



## ***Assessment/Investment Committee Meeting***

### ***January 20, 2026***

***Briefing Material***



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## Assessment/Investment Committee Meeting Agenda

Tuesday, January 20, 2026

1:00 P.M. Central Time

Video/Audio Conference Call Only

Audio Toll Free Dial In Number: 1.346.248.7799

Meeting ID: 2222127774      Password: 537081973

1. Consideration and possible action on consent agenda items:
  - A. Summary of the official minutes of the July 21, 2025 meeting\*
2. Consideration and possible action on obligations, expenses and net position for active insolvencies.
3. Consideration and possible action on the TLHIGA's investments:
  - A. Summary of current investments and maturity schedule
  - B. Investment options
4. Consideration and possible action regarding the TLHIGA's Investment Policy
5. Consideration and possible action on assessments and refunds
  - A. Class A Assessment in 2026
  - B. Class B Assessment in 2026
  - C. Refunds
  - D. Protest of 2024 Class B Assessment
6. Executive Session:
  - A. Potential and pending litigation
  - B. Advice from Counsel
7. Consideration and possible action on items discussed in Executive Session
8. Consideration and possible action regarding the Committee's 2026 Calendar of Activities and next meeting date

\* denotes items the Executive Director recommends actions be taken at this meeting

All Texas Life and Health Insurance Guaranty Association Board of Directors and Committee meetings are to be conducted in accordance with its Antitrust Compliance Policy and applicable laws.
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## Open Meeting Information

<b>Status</b>	Accepted
<b>TRD</b>	2026000154
<b>Submitted Date/Time</b>	01/09/2026 09:10 AM CST
<b>Agency</b>	Texas Life and Health Insurance Guaranty Association
<b>Committee</b>	Assessment/Investment
<b>Meeting Date</b>	01/20/2026
<b>Meeting Time</b>	01:00 PM
<b>Address</b>	1717 West 6th Street
<b>City</b>	Austin
<b>State</b>	TX
<b>Additional Information</b>	Call TLHIGA at (800) 982-6362 or go to <a href="http://www.txlifega.org">www.txlifega.org</a>

## Agenda

The Assessment/Investment Committee meeting will be held as a videoconference/teleconference. Attendees also have the option to attend the meeting in-person at 1717 West 6th Street, Suite 230, Austin, TX 78703.

Teleconference meeting access information:

Dial in Number (Toll Free): 1.346.248.7799

Meeting ID: 222 212 7774

Password: 537081973

Additionally, to obtain a complete PDF copy of the meeting material please go to [www.txlifega.org](http://www.txlifega.org).

Consideration and possible action on:

- 1) Consent agenda;
- 2) Obligations, expenses and net position for active insolvencies;
- 3) TLHIGA's investments;
- 4) TLHIGA's Investment Policy;
- 5) Assessments and refunds;
- 6) Executive Session;
- 7) Items discussed in Executive Session;
- 8) Committee's 2026 Calendar of Activities and next meeting date.

## **Item 1**

Consideration and possible action on consent agenda items:

- A. Summary of the official minutes of the July 21, 2025 meeting



January 20, 2026 Assessment/Investment Committee Meeting

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## **CONSENT AGENDA**

The following routine, recurring item has been placed on the consent agenda and the associated materials distributed in advance to the Assessment/Investment Committee for its review:

1. The summary of the official minutes of the July 21, 2025 Assessment/Investment Committee meeting shown on pages 1-2 through 1-5.

The following is a draft resolution to approve the consent item.

**RESOLVED**, that the Assessment/Investment Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the July 21, 2025 Assessment/Investment Committee meeting.



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**SUMMARY OF THE OFFICIAL MINUTES OF THE  
JULY 21, 2025, MEETING OF THE  
ASSESSMENT/INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS**

A meeting of the Assessment/Investment Committee (the "Committee") of the Board of Directors (the "Board of Directors" or the "Board") of the Texas Life and Health Insurance Guaranty Association (the "Association," "Guaranty Association," or "TLHIGA") was called to order by its Chair, James Harrison, at 1:00 PM Central Time on July 21, 2025. The meeting was held as a videoconference and teleconference meeting in accordance with Section 463.059 of the Texas Insurance Code and was conducted in accordance with the Texas Open Meetings Act.

The Assessment/Investment Committee members whose names are set forth below were present for all or part of the meeting and a quorum was present for all votes:

James Harrison  
Dean Frigo  
Ted Kennedy

Also, in attendance for all, or part, of the meeting were the following employees of the TLHIGA or contractors of the TLHIGA:

Employees: Bart Boles Jarett Terry Topping Haggerty  
General Counsel: Dan Price

Also, in attendance for all, or part, of the meeting were:

Shawn Martin, Texas Department of Insurance ("TDI")

Chair Harrison noted that proper notice of the meeting was filed on July 10, 2025 and published in the Texas Register in accordance with the Texas Open Meetings Act. He directed that a copy of such notice be attached hereto and be made a part of this written summary of the official minutes of the meeting. Chair Harrison declared that a quorum of the Committee was present in accordance with the Texas Open Meetings Act.

*This is a written summary of the proceedings of the meeting of the Assessment/Investment Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association held on July 21, 2025. The official minutes are recorded digitally. The compact disc(s) or digital recordings relating to the open portion of the meeting and all related non-confidential written materials provided to the Committee for such meeting are kept in secure storage at the Association's office. The compact disc(s) or digital recordings relating to the Executive Session portion of the meeting and all related confidential written material related to the Executive Session portion of the meeting are custodied with the Association's bank. Details regarding matters described in this summary can be obtained by reviewing the official minutes. The non-confidential written material related to the meeting provided to the Committee should be deemed an attachment to this summary.*

**Item 1 Consideration and possible action on consent agenda items**

Upon a motion made by Director Kennedy and seconded by Director Frigo, the Committee unanimously adopted the following resolution:

**RESOLVED**, that the Assessment/Investment Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the January 14, 2025 Assessment/Investment Committee meeting.

