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National Affiliated Investors Life: A Cooperative Approach

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Background

National Affiliated Investors Life Insurance Company ("NAIL") was a Louisiana domiciled company located in Alexandria, Louisiana. NAIL was wholly owned by LifeOne Inc. By the fall of 1998, LifeOne had become embroiled in litigation with certain of its bond investors, and was forced into involuntary bankruptcy proceedings by the defendants in that litigation. The involuntary bankruptcy proceedings were ultimately dismissed in July of 1999 after LifeOne reached a settlement with two of its largest creditors.

Following initiation of the bankruptcy proceedings against its parent in 1998, NAIL was placed under a voluntary administrative order by the Louisiana Insurance Department. As a result of subsequent adverse examination findings, and a continuing deteriorating financial condition, NAIL was placed in Conservatorship in mid-October of that year. In June of 1999, NAIL joined in a consent judgment placing NAIL in rehabilitation as a result of its inability to adhere to conditions of prior orders and consent plans, including the failure to close a sale with a potential purchaser.

Representatives of the NOLHGA task force met with Louisiana Insurance Department officials in July of 1999 to obtain preliminary information on the company, and again in September to plan the RFP process to transfer the policies to an assuming carrier. From the beginning and throughout the entire process, the Louisiana Department worked closely with the task force in a cooperative effort to move the business. The following highlights some of the key issues faced by the NAIL task force.

Class Action Litigation

In August of 1996, National Affiliated Investors had been named as a defendant in class action litigation initiated by owners and beneficiaries of certain whole life insurance policies issued by NAIL between 1982 and 1995. The claims in that case were based on allegations of fraud and misrepresentation in connection with the marketing and sale of those policies.

In March of 1998, a class action settlement was proposed and submitted to the court for approval. The settlement called for qualifying class members to elect substitution of replacement universal life policies, with an option to convert to an annuity product. Qualifying members would retain their original policy forms if no election were made. An opt-out process was used, and the agreement was conditioned upon its acceptance by at least 95% of the class. The order approving the settlement was entered in June of 1998, without objection.

Based on available information, there appeared to have been approximately 12 policyholders (having a combined total of 21 policies) who opted out of the settlement. No further information about the status of those plaintiffs' claims was known at that time. Of those who opted out of the settlement, only 1 policyowner (owned 6 policies) remained in-force at the time of closing the assumption reinsurance transaction with Citizens Security (see below). This policyowner retained the original policy forms.

The Stop Loss Block

The task force also discovered that there was what appeared to be a small block of Stop Loss business on NAIL's books (23 employer-owners located in 5 states). All individuals designated as policyholders within this block of business received cancellation notices from the Receiver.

Upon further investigation, however, insurance department officials were unable to confirm the existence of any actual insurance policies for this block. The investigation did uncover a copy of a trust agreement with a Maryland Trustee, and a specimen copy of a form policy, but no actual policies were

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In This Edition

President's Column

The Challenge of Health Carrier Insolvencies

The relatively recent insolvencies of Bankers Commercial Life (TX), American Chambers Life (OH), Statesman National Life (TX), and Centennial Life (KS), along with the failures of several single-state and regional health insurance carriers, clearly show that health care insolvencies now pose a significant challenge for the guaranty system. The American system of financing health care delivery is in transition, and the pressures of change may result in the failures of more companies before the transition reaches any recognizable equilibrium.

In this column, I will look at the challenges posed to the guaranty system in a health insolvency.

Just as we who work on life insolvencies have stressed to regulators and receivers that life company failures are qualitatively different from casualty company receiverships, so we must recognize that health insurer failures differ fundamentally from those of life companies. But, it goes without saying that in the health insolvency arena, as elsewhere, the explicit, primary function of the guaranty system is to assure to the consumer the performance of the covered, contractual obligations of the failed carrier. Stated differently, within the limits of guaranty association coverage, consumers should not suffer financial losses because their health carrier fails. It should also be an important goal, as in other cases, to see that consumers are quickly moved to a sound carrier.

Unfortunately, the nature of health companies' blocks of business is often such that it is impossible to arrange for a prompt assumption of a failed company's business, as is usually done in the life context. GAs therefore are required to respond to claims on a case-by-case basis, as the property and casualty guaranty funds do. Consequently, health company insolvencies require a resolution response by the guaranty system that is essentially "retail," compared to the "wholesale" response that is so often successful in the life context, where the insolvent's business can be transferred through assumption reinsurance.

