,693,965
Total Liabilities:	\$23,387,349
Negative Equity:	(\$ 7,718,015)

Asset Recovery through December 31, 2018

Premium Collected:	\$ 2,444,077
Subrogation/Salvage:	\$ 126,799
Reinsurance Collected:	\$11,307,959
FF&E Sold:	\$ 99,372
Gamma Road Building Sale:	\$ 614,902

Status and Activity since Last Status Conference

Claims Matters

- **POC Processing:** A total of 3,204 POCs were filed in this estate. All have been adjudicated except for the eight Guaranty Association POCs.
- **Bad Faith/Extracontractual Claim POCs:** All bad faith and extracontractual damage claim POCs have been fully adjudicated and the appeal deadlines have expired.
- **Fabriguze v. Nelson:** Counsel reached an agreement on language in a Stipulation to resolve the Fabriguze intervention and it awaits approval by RLO. The agreement is subject to the receivership court's approval of the SDR's Report of Claims.
- **Guaranty Association Reporting:** As of January 9, 2019, a total of \$19,281,553 in expense and loss payments and reserves were reported by the guaranty associations (as of October 6, 2018, the last status conference report, the total was \$19,272,166). Loss payments and reserves total \$11,035,263 (\$11,048,692 at last status report), and guaranty association administrative expense payments and reserves total \$8,246,290 (\$8,223,474 at last status report).

General Legal Activities

- **Litigation Report:** No new lawsuits were received in the last quarter.
- **Acupuncture Healthcare Plaza I, P.C. a/a/o Rose, Aquila v. Santa Fe Auto Insurance Company (New York Supreme Court):** This lawsuit was filed after the receivership began. In October 2018, the SDR received an order authorizing the plaintiff to name Santa Fe as a defendant. Estate counsel notified the plaintiff's counsel of the stay and requested dismissal of the case. The SDR sent the plaintiff confirmation that no POC was filed. The estate has no record of either the alleged insured or the claim. Plaintiff's counsel has advised he intends to file a POC in the near future, although he understands it is untimely and expects it to be denied.
- **Regulatory Matters:** The New Mexico ancillary proceeding remains open.
- **Subpoenas:** The estate receives one to two subpoenas per month. While the subpoenas are legally objectionable because of the stay, it would be more expensive to the estate to contest the subpoenas than to comply. Only non-privileged, non-confidential records are produced, and they are authenticated with a Receiver's certificate under section 443.017. Medical records are not produced even if the fee is paid, unless a proper release is provided. The SDR may begin to refuse subpoenas after the next quarter to begin the process of closing the estate.

Conclusion

Summary of Major Achievements since Last Status Conference:

- Resolved remaining bad faith POCs.
- Began planning for closing the estate.

Estate Team Goals to Achieve Prior to Next Status Conference:

- Process and approve guaranty association POCs.
- Finalize Fabrigoze stipulation.
- File Report of Claims.
- Prepare and file tax returns.

Estimated Closing Date of Receivership: Fall 2019

Factors Affecting Closing Date and Final Distribution:

- Guaranty Association POC adjudication.
- Federal waiver of claims.
- Tax returns.