**Item 2 Consideration and possible action on obligations, expenses and net position for active insolvencies**

Mr. Boles reviewed, in detail, the Net Position Schedule with the Committee, which was formerly called the Cash Available/Needs Schedule. He stated the schedule was modified, along with the written material, to provide the Committee with a more succinct presentation on the financial position of active insolvencies.

Mr. Boles stated the Schedule has been expanded to provide the Committee with a financial presentation of the financial standing of each insolvency to consider whether a Class B assessment or a refund should be recommended.

The Committee agreed they liked the modified format of the schedule, it was helpful, clear, and comprehensive.

**Item 3 Consideration and possible action on assessments and refunds**

Mr. Boles reminded the Committee that Class A assessments are to provide funds to meet administrative and general expenses not related to specific insolvencies. He reported the TLHIGA has minimized Class A assessments by using recoveries of administration expenses from receivership estates, investment earnings and the allocation of funds retained from closed insolvent estates to fund the ongoing administrative and general expenses of the TLHIGA. Mr. Boles reported the TLHIGA last called a Class A assessment in 2021.

Mr. Boles reviewed the resolutions the Board of Directors adopted in 2022, 2023, and 2024, at the recommendation of the Committee, regarding the use of the LMLIC/MSLIC funds which related to the paying of administrative and general expenses.

Mr. Boles, while referencing the meeting material, reminded the Committee about the Committees recommendations, that were adopted by the Board, regarding the TLHIGA Insolvency Expense Account ("IEA").

Mr. Boles reviewed the TLHIGA's ongoing obligations, early access distributions, and potential funding from estate assets for the active insolvencies.

Mr. Boles stated the staff does not recommend a Class B assessment, or any refunds at this time.

Mr. Boles reported the assessment protest submitted regarding the 2024 Class B Assessment is still open and pending. He reminded the Committee it was submitted by email to the TLHIGA on November 29, 2024 from a member company protesting their assessment and noted this company also filed assessment appeals/protests with 17 other guaranty associations.

Mr. Boles requested further discussion on this item be conducted in Executive Session

**Item 4 Consideration and possible action on the TLHIGA's investments**

Mr. Terry reminded the Committee the TLHIGA funds are held in a cash account with JP Morgan Chase Bank, US Treasury Bills and Notes, and Money Market mutual funds of US Treasuries in the Morgan Stanly Bank Deposit Program for Brokerage Accounts or JP Morgan 100% US Treasury Money Market Fund.

Mr. Terry reviewed the current schedule of investments for the TLHIGA and discussed the investment maturity schedule and how it impacts the funding of the TLHIGA obligations.

**Item 5 Consideration and possible action regarding the annual review of the responsibilities and duties in the Committee's Charter**

Mr. Boles reported on page 2, paragraph 2, of the Assessment/Investment Committee's Charter (page 5-3 in the meeting material) there remains a reference to Association's Counsel and Board Counsel and does not reference the current position of Association General Counsel.

Mr. Boles requested the reference to Association's Counsel and Board Counsel in the Charter be replaced with General Counsel to now read "Unless other arrangements are made, the Assessment/Investment Committee requires Association management and the Association's General Counsel to attend all meetings of the Committee."

Upon a motion made by Director Frigo and seconded by Director Kennedy, the Committee recommended the following resolution be presented for adoption by the Board of Directors:

**RESOLVED**, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Assessment/Investment Committee to amend the Committee's charter to replace references to Board and Association Counsel with General Counsel

Chair Harrison stated the time to be 1:17 P.M. on July 21, 2025, and that he was recessing the regular session of the meeting in order for the Committee to meet in Executive Session, pursuant to the Texas Open Meetings Act.

**Item 6     Executive Session**

CONFIDENTIAL DISCUSSION

**Item 7     Consideration and possible action on items discussed in Executive Session**

Chair Harrison stated the time to be 2:16 P.M. on July 21, 2025, and the Executive Session of the Committee meeting had concluded and that he was reconvening the regular session of the Committee pursuant to the Texas Open Meetings Act.

No actions were necessary from the Executive Session discussion.

**Item 8     Consideration and possible action regarding the Committee's 2025 Calendar of Activities and next meeting date**

The Committee confirmed that its next meeting will be held on Monday, January 20, 2026.

There being no further business, Chair Harrison stated the time to be 2:17 P.M. and the regular meeting of the Assessment/Investment Committee of the Texas Life and Health Insurance Guaranty Association that was held pursuant to the Texas Open Meetings Act was adjourned.

**Certification**

The undersigned hereby certifies the foregoing is a true and accurate written summary of the proceedings of the July 21, 2025 meeting of the Assessment/Investment Committee, approved by the Committee at its meeting held on January 20, 2026.

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James Harrison, Chair, Assessment/Investment Committee

## **Item 2**

Consideration and possible action on obligations, expenses and net position for active insolvencies.



January 20, 2026 Assessment/Investment Committee Meeting

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## **OBLIGATIONS, EXPENSES AND NET POSITION OF ACTIVE INSOLVENCIES**

The Net Position Schedule (“Schedule”) is presented on page 2-2 for the Committee’s review. The Schedule was formerly called the Cash Available/Needs Schedule, however it has been modified, along with the written material, to provide the Committee with a more succinct presentation on the financial position of active insolvencies.