Several patterns have been noted in recent health carrier failures that suggest typical challenges that GAs must be prepared to meet. The first stems from the fact that health company failures usually are gradual, as the balance-sheet effects of having under-priced blocks of business are realized over time. While the company is thus descending towards insolvency, several things often happen. One is that the company's business suffers from adverse selection, as underwriting standards slip in the quest for cash flow, while producers and competitors attempt to move good risks to other carriers. Another is that the company's day-to-day processing suffers due to low morale and the loss of key employees at all levels. Yet another is the tendency of failing companies to slow down the adjudication of claims so that the effects on the company's reserves are not realized as quickly, buying a bit more time (and usually deepening the ultimate "shortfall"). One GA administrator has referred to this last phenomenon as "basement surplus relief," because the claims correspondence tends to be boxed and "aged" in the company's basement.

These common patterns in a carrier's waning months translate into claims backlogs, which are typically the greatest single problem for the receiver and the GAs. By the time the regulator seeks a liquidation order, a substantial backlog of unpaid, unadjudicated, unprocessed, and unopened claims typically will face the incoming receiver and GA working group. In human terms, that backlog represents the substantial distress that probably will have been building for months for consumers and their health providers.

How the system may begin to address the insolvencies will be the topic for my next column.

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Case Law Update

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As presented during NOLHGA's Legal Seminar, the following are the nine most recent cases with major implications for the guaranty association system.

Dynamic Systems Inc. v. Boozell, 726 N.E.2d 1156 (Ill. App. 4th Dist., 2000)

Guaranteed investment contracts issued by Inter-American Insurance Co., to out-of-state pension plan trustee were "unallocated annuity contracts" held by non-residents and thus not covered by the Illinois Guaranty Association Act. The court rejected the pension plan's arguments that the contracts were beneficially owned by the individual plan participants. The court also rejected the argument that booklets issued to individual participants generally guaranteeing "principal and interest," amounted to "guarantee of annuity benefits." The court concluded: "Inter-American had no relationship with the individual plan participants until and unless the Plan requested that Inter-American issue an annuity on behalf of an individual plan participant." Because the contracts were "unallocated annuities" they were covered only if the contract holder was an Illinois resident, a requirement which the court explained and justified at some length. In this case, the trustee which held the GICs was a Virginia resident and the contracts were not covered under the Illinois Act.

Farrimond v. State of Oklahoma ex rel. Fisher, 2000 WL 943638 (Ok. 2000)

Records of an insolvent insurer, which came into the Insurance Commissioner/Receiver's possession as a result of receivership court order are not "government records" under the state Open Records Act. The Commissioner/Receiver's right to records is derived solely through the insurer in a receivership and not through his status as a state official.

Florida Dept. of Ins. v. Chase Bank of Texas, N.A., 2000 WL36065 (N.D. Tex. 1999)

The receiver for an insolvent Antiguan insurance company had standing to pursue a fraud claim against a bank for conspiring with the company to deceive regulators and policyholders about the insurer's financial condition. The court rejected the bank's claim that the cause of action belonged to the insurer's individual policyholders rather than to the receiver. The court explained the receiver was not suing on behalf of "any individual or group of policyholders" injured by the bank's actions, but rather for the benefit of "all policyholders" with claims against the insurer's estate.

General Electric Co. v. California Ins. Guaranty Association, et al., 997 S.W.2d 923 (Tx. App. 9th Dist. 1999)

Corporate policyholder of insolvent insurers brought an action in Texas court against various state property and casualty guaranty associations located in states where asbestos claims had arisen. The District Court dismissed the action for lack of personal jurisdiction over the out-of-state guaranty associations. The insured appealed relying on Olivier v. Merritt Dredging Co., 979 F.2d 827 (11th Cir. 1992). The Court of Appeals rejected Olivier and affirmed the dismissal noting Texas' "interest" in the matter was "exceeding low."

Isermann v. MBL Life Assurance Corp., 605 N.W.2d 210 (Wisc. App., Dist. 2 1999), cert denied 609 N.W.2d 474

In 1991 Mutual Benefit Life ("MBL") rescinded the plaintiff's policy. MBL then became insolvent and its policy obligations were assumed by MBL Life Assurance Co. ("MBLLAC"). The plaintiff sued MBLLAC based on MBL's rescission of his policy. The circuit court dismissed the case, holding that the plaintiff's cause of action, which arose before MBL's insolvency, was a "claim" against MBL's estate under the MBL Rehabilitation Plan as approved by the New Jersey courts, and sole jurisdiction under the Plan for such claims was with New Jersey receivership court. The Court of Appeals affirmed, holding that the Plan's definition of "claim" and grant of exclusive jurisdiction to the New Jersey receivership court were entitled to full faith and credit and were consistent with Wisconsin insurer receivership law.

Kentucky Insurance Guaranty Association v. Jeffers, 13 S.W.3d 606 (Ky. 2000)

An amendment to Kentucky's guaranty association law increasing the coverage limitation from $100,000 to $300,000 was remedial rather than substantive in nature, and thus applied retroactively to claims against insurers declared insolvent before the effective date of amendment.

Sizemore v. Surety Bank, 200 F.3d 373 (5th Cir. 2000)

In 1993, Tennessee and Texas initiated insolvency proceedings against Antiguan insurance company. The Tennessee receivership court entered a liquidation order authorizing the receiver to take possession of assets "whether within or without the state of Tennessee." A Texas bank which held the insurer's deposits interpled the insurer's funds in a Texas court. The Tennessee receiver moved to dismiss, claiming the Tennessee court had exclusive jurisdiction over all the insurer's assets, wherever located. Texas courts refused to give effect to Tennessee order and allowed the interpleader action to proceed.

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Ninth Annual NOLHGA Legal Seminar

by Peter J. Marigliano
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The NOLHGA Legal Seminar, held July 20-21 in Boston, Massachusetts was attended by almost 150 people and featured discussions on cutting-edge issues of interest to guaranty associations, their legal counsel and others involved with insurer insolvencies. The following is a review of the program.

The Boston e-Party

Marc A. Siegel of Arthur Andersen and Kevin P. Griffith of Baker & Daniels presented their views on how the increasingly widespread use of the internet would affect both the insurance industry and the guaranty association system. Siegel provided an overview of the industry's current use of the web, noting that the industry was lagging behind other sectors of the financial services industry in developing a presence on the web. Griffith focused on how the internet was affecting guaranty associations by showing what third-party sites were saying about the guaranty association system and noting that the system should be vigilant in monitoring such sites.

Financial Holding Company Blues

In the next session, various guaranty system representatives, played the roles of the various regulators who may be involved in an insolvency of a financial holding company that owns a bank, insurance company and security firm subsidiaries. From the beginning, it was clear that the federal regulators, as depicted by the role players, had not yet settled internally how they would work together to handle an insolvency. Clearly, each federal regulator would be working to shore up the banking affiliate of a multi-line financial services conglomerate. At the same time, the state insurance commissioner role player noted that the insurance company funds should not be used to prop up the ailing banking subsidiary of the holding company. The NOLHGA representative role player voiced concern that any action may precipitate a run on the insurer. After discussing these issues, the speakers did agree that any resolution of such an insolvency should recognize the sources of difficulty and protect assets and liabilities in a way that will best serve policyholders. The panel role players were: Peter G. Gallanis of NOLHGA; John C. Colpean of the Michigan Life and Health Insurance Guaranty Association; Scott M. Kosnoff of Baker & Daniels; Van Mayhall of Breazeale, Sachse & Wilson; Margaret Parker of the Virginia Life, Accident and Sickness Insurance Guaranty Association; Merle Pederson of The Principal Financial Group; and Wilson D. Perry of Northwestern Mutual Life Insurance Co.

Multi-Disciplinary Practices

In the next panel, Jonathan A. Aked of LaFollette, Godfrey & Kahn moderated a discussion on business affiliations between law firms and other professionals, such as accountants. Martin J. Huelsmann, Professor of Ethics at the Salmon P. Chase College of Law argued that Multi-Disciplinary Practices (MDPs) were inevitable and that such practices would provide clients with one-stop shopping for all client needs in complex cases. Deborah K. Orlik, author of "Ethics for the Legal Professional, 4th Ed.", countered that MDP would jeopardize attorney-client privilege and any Chinese walls that could be built would be difficult to maintain. Orlik also noted that the American Bar Association opposed MDPs and had recently voted to uphold that opposition.