The Schedule displays all the insolvencies that are either (1) still active with ongoing contractual obligations to be paid or potential recoveries that are being pursued or (2) have a net position balance as of November 30, 2025. The Schedule has been expanded to provide the Committee with a financial presentation of the financial standing of each insolvency to consider whether a Class B assessment or a refund should be recommended at this time. It provides the following financial information development of the Projected Net Position for each insolvency:

- BEGINS with the current cash, cash equivalents, and investment holdings,
- ADDS any additional receivables such as anticipated estate asset distributions and accrued interest,
- DEDUCTS other payables, including repayment of loans from other insolvencies, loans from the Insolvency Expense Account, or loans from the Admin Expense Account for MPC expenses,
- DEDUCTS the estimates of remaining insurance contractual obligations the TLHIGA expects to pay (segregated between the Current obligations that may be paid within the next twelve months and the Non-Current obligations that may be paid after one year, and
- ARRIVES at the Projected Net Position, either a projected excess or deficit.

Management will provide more information, as needed, during the Committee’s January 20<sup>th</sup> meeting.



**NET POSITION SCHEDULE**  
**AS OF NOVEMBER 30, 2025**

Estate Name	Estate Number	Year of TLHIGA Activation	Last Year Assessed	Line of Business	Total Cash, Cash Equiv, & Investments	PLUS Total Receivables & Other Assets	LESS Other Payables & Liabilities	LESS Insurance Contractual Obligations		Projected Net Position	Potential Class B Assessment	Available For Refund
								Current	Non-Current			
American Medical & Life <sup>1</sup>	094			H	6,847.09	0.16	0.00	0.00	0.00	6,847.25		
AMS	009	1992	1194	LH	68.79	0.00	0.00			68.79		
Bankers Life	099	2024	2024	LA	10,668,672.19	586.33	(429,618.00)	(5,859,743.00)	0.00	4,379,897.52		
Benicorp	076	2007	2013	H	4,584.44	62.63	0.00	0.00	0.00	4,647.08		
Bright Healthcare <sup>2</sup>	104	2023		H	(1,996,964.07)	125.02	(1,522,547.94)	0.00	0.00	(3,519,387.00)		
Calanthe Mutual <sup>3</sup>	095	2020		L	0.00	(20.76)	0.00	(24,000.00)	(716,769.00)	(740,789.76)		
Colorado Bankers	100	2024	2024	LA	9,060,364.58	374.66	(137,401.00)	(14,737,548.00)	0.00	(5,814,209.76)		
Executive Life	003	1991	2007	LA	143,228.32	636.64	(4,715.00)	0.00	0.00	139,149.95		
Friday HealthCare <sup>2</sup>	105	2023		H	4,332,308.51	1,550.63	(143,109.00)	(2,032,696.00)	0.00	2,158,054.14		
Golden State <sup>3</sup>	085	2011	2013	L	(3,596.05)	0.00	0.00	0.00	(20,000.00)	(23,596.05)		
Heritage National	055	2001	2002	H	10,457.14	(0.82)	0.00			10,456.32		
Imerica	086	2010	2013	H	49,023.05	2,188.51	0.00	0.00	0.00	51,211.55		
Interntl Fin. Srvcs	048	1999	2000	LH	0.00	0.00	(2,311.00)			(2,311.00)		
Lumbermans	091	2013	2014	H	289,504.87	91.60	0.00	0.00	0.00	289,596.47		
National Heritage <sup>3</sup>	029	1995	1997	LA	0.00	0.00	(34,032.00)	0.00	0.00	(34,032.00)		
National State	090	2010	2013	LH	1,995,494.75	1,251.14	0.00	(2,000.00)	(1,622,900.00)	371,845.90		
North Carolina Mutual <sup>3</sup>	097	2022		L	(994,303.15)	7.00	(39,670.00)	(8,000.00)	(31,080.00)	(1,073,046.15)		
Northwestern Natl	096	2019		H	122,826.41	0.63	0.00	0.00	0.00	122,827.04		
Penn Treaty	054	2017	2017	H	11,387,904.97	21,466.83	(9,602.00)	0.00	0.00	11,399,769.80		
PHL <sup>1</sup>	106			A	(4,213.24)	0.00	(28,982.00)			(33,195.24)		
SHIP <sup>1</sup>	098			H	0.00	0.00	(215,706.00)			(215,706.00)		
Southland National <sup>3</sup>	101	2023		L	1,530.29	27.37	(246,836.00)	(10,643,812.00)	0.00	(10,889,090.34)		
Time Ins Co	102	2022		LHA	38,520.39	(20.96)	(382.00)	0.00	0.00	38,117.43		
Universal Life	084	2010	2012	L	487,072.93	334.64	(730.00)	(6,000.00)	(326,825.00)	153,852.57		
Insolvency Expense Acct	001				53,204,010.78	1,601,973.50	(27,376.00)	(1,000.00)	(46,654.00)	54,730,954.28		
<b>TOTAL</b>					<b>88,803,343.01</b>	<b>1,630,634.74</b>	<b>(2,843,017.94)</b>	<b>(33,314,799.00)</b>	<b>(2,764,228.00)</b>	<b>51,511,932.81</b>		

<sup>1</sup>TLHIGA Not Activated

<sup>2</sup>Early Access Full Recovery Anticipated

<sup>3</sup>Full Payment Of Claims And Expenses From Insolvency Expense Account Authorized

### **Item 3**

Consideration and possible action on the TLHIGA's investments:

- A. Summary of current investments and maturity schedule
- B. Investment options



## TLHIGA INVESTMENTS

TLHIGA Investment Practices - Currently, the TLHIGA's funds are held in four ways:

1. Cash accounts with JP Morgan Chase Bank,
2. US Treasury Bills and Notes,
3. Money Market mutual funds of US Treasuries in the Morgan Stanley Bank Deposit Program for Brokerage Accounts or JP Morgan 100% US Treasury Money Market Fund, and
4. NOLHGA escrow accounts for Bankers Life and Colorado Bankers Life Insurance Companies (BLIC/CBLIC).