Solvency Woes for HMOs

John F. Finston of LeBouef, Lamb, Greene & MacRae moderated the next panel on the solvency woes of HMOs in general and the Harvard Pilgrim case specifically. Massachusetts Insurance Commissioner Linda L. Ruthardt discussed her views on the current state of the HMO industry, noting that HMOs have moved from being health maintenance organizations to being health management organizations with little recognition that they were risk-bearing entities. Ruthardt believes that increasing pressure will be brought on HMOs to act more like indemnity organizations and that corporate risk managers were truly serving as their market regulators. As to ailing HMOs, Ruthardt flatly stated that those HMOs should "cut the fluff, cut their losses and move on." J. David Leslie of Rackemann, Sawyer & Brewster discussed the challenges in the Harvard Pilgrim insolvency. According to Leslie, one in six residents of Massachusetts was insured by the company and the other HMOs in the state were not capable of absorbing those companies enrolles. In the interim, patients continue to require care. Given the size of the company, according to Leslie, all sides had a vested interest in the continuation of the company and that in the end a special financing package was issued to ensure the continued operation of the company.

Marty Frankel

Luncheon speaker Ellen J. Pollock of the *Wall Street Journal*, who is currently writing a book on Martin Frankel and the Thunor Trust case, shared some of her research on the case. Most revealing was her assertion that a private investigator in Tennessee had unraveled the case well before any others did.

Changes in Incentives Resulting from the GA System

Next on the agenda was a discussion of the risks and incentives inherent in guaranty association coverage of policyholders. Richard E. Stewart, of Stewart Economics, Inc., asserted that the guaranty association system allowed greater competitive freedom in the marketplace and that this freedom has resulted in the wide range of insurance products and prices available to consumers. Richard W. Klipstein of NOLHGA, discussed the future

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risks to the industry, which include a change in interest rates that may result in guaranteed products losing money and higher bond prices. According to Klipstein, the availability of information and customer ability to initiate transactions over the internet may result in large groups of consumers moving money out of various investments more quickly, further challenging insurance companies that have not properly matched assets with liabilities. Finally, W. Carlisle Herbert noted that in reality, the guaranty system was at its essence a risk spreading pool and this spreading of risk was a key benefit of guaranty associations to the industry and consumers.

Information Sharing in an Insolvency

William P. O'Sullivan of NOLHGA and Cheryl P. Hunter of Hall, Estill, Hardwick, Gable, Golden & Nelson, examined the issue of information sharing between parties in litigation. According to O'Sullivan, the sharing of privileged information between guaranty associations and receivers may be initiated when there is a common legal interest in the information and when the parties are pursuing a joint strategy. In addition, according to O'Sullivan, the case for guaranty association / receiver cooperation is strong because the parties do share common statutory rights and common interests in litigation. Hunter then explained the challenges in the Mid-Continent case relating to the dual roles of the insurance commissioner as commissioner and as receiver. In that case, some claims were made that Mid-Continent records were public documents under Oklahoma law, and, as such, the commissioner was legally obligated to allow certain information to be made public. However, the court disagreed because the commissioner in the case was not acting as the commissioner, but as receiver.

Case Law Update

In the annual legal update, Christopher P. Chandler of Prudential Insurance Company of America, W. Carlisle Herbert, James W. Rhodes of Kerr, Irvine, Rhodes & Ables and Robert Sweeney of the ACLI provided attendees with an update on recent case law and legislative developments relevant to the guaranty association system. (See Story, Page 3).

Asset Recovery in the NHL Case

Members of the National Heritage Life Litigation Team, Gaeten J. Alfano and Gregg W. Mackuse of Miller, Alfano & Raspanti, Thomas K. Equels, of Holtzman, Krinzman, Equels & Furis, Thomas K. Lindgren of O'Keefe & Lindgren, Frederic Marro, Esquire, Steven S. Scholes of McDermott, Will & Emery, and James J. Black, III, of Black & Gerngross, provided a lively account of their "stories from the front" in the National Heritage case. The speakers highlighted the egregious fraud that marked the case and noted that every document received in the case needed to be examined carefully as many were forgeries and outright frauds.

Gramm-Leach-Bliley

The second day of the seminar began with the "Everything You always Wanted to know About Gramm-Leach-Bliley but were Afraid to Ask" panel, moderated by Charles T. Richardson of Baker & Daniels. After Charles D. Gullickson of the South Dakota Life and Health Insurance Guaranty Association provided an overview of bank regulation, Thomas E. Cimeno, Jr., of the Federal Reserve Bank of Boston, apprised attendees that the Federal Reserve would play the role of an umbrella supervisor and would allow functional regulators to take the lead in regulation while monitoring the results of financial examinations. Nathaniel Shapo, Illinois Director of Insurance, shared the current progress of the NAIC in responding to Gramm-Leach-Bliley (GLB), and noted that the NAIC was fully aware of the changes that GLB might mean for state insurance departments. Gilbert T. Schwartz of Schwartz & Ballen apprised attendees of industry activities related to GLB and discussed some of the possible results of GLB, such as optional federal chartering. James R. Mumford of ING Americas explained the privacy provisions in GLB, which allows affiliated entities to share customer information between them, but not with unaffiliated third parties unless customers are given an opt-out right. Finally, Joni L. Forsythe of NOLHGA described the efforts of NOLHGA's Federal Issues Subgroup to analyze the implications of GLB to guaranty associations.

Legal Ethics

The legal ethics panel was next with NOLHGA's Meg Melusen leading Anthony Buonaguro of Metropolitan Life Insurance Company, Sonya Ekart of the Nebraska Life and Health Insurance Guaranty Association, Kevin Griffith of Baker & Daniels and Jacqueline Rixen of Gilman, Nichols, Hebner and Rixen through a number of video vignettes that raised ethical questions for attorneys.

The Thunor Trust Case

Finally, Peter Gallanis, Fred A. Buck of Buck & Associates, and Franklin D. O'Loughlin of Rothgerber, Johnson & Lyons discussed some of the lessons learned in the Thunor Trust Case. Key among them was the need for cooperation among the various receivers, NOLHGA and guaranty associations in the multi-state, multi-company environment of the insolvency.

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located or produced for this block. From documents provided by the Receiver, it appeared that applications for the Stop Loss policy were made on "blank" applications or another company's application form. As result, it does not appear that NAIL ever issued a Stop Loss policy. It was determined fairly quickly that the guaranty associations in the states affected by that business (LA, MD, TN, TX) did not provide coverage for Stop Loss policies. However, it was unclear whether in fact such insurance policies existed, and the priority treatment of any outstanding claims was further called into question by the NAIL estate. (The Stop Loss block has approximately $1.1 million in unpaid claim liability .) The task force advised that guaranty associations would likely object to policyholder level treatment of these claims unless the policies were located or were otherwise proven to exist. It is anticipated that the status of these policies will be determined by the Louisiana Liquidation Court.

Working Out An Assumption Deal

The task force set about the business of finding a potential assuming carrier for NAIL's in-force policies. By February of 2000, the task force had identified potential assuming carriers, and had begun discussions with these carriers and with the Louisiana Insurance Department to negotiate acceptable terms for assumption of covered policies.

One concern raised in connection with the proposed transaction was the uncertainty regarding outstanding claims by those few claimants that had opted out of the class action settlement. These concerns were resolved by including language in the assumption agreement clarifying that only the policy obligations for the transferred policies were being assumed by the assuming carrier. Any other extra contractual claims relating to the class action litigation or otherwise would remain as claims against the estate.

Questions regarding the purported Stop Loss business did not create any problems for the parties in connection with working out an assumption transaction since this business had been cancelled by the Receiver, was not covered by the guaranty associations, and would not be transferred to the assuming carrier. However, this block did raise concerns for the Department and the Task Force about the amount of estate holdback needed to address Stop Loss claims, the impact of that holdback on the amount the estate might be able to contribute to the closing of an assumption reinsurance agreement, and the appropriate distribution priority level for those claims.

By April of 2000, negotiations were completed with Citizens Security Life Insurance Company / United Liberty Life Insurance Company, and an assumption reinsurance agreement was submitted to the receivership court for approval. In the meantime, NAIL's parent, LifeOne Inc., had initiated voluntary Chapter 11 bankruptcy proceedings in Maryland. Shortly thereafter, the Bankruptcy Trustee began voicing opposition to the assumption reinsurance agreement, and any estate contribution to be made in connection therewith, arguing that the bankrupt estate of LifeOne had a claim to assets held by NAIL superior to any claim of the guaranty associations or policyholders of NAIL. The theory that was offered in support of the Trustee's claim was one of fraudulent transfer and constructive trust, purportedly relating to a 1994 transfer of funds from LifeOne to NAIL in the approximate amount of $1.3 million.