The TLHIGA has followed an investment plan of holding \$250,000 in cash, another approximately \$2 million in money market funds, and the rest in US Treasuries, with \$2 million of these Treasuries maturing each quarter.

To accommodate funding needs and anticipated recoveries for the various active insolvencies, the TLHIGA opened a JP Morgan Money Market account that allows the TLHIGA to invest an unlimited amount of money in the same JP Morgan US Treasury Money Market Fund used for sweeps, but the investment and redemption is on demand and is used to manage daily cash flows. The use of sweeps was no longer necessary so that service was turned off on all but one TLHIGA bank account. The TLHIGA attempts to maintain no more than \$250,000 in cash with the remaining cash held in JP Morgan and Morgan Stanley money market funds, but that is dependent on the cash flow needs to pay claims for insolvencies.

The money market funds invested in the Morgan Stanley Bank Deposit Program for Brokerage Accounts are deposited first at Morgan Stanley Bank to the FDIC deposit limit and then at Morgan Stanley Private Bank to the FDIC deposit limit. Excess funds are deposited into the sweep account at Morgan Stanley Bank. This provides the TLHIGA with \$500,000 in FDIC protection. Management actively monitors these accounts to ensure that the balances do not exceed the FDIC limit, except when necessary.

Specific Board of Directors Investment Directions - On September 30, 2023, \$34.45 million of Lincoln Memorial/Memorial Service ("LMLIC/MSLIC") excess funds that were invested in US Treasuries matured. A portion, \$13.5 million, was moved to the JP Morgan Money account to fund intercompany loans to other insolvencies to pay expenses and claims and the remainder was reinvested to mature on January 31, 2024. This maturity date provided the TLHIGA with the highest interest rate return while maintaining the necessary liquidity.

At its October 24, 2023 meeting, the Board authorized the transfer of the LMLIC/MSLIC funds to the Insolvency Expense Account and to continue to pay certain insolvency expenses, admin expenses through 2023, and intercompany borrowings. Staff made the necessary adjustments in the records to accomplish the transfer. Any future LMLIC/MSLIC expenses will be paid from the Insolvency Expense Account.

On January 28, 2025, the TLHIGA Board of Directors approved a claims batch approval and funding process for BLIC/CBLIC that transfers funds to the third party administrator for each weekly claim batch from the TLHIGA funds deposited into the NOLHGA BLIC and CBLIC escrow accounts. These transfers are reviewed, approved, and authorized by Jarett Terry and Bart Boles to expedite the delivery of benefit payments to policyholders/claimants. Any excess funds in these escrow accounts after all the claims batches have been funded will be returned to the TLHIGA.

The TLHIGA received a \$25 million early access distribution from the FHIC receivership estate in December 2023 and \$21.4 million distribution in February 2025. The TLHIGA also received an early access distribution from the BHICOT estate in February 2025 of \$8.6 million. The TLHIGA used the proceeds of Treasury maturities and liquidated Treasuries to pay FHIC and BHICOT claims while waiting on these distributions. The Treasury proceeds have been held in the new JP Morgan Money account and transferred to the TLHIGA bank accounts, as necessary, to pay claims. The TLHIGA has, on occasion, held more than \$250,000 in cash due to the logistics of paying the FHIC and BHICOT claims. All the funds used for FHIC and BHICOT expenses have been either paid or borrowed from the LMLIC/MSLIC excess funds and the Insolvency Expense Account.

Investment of October 2024 Class B Assessment Collections - On October 15, 2024, the TLHIGA distributed a Class B annuity assessment in the amount of \$98,499,932 that was due December 2, 2024. All amounts have been collected. The proceeds have been invested in the JP Morgan Money account in anticipation of the need for liquid funds to pay the obligations of Bankers Life Insurance Company and Colorado Bankers Life Insurance Company.

The TLHIGA's current investments comply with the TLHIGA's investment policy. A schedule of cash and investments is presented on pages 3-3 and 3-4.

As of October 31, and November 30, 2025, the TLHIGA's investments are shown below:

### Cash and Money Market Funds

	October 31	November 30
<b>Morgan Stanley Bank Deposit Program</b>		
Expense funds	(9,092)	(9,092)
Insolvency Expense Account funds	28,870	36,553
Other Estate funds	(18,038)	(18,038)
<b>Total Invested in Money Market Funds</b>	<b>\$1,740</b>	<b>\$9,423</b>

### Money Market Funds at JP Morgan

Expense funds	(815,418)	(750,820)
Insolvency Expense Account funds	1,041,418	960,064
Other Estate funds	1,222,063	1,140,738
<b>Total Invested in Money Market Funds</b>	<b>\$1,448,063</b>	<b>\$1,349,982</b>

### Money Market Funds at Morgan Money

Expense funds	3,001,032	3,012,083
Insolvency Expense Account funds	24,101,169	24,106,974
Other Estate funds	21,188,815	21,322,519
<b>Total Invested in Money Market Funds</b>	<b>\$48,291,016</b>	<b>\$48,441,576</b>

### Cash in Bank Accounts

Collection account	25,000	25,000
Expense funds	97,697	136,071
Claims account	23,126	24,084
Cash in NOLHGA BLIC/CBLIC Escrow Accounts	13,484,412	12,646,259
<b>Total Cash</b>	<b>\$13,630,235</b>	<b>\$12,831,414</b>
<b>Total in Cash and Money Market Funds</b>	<b>\$63,371,054</b>	<b>\$62,632,395</b>

### Investments in US Treasuries

#### Morgan Stanley

Expense	1,330,849	1,281,053
Insolvency Expense Account	26,501,161	26,632,757
Other Estates	2,823,463	2,807,422
<b>Total Treasuries in Morgan Stanley</b>	<b>\$30,655,473</b>	<b>\$30,721,232</b>

#### JP Morgan Securities

Expense	4,077,898	4,090,079
Insolvency Expense Account	1,451,010	1,455,359
Other Estates	1,499,375	1,503,840
<b>Total Treasuries in JP Morgan Securities</b>	<b>\$7,028,283</b>	<b>\$7,049,278</b>

#### Total US Treasuries

**\$37,683,756**

**\$37,770,510**

#### Total All Cash and Investments

**\$101,054,810**

**\$100,402,905**

Treasury Bills (as of 12/12/25)

Maturity Dates	30 days	90 days	180 days	1yr	2yr
Yield	3.76%	3.63%	3.58%	3.54%	3.52%

JP Morgan Money Account Current Yield as of 12/12/25: 3.70%

JP Morgan Money Account Weighted Average Life as of 12/12/25: 102 days

As of November 30, 2025, the TLHIGA has purchased US Treasuries as shown below:

Maturity Date	Par Value	Market Value	Broker Account	Yield to Maturity (YTM)	Weighted Average YTM
2/26/2026	4,900,000	4,856,127	JPM Securities	4.002	0.5145
12/30/2025	2,200,000	2,193,151	JPM Securities	3.900	0.2265
12/31/2025	4,795,000	4,782,170	Morgan Stanley	3.493	0.4423
2/15/2026	26,051,000	25,939,062	Morgan Stanley	3.692	2.5355
	\$37,946,000	37,770,510			3.7188

## **Item 4**

Consideration and possible action regarding the TLHIGA's Investment Policy



January 20, 2026 Assessment/Investment Committee Meeting

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## **INVESTMENT POLICY**

The TLHIGA's Investment Policy, Section 7(b) of the Plan of Operation, is included on pages 4-2 through page 4-5. The Committee will review the policy and recommend any changes, if deemed necessary, for consideration during the January 27, 2026, Board of Directors meeting.

Section 7. Operations.

(b) Assets, Deposits, and Investment Policy.

1. Investment objectives. All investments of the Association shall meet the following objectives in the order listed: (i) assuring maximum safety of funds invested and preservation of principal; (ii) maintaining sufficient liquidity to meet the Association's anticipated cash flow needs; and (iii) achieving the highest possible yield, net of any fees or early liquidation penalties. The Association shall attempt to match the maturity of its investments with its known and projected obligations. Association management shall report to the Board at the Board's regular quarterly meetings regarding the Association's investments.
2. Permitted Investment Entities. The Association may open and maintain accounts for funds of the Association in banks, savings and loan associations, other financial institutions, and the Texas Treasury Safekeeping Trust Company. Except for the Texas Treasury Safekeeping Trust Company, funds maintained in these financial institutions must be insured by a federal agency that provides for deposit insurance, or SIPC or a similar entity, and all investments must be in accordance with this policy.
3. Diversification, Limits, and Maturities. At all times the Association shall hold investments through at least two different entities or affiliates. Limits on particular types of investments, limits on investments per entity, and maturities of investments shall be determined by Association management and reviewed quarterly by the Board, taking into account the benefits, costs, and risks of holding investments in multiple entities and accounts.
4. Permitted Investments. Permitted investments may be made directly or through mutual funds, so long as all assets of the mutual fund meet the requirements for a permitted investment.

Investments not Requiring Board Approval. Funds of the Association may be invested and reinvested by the authorized representative of the Board, without prior Board approval in:

- (i) bonds, notes, 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.

Investments Requiring Board Approval. Funds of the Association may be invested and reinvested by the authorized representative of the Board with prior unanimous Board approval:

- (ii) Letters of credit of the United States;
- (iii) Obligations, including letters of credit, of agencies or instrumentalities of the United States;
- (iv) Other obligations if the principal and interest are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its agencies and instrumentalities;
- (v) Certificates of deposit and share certificates if each certificate is issued by a depository institution that has a main branch or branch office in the State of Texas, is guaranteed or insured by the Federal Deposit Insurance Corporation (or its successor) or the National Credit Union Share Insurance Fund (or its successor), and is secured by the obligations permitted in 29.507(b)(4)(i-iv).
- (vi.) Participation in the Certificate of Deposit Account Registry Service (“CDARS”) through a CDARS network member that arranges for the deposit of funds in certificates of deposits in one or more federally insured depository institutions. The full amount of each of the certificates of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation (or its successor).

5. Prohibited Investments. The Association shall not invest in any investments not specifically identified and authorized in this policy.
6. Settlement. The settlement of all transactions, except for investment pool funds and mutual funds, shall be on a delivery versus payment basis.
7. In-kind Distributions from Receiverships. The Association may hold non-cash assets it receives as a distribution from a receivership estate in the form the asset is delivered without violating this investment policy. The Board shall approve all such distributions prior to delivery or distribution to the Association, and shall approve liquidation of such assets.
8. Authority. The Board may delegate deposit and withdrawal authority relating to its accounts to specified Association officers and employees and shall require those officers and employees to be covered by appropriate bonds or insurance. Money may be withdrawn from any of the Association accounts. Signatures of at least two persons authorized by the Board shall

be required on any withdrawals and transfers to accounts of third parties. Withdrawals or transfers between Association accounts shall require the written approval of the Association Executive Director and Senior Accountant.