In early April, the Louisiana Insurance Department petitioned the receivership court for an order of Liquidation, as well as an order approving the assumption reinsurance agreement and early access agreement negotiated between the department, NOLHGA and the assuming carriers. Shortly thereafter, the judge scheduled a preliminary hearing by teleconference to discuss the terms of the proposed assumption agreement, as well as the objections raised by the LifeOne Bankruptcy Trustee. A full evidentiary hearing was held on April 26th of this year.

The NAIL task force worked closely with department representatives in coordinating a joint strategy for the hearing. Though not making any formal appearance as an intervening party in the case, NOLHGA provided witness testimony at the request of the department regarding the structure, content and terms of the proposed assumption agreement, the efforts and procedures undertaken to select the assuming carrier, and the contributions and obligations of the guaranty associations under the terms of the proposed assumption and early access agreements. In addition, counsel for the domiciliary guaranty association appeared at the hearing in support of the department's request for approval of the assumption transaction.

The LifeOne Bankruptcy Trustee also appeared at the hearing and opposed the assumption and early access agreements on the grounds that he intended to file a constructive trust claim against assets of the estate and that no assets should leave the estate until he had a chance to file and try that claim in bankruptcy court.

Following the testimony and argument of counsel, the court approved the terms of the assumption and early access agreements (including the transfer of estate assets) over the Trustee's objections, and entered the appropriate orders placing NAIL in Liquidation and approving the agreements. In order to address concerns of the guaranty associations regarding triggering of their obligations during the extended 60 day appeal period applicable in Louisiana, the effective date of the Liquidation order was delayed so that it would coincide with the

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Case Law Update

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The Tennessee receiver then filed a federal action against the bank for its failure to comply with the Tennessee court's liquidation order. The federal refused to give full faith and credit to the Tennessee order, holding the Tennessee court had no jurisdiction over the insurer's property located in Texas. The Fifth Circuit Court of Appeals affirmed, noting that unlike its domestic insurer liquidation provision which gives the court jurisdiction over assets "wherever located," the Tennessee liquidation provision for foreign or alien insurers only gives the receivership court jurisdiction over assets "found in this state." Thus, the Tennessee court exceeded its jurisdiction by ordering the receiver to collect out-of-state assets and its liquidation order was not entitled to be given full faith and credit by the Texas courts.

Unisys Corp. v. Senn, 994 P.2d 244 (Wash. App. Div. 1, 2000)

The court of appeals agreed with the trial court's finding that Washington's general two year "catch-all" statute of limitations, rather than the six year limitation for contractual liability, applies to guaranty association obligations which are statutory in nature. According to the court, the statute began to run in this matter when the GIC contracts at issue matured, and any causes of action based thereon arose.

Wenzel v. Holland America Ins. Co., 13 S.W.3d 643 (Mo. 2000)

Although the Missouri Insurance Code did not provide for prejudgment interest on allowed claims against an insolvent insurer, the receiver was authorized to seek such interest under his statutory authority to "compound, compromise or in any other manner negotiate the amount for which claims will be recommended to the court." (NAIC Model Rehabilitation and Liquidation Act Section 48A.) The receivership court was authorized under the statutes to accept the receiver's recommendation.

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closing of the assumption reinsurance agreement. Closing was scheduled for July 7, 2000.

Having failed to forestall approval of the assumption agreement at the hearing in Louisiana, it appeared as though the Bankruptcy Trustee might attempt to bring some form of action to enjoin or otherwise prevent or disrupt closing. Up to and including the date of closing, the task force closely monitored the docket in the Maryland Bankruptcy court to determine if any last minute maneuvers were being staged in an attempt to disrupt the closing. The Bankruptcy Trustee took no action during that time frame, and the closing was conducted without a hitch.

As a result of the Louisiana Insurance Department's open communications and sharing of records with NOLHGA and the NAIL task force, all covered policies were successfully transferred to Citizens Security Life Insurance Company / United Liberty Life Insurance Company on July 7, 2000. The final accounting for the assumption transaction is scheduled to occur in December 2000 with few adjustments, if any.

UPCOMING EVENTS

September 9-13	**NAIC Fall Meeting** **Dallas, TX**
October 9	**NOLHGA Board of Directors Meeting** **Orlando, FL**
October 9-11	**NOLHGA Annual Meeting** **Orlando, FL**
November 14-17	**Joint NOLHGA/NCIGF/IAIR Workshop and NOLHGA MPC Meeting** **San Antonio, TX**
December 2-6	**NAIC Winter Meeting** **Boston, MA**

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