9. **Accounts.** All assets of the Association deposited in accounts under this policy shall be deposited in the name of the Association and all other assets of the Association must be owned or held in the name of the Association. An up-to-date, current inventory of the assets of the Association, describing the type and location of assets, shall be kept as a part of the financial records of the Association, properly accounting for the cost or value of the assets and their depreciation, if any. The Board, from time to time may establish any additional procedures consistent with the Act for the handling of any assets of the Association.
10. **Records.** A record of all assets and deposits of the Association and all financial transactions of the Association, its agents, and the Board relating to the Association and documentation relating to all such assets, deposits, and transactions shall be made and maintained by the Association in accordance with generally accepted accounting standards.
11. **Investment Income.** Income from the investment of funds of the Association shall be allocated to the member insolvency to which it relates unless (i) there are no current or future projected claims or expense obligations related to that member insolvency, (ii) the amount of investment income is so small that it is impractical to allocate it to the member insolvency to which it relates, or (iii) it is otherwise impractical to allocate the investment income to the member insolvency to which it relates, then the investment income shall be allocated or transferred to the Association's Insolvency Expense Account.
12. **Insolvency Expense Account.** The Insolvency Expense Account shall be used to pay Association expenses for insolvencies (i) when the Board of Directors determines a Class B assessment is not cost effective because the Association's obligations for the insolvency are *de minimus*, or when an assessment would be imprudent or impractical, (ii) before a Class B assessment is made, (iii) when a Class B assessment cannot be made because the member insurer is never impaired, or (iv) as determined by the Board of Directors. Any amounts paid from the Insolvency Expense Account that are recovered by the Association in a Class B assessment or estate asset recoveries shall be repaid to the Insolvency Expense Account. Investment income earned on the Insolvency Expense Account shall be allocated to the Insolvency Expense Account.

13. **Operating Expense Account.** The Operating Expense Account is comprised of funds that are received through Class A assessments, and any other funds of the Association that are not allocable to a specific insolvency or the Insolvency Expense Account. The Association shall use funds in the Operating Expense Account to pay administrative expenses that are not related to insolvencies. Investment income earned on the Operating Expense Account shall be allocated to the Operating Expense Account.

## **Item 5**

Consideration and possible action on assessments and refunds

- A. Class A Assessments in 2026
- B. Class B Assessments in 2026
- C. Refunds
- D. Protest of 2024 Class B Assessments



## ASSESSMENTS AND REFUNDS

### **CLASS A ASSESSMENT IN 2026**

Class A Assessment History - The TLHIGA has levied six Class A assessments totaling approximately \$10.74 million since it was created in 1973 to provide funds to meet administrative and general expenses not related to a specific insolvency. The TLHIGA has minimized Class A assessments by using recoveries of administration expenses from receivership estates, investment earnings, and the allocation of funds retained from closed insolvent estates to fund the ongoing non-insolvency specific, administrative and general expenses of the TLHIGA.

Based on the Committee's recommendation in July 2020, the Board of Directors adopted a practice of annually comparing the TLHIGA's financial position to the projected administration and general expenses in the Operating Budget during its first meeting of each calendar year. If necessary, a Class A assessment would be recommended in the amount needed to pay administration and general expenses for the calendar year. Previously, the TLHIGA had a practice to levy Class A assessments every 3-5 years to meet the projected expenses for those time periods.

Board Actions to Fund Class A Expenses From LMLIC/MSLIC Recoveries - The Board adopted the following recommendations from the Committee for the use of the Lincoln Memorial/Memorial Service excess funds:

- At its July 26, 2022 meeting, authorized funding the 2021 shortfall and the 2022 administrative and general expenses rather than levying a Class A assessment. Staff implemented those instructions which resulted in the Administrative Expense fund being fully reimbursed for all general and administrative expenses.
- At its January 24, 2023 meeting, authorized funding the 2023 administrative and general expenses.
- At its July 25, 2023 meetings, authorized transferring the LMLIC/MSLIC excess funds to the Insolvency Expense Account ("IEA") to continue to fund the Class A expenses and pay LMLIC/MSLIC obligations, previously authorized obligations, and the life insurance obligations of seven specific insolvencies. The Board also formalized the Operating Expense Account ("OEA") for Class A revenue and expenses.

Board Action on Use of IEA Funds - The Board adopted the following recommendations from the Committee for the use of the IEA funds:

- At its January 30, 2024 meeting, authorized funding the 2024 administrative and general expenses. Since the Board provided for this funding of the Class A expenses, a Class A assessment was not needed in 2024.
- At its January 28, 2025 meeting, authorized funding the 2025 administrative and general expenses, so a Class A assessment was not needed in 2025.

From January 1, 2022 to November 30, 2025, the IEA funds have paid \$4,423,799 in Class A expenses. Due to the higher interest rates in 2025, the TLHIGA has been able to offset most expenses with interest earned on cash in its accounts. Since the last A/I Committee Report, the administrative expenses totaled \$1,333,087 and the interest allocated to the OEA was \$1,009,864. At this time, the OEA has a surplus of \$7,648,303 due to the interest earned in 2025 and an accounting adjustment in 2025.

The estimated administrative expenses for 2026 are \$3,120,797. The TLHIGA has estimated that it will earn \$2,387,301 in interest over the year using the current US Treasury yields and expected cash outflows and inflows. Due to the OEA balance and the expected earnings, management does not recommend a Class A assessment in 2026. Administrative and general expenses will be paid from the OEA as originally intended.

### **CLASS B ASSESSMENT IN 2026**

Board Action on Use of IEA Funds - Similar to the Class A assessment expenses, the Board authorized the use of the IEA funds to pay the insolvency related expenses for certain insolvencies that borrowed funds in 2022 and for their ongoing 2023 expenses. These Class B expenses were paid from the IEA funds in lieu of a Class B assessment in 2022 or 2023.

At its July 25, 2023 meeting, the Board adopted the recommendation from the Committee to authorize the payment of the administration expenses and covered insurance policy obligations from the IEA for seven specific insolvencies, Northwestern National Insurance Company, Calanthe Mutual Life Insurance Company, Time Insurance Company, North Carolina Mutual Life Insurance Company, Southland National Life Insurance Company, Bankers Life Insurance Company (life only), and Colorado Bankers Life Insurance Company (life only). The TLHIGA will continue to use the IEA to pay those obligations until instructed otherwise by the Board, the IEA is completely exhausted, or there are no more expenses for those insolvencies.

Friday Health Insurance Company (“FHIC”) - A liquidation order was entered against FHIC on March 23, 2023, activating the TLHIGA to provide protection for the covered policy obligations. Due to the scope of the insolvency, the potential for both the administration expense and covered policy obligations to be fully funded from estate assets, and the Board’s actions, FHIC was not included in the insolvencies/estates that are being funded by the IEA funds.

On December 19, 2023, the TLHIGA received \$25 million in early access distributions from the FHIC estate. These funds repaid the intercompany borrowings, and the excess was used to fund the TLHIGA’s continuing FHIC obligations. The FHIC obligations have exceeded the \$25 million early access distribution, so intercompany loans have been made to FHIC from the IEA. The

TLHIGA submitted a request for a second early access distribution of \$21.4 million. The second early access distribution was received in February 2025 and repaid all outstanding intercompany loans with some excess funds to pay future claims and expenses. The TLHIGA will recover all expenses for this insolvency in distributions from the FHIC estate. A Class B assessment is not necessary.

Bright Healthcare Insurance Company of Texas ("BHICOT") - A liquidation order was entered against BHICOT on November 29, 2023, activating the TLHIGA to provide protection for the covered BHICOT policy obligations. The TLHIGA has funded the BHICOT obligations and expenses from existing funds using the intercompany loan process authorized by the Board. The TLHIGA submitted a request for an early access distribution of \$8.7 million which was received in February 2025 and repaid a majority of the outstanding intercompany loan. The TLHIGA continues to internally borrow to pay BHICOT expenses and claims but will receive later distributions from the BHICOT estate sufficient to cover all expense and claims. A Class B assessment is not necessary.

Bankers Life Insurance Company ("BLIC") and Colorado Bankers Life Insurance Company ("CBLIC") - A liquidation order was entered against BLIC and CBLIC on December 30, 2022. The liquidation order stated it would be effective 90 days after a final resolution of any challenges to the liquidation order. GBIG Holdings, owner of BLIC and CBLIC, appealed the order and the North Carolina Court of Appeals affirmed the Liquidation Order on March 5, 2024. GBIG Holdings then filed a Petition for Discretionary Review with the North Carolina Supreme Court, further delaying the possible effective date of the Liquidation Order. On August 23, 2024, the North Carolina Supreme Court granted the holding company's Motion to Withdraw the Petition for Discretionary Review of the Liquidation Order against CBLIC and BLIC. As a result, the Liquidation Order Effective Date was November 30, 2024.

The estimated covered cash surrender values for the life insurance policies and annuity contracts held by Texas residents for BLIC and CBLIC were projected to total \$102,183,422 as of June 30, 2024. The Committee held a special meeting on April 16, 2024 to discuss these two insolvencies and recommended the Board of Directors authorize a \$102.2 million Class B assessment. At its April 22, 2024 meeting, the Board authorized the \$102.2 million Class B assessment. After refining the obligations, and in consultation with the Board Chair and the A/I Committee Chair, it was agreed to call \$98.5 million of the authorized Class B annuity assessment. The assessment invoices were distributed on October 15, 2024 with a due date of December 2, 2024. Through November 30, 2025, the TLHIGA has paid \$82,279,481 of its obligations for the BLIC and CBLIC insolvencies. An assumption reinsurance transaction was negotiated and funded in December 2025 for the remaining obligations. The TLHIGA's transfer costs under the assumption agreement was \$14,225,330. The total of obligations funded by the TLHIGA through the claim batches and the assumption reinsurance transaction totals \$96,504,811. The current assessment collections along with early access distributions and reinsurance recoveries were more than sufficient to cover the TLHIGA's costs. There may be minimal residual costs for additional claims batches and the assumption reinsurance agreement true-up during the first half of 2026.

Due to the resolution of these two insolvencies with sufficient remaining funds to cover administrative and claims expenses, a Class B assessment is unnecessary for BLIC and CBLIC.

## **REFUNDS**

For each insolvency, the Board of Directors evaluates whether to refund any funds collected through Class B assessments, receivership asset distributions, and recoveries from other sources that exceed its remaining administration costs and payments for obligations under covered insurance policies. The Net Position Schedule on page 2-2 provides the Committee with the current net position of each estate. Management continually monitors these positions and reviews them with the Committee twice annually, to determine if there are funds that should be considered for refund. This schedule has been updated to reflect the Board's creation of the IEA and the transfer of specific funds into that account as authorized by the Board of Directors.

Management does not recommend a refund in 2026.

## **2024 CLASS B ASSESSMENT PROTEST**

On Friday, November 29, 2024, the TLHIGA received an email from a member company protesting their assessment. They stated the grounds for their protest are material overstatements in the assessable premiums. The company had reported the premiums on their Texas Life, Health, and Annuity Guaranty Association Assessable Premium Exhibits to their Annual Statement for 2021, 2022, and 2023 ("Assessable Premium Exhibits"), which were then used by the TLHIGA to calculate the assessment. The company stated they are working to correct, and file corrected assessable premium exhibits. Executive Director Boles sent an email confirming receipt of the assessment appeal letter. The email stated that the TLHIGA's acknowledgement did not constitute the filing of the appeal with the Commissioner of Insurance as required by Tex. Ins. Code § 463.401(a) and specifically noted in the Notice of Class B Assessment. The company subsequently submitted their appeal to Commissioner Brown. It should be noted that this company also filed assessment appeals/protests with 17 other guaranty associations. NOLHGA is coordinating research of the appeals among the guaranty associations.

At its July 29, 2025 meeting the Board instructed the TLHIGA to draft a letter to the Texas Department of Insurance considering 1) it is not the TLHIGA's authority to accept or deny the appeal from Empower but it is the opinion of the TLHIGA Board that the appeal be denied; 2) the TLHIGA will offer information on the implications associated with any alternative decision made by TDI, as it respects not only Empower but also the rest of industry and how these assessments are treated; 3) the implications for Empower should their appeal be accepted and their historical use of the statutory disclaimer for products not covered by the TLHIGA, and whether they were in violation of that statutory provision; 4) irrespective of how TDI and Empower proceed with this appeal, the issue of disparate reporting of the allocated vs unallocated assessable premiums is something that will not go away, so TDI unilaterally, or through the NAIC, should pursue an initiative to determine if anything changes need to be made in the assessable premium reporting to provide clarity for all. Management will have an update that the Committee will discuss during the Executive Session of the meeting.

## **Item 6**

Executive Session:

- A. Potential and pending litigation
- B. Advice from Counsel

## **Item 7**

Consideration and possible action on items discussed in Executive Session

## **Item 8**

Consideration and possible action regarding the Committee's 2026  
Calendar of Activities and next meeting date



January 20, 2026 Assessment/Investment Committee Meeting

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## **COMMITTEE'S 2026 CALENDAR OF ACTIVITIES AND NEXT MEETING DATE**

Included on pages 8-2 to 8-3 are the portions of the 2026 Calendar of Activities relating to the Assessment/Investment Committee. It reflects meeting dates and related activities based on those meeting dates, including the items known at this time that may be addressed. The items shown in red are specific responsibilities for the Assessment/Investment Committee Chair.

The next Committee meeting is tentatively scheduled for Tuesday, July 21, 2026.



2026

## 2026 Calendar of Activities (ASSESSMENT/INVESTMENT COMMITTEE) updated as of 1/9/26

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
4	ED		1/13/26	<b>EXECUTIVE DIRECTOR</b> (or staff) will file the final agendas for the January 20, 2026 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	
7	A-I	CH	1/20/26 1:00 PM virtual	<b>Assessment/Investment Committee Meeting</b> - Consideration of prior meeting's minutes - Review the TLHIGA's cash flow projections - Review the TLHIGA's investments - Review the net cash available/needs position of all insolvencies - Consider the necessity for a Class A and/or a Class B Assessment and/or refund in 2026	
11	BOD A-I PER	CH CH CH	1/27/26 8:30 AM	<b>Board of Directors Meeting</b> Consideration and possible action on the following: - Election of Officers - Appointment of Committee Chairs and Members - Review of Board of Directors corporate governance comments - Review the compilation of evaluations of General Counsel - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Adoption of 2026 Operating and Capital Expenditure Budgets - Regular operational and financial approvals (minutes, NOLHGA invoice, future meetings, financial statements, etc.) <b>A-I COMM CHAIR</b> will report on the Committee's discussions regarding the necessity for Class A or Class B assessments in 2026 <b>PERS COMM CHAIR</b> will report on the Committee's discussion regarding: - Review of benefits, compensation and training components in 2026 Operating Budget, including staff compensation - Report from compensation consultant - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director	
30	A-I	CH	7/2/26	<b>A-I COMM CHAIR and counsel</b> will be provided the draft agenda for the July 21, 2026 Committee meeting for review with the Executive Director and/or Senior Accountant to determine the order of items and items to be added or deleted.	
33	ED		7/14/26	<b>EXECUTIVE DIRECTOR</b> (or staff) will file the final agendas for the July 21, 2026 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	
36	A-I	CH	7/21/26 1:00 PM virtual	<b>Assessment/Investment Committee Meeting</b> - Review the TLHIGA's cash flow projections - Review the TLHIGA's investments - Review the TLHIGA's investment policy - Review the net cash available/needs position of all insolvencies - Review the necessity for a Class B assessment and/or refund in 2025 - Review of the Committee's Charter	



2026

## 2026 Calendar of Activities (ASSESSMENT/INVESTMENT COMMITTEE) updated as of 1/9/26

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
37	BOD A-I PER	CH CH CH	7/28/26 8:30 AM	<p><b>Board of Directors Meeting</b></p> <p>A-I COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"><li>- Necessity for a Class B assessment or refund in 2026</li><li>- Any recommended revisions to the Investment Policy</li><li>- Any recommended changes to investments</li><li>- Any recommended changes to the A/I Committee Charter</li></ul> <p>PERS COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"><li>- Any actions on the benefits provided to TLHIGA employees</li><li>- Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract</li><li>- Revisions to succession plans</li></ul> <p>Executive Session confidential discussion of financially troubled member insurance companies</p> <p>Review and possible actions on various active member company receiverships</p> <p>Executive Director's report on operations</p> <p>Review of IRS Form 990</p> <p>Corporate governance enhancements</p> <p>Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)</p>	
53	A-I	CH	1/5/27	<p>A-I COMM CHAIR will review the draft agenda for the January 19, 2027 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.</p>	
54	BOD	CH	1/5/27	<p>BOD CHAIR and counsel will be provided the draft agenda for the January 26, 2027 BOD meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted, including any anticipated recommendations for Board action from the Personnel or A-I Committees.</p>	