

**Board of Directors Meeting
April 21, 2026**

Briefing Material



Board of Directors Meeting Agenda

Tuesday, April 21, 2026

8:30 A.M. Central Time

Video/Audio Conference Call

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 January 27, 2026 meeting of the Board of Directors and
 - B. Ratification of the payment of NOLHGA's fees and expense billing for 4th quarter of 2025

2. Consideration and possible action on reports and recommendations from the Audit Committee regarding:
 - A. Remediation implemented for findings of external/internal network penetration and phishing testing reports
 - B. Financial audit for the year ending December 31, 2025*
 - C. Scope of the financial audit for the year ending December 31, 2026
 - D. Review and possible expansion of 2026 Audit Plan
 - E. Review of responses to Request for Proposals (RFP) and recommended engagement of auditor for financial audit for the year ending December 31, 2026*
 - F. Write-off of certain liabilities*
 - G. Review of the TLHIGA's final 2025 expenses and budget variance report

3. Consideration and possible action regarding any matters presented by the Texas Department of Insurance

4. Quarterly report from Executive Director on TLHIGA activities

5. Consideration and possible action on corporate governance issues
 - A. Report on the annual Conflict of Interest/Business Ethics Questionnaires and Antitrust Certifications
 - B. Texas Ethics Commission Personal Financial Statement filings
 - C. Directors' feedback

6. Consideration and possible action regarding the impaired/insolvent member insurers or matters related thereto:
 - A. Estate Administration Summary

* 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.
--

- B. Bankers Life Insurance Company/Colorado Bankers Life Insurance Company*
 - C. Southland National Insurance Corporation*
 - D. North Carolina Mutual Life Insurance Company
 - E. Universal Life Insurance Company*
 - F. Bright HealthCare Insurance Company of Texas
 - G. Friday Health Insurance Company, Inc.
 - H. Penn Treaty Network America/American Network Insurance Companies
7. Executive Session:
- A. Confidential report of the Texas Department of Insurance Office of Supervisory Interventions to the Board of Directors on troubled or insolvent insurance companies and related discussion
 - B. Confidential report on 2024 Class B assessment protest
 - C. Preliminary approach for variable product coverage
 - D. Any personnel matters – with management present
 - E. Any personnel matters – without management present
 - F. Potential and pending litigation
 - G. Advice from Counsel
8. Consideration and possible action on items discussed in Executive Session*
9. Consideration and possible action regarding the 2025 Annual Report*
10. Consideration and possible action regarding the following financial and accounting matters:
- A. Review and acceptance of current financial statements
11. Consideration and possible action regarding the 2026 Calendar of Activities and confirmation of the 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.
--

Open Meeting Information

Status	Accepted
TRD	2026002122
Submitted Date/Time	04/10/2026 08:43 AM CDT
Agency	Texas Life and Health Insurance Guaranty Association
Meeting Date	04/21/2026
Meeting Time	08:30 AM
Address	1717 West 6th Street
City	Austin
State	TX
Additional Information	Call TLHIGA at (800) 982- 6362 or go to www.txlifega.org

Agenda

The Board of Directors 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 105, 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.

Consideration and possible action on:

- 1) Consent agenda;
- 2) Reports and recommendations from the Audit Committee;
- 3) Matters presented by the Texas Department of Insurance;
- 4) Quarterly report from Executive Director;
- 5) Corporate governance;
- 6) Impaired/insolvent member insurers;
- 7) Executive Session;
- 8) Item discussed in Executive Session;
- 9) 2025 Annual Report;
- 10) Financial and accounting matters;
- 11) 2026 Calendar of Activities and confirmation of the next meeting date.

Item 1

Consideration and possible action on consent agenda items:

- A. Summary of the official minutes of the January 27, 2026 meeting of the Board of Directors and
- B. Ratification of the payment of NOLHGA's fees and expense billing for 4th quarter of 2025



CONSENT AGENDA

The following routine, recurring items have been placed on the consent agenda for consideration.

1. The summary of the official minutes of the January 27, 2026 Board of Directors meeting shown on pages 1-2 through 1-11 and
2. Ratification of the payment of the fourth quarter 2026 NOLHGA MPC Fees and Expenses shown in the draft resolution below.

The following are draft resolutions to approve the consent agenda items.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the January 27, 2026, meeting.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association ratifies the payment of the NOLHGA invoice for Members' Participation Council and Assessment Data Survey expenses and fees, from October 1, 2025 through December 31, 2025, totaling \$277,693 as shown in the following list:

Assessment Data Survey	1,645
Columbian Mutual	726
Executive Life Ins Co	562
Friday Health Insurance Co	1,576
Global Bankers-Bankers Life Ins Co	125,457
Global Bankers-Colorado Bankers Life Ins Co	40,124
Global Bankers -Southland National Ins Co	13,213
Lincoln Memorial Life Ins Co	110
Memorial Service Life Ins Co	4,504
National Heritage Life Ins Co	2,304
National States Ins Co	4,052
North Carolina Mutual Life Ins Co	3,586
Penn Treaty/ ANIC	1,551
PHL Variable Ins Co	52,643
Senior Health Ins Co of Pennsylvania (SHIP)	23,422
Thunor Trust Companies	1,141
Time – Reg Activities - L/H/annuities	141
Time – Reg Activities – LTC	497
Universal Life/BTW	439
	<hr/>
	\$ 277,693



**SUMMARY OF THE OFFICIAL MINUTES OF THE
JANUARY 27, 2026 MEETING OF THE BOARD OF DIRECTORS**

A regular quarterly meeting of the Texas Life and Health Insurance Guaranty Association (the “Association”, “Guaranty Association” or “TLHIGA”) Board of Directors (the “Board of Directors” or the “Board”) was called to order by Chair James E. Huckaby, at 8:35 A.M. Central time on January 27, 2026. 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 Board members whose names are set forth below were present for all or part of the meeting and, a quorum was present for all votes, unless otherwise noted.

James Huckaby	Mark Williams	Blake Brodersen
James Harrison	David Sommer	
Ted Kennedy	Frank Beaman	

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	Brandy Nichols
General Counsel:	Dan Price			

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

Vane Hugo, Texas Department of Insurance (“TDI”)	Katelyn Boehm, TDI
Shawn Martin, TDI	John Walker
Jeff Jones, TDI	David Ashton, TDI

Chair Huckaby noted that proper notice of the meeting was filed on January 20, 2026 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 Huckaby declared a quorum of the Board was present in accordance with the Texas Open Meetings Act.

This is a written summary of the proceedings of the regular quarterly Board of Directors meeting of the Texas Life and Health Insurance Guaranty Association held on January 27, 2026. 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 Board of Directors 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 Board of Directors should be deemed an attachment to this summary.

Item 1 Consideration and possible action on consent agenda items

The Board addressed the two consent agenda items: (1) the summary of the official minutes of the October 28, 2025 meeting and (2) ratification of the NOLHGA fees and expenses billing for the third quarter of 2025.

Upon a motion made by Director Harrison and seconded by Director Sommer, the Board of Directors unanimously adopted the following resolutions:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the October 28, 2025, meeting.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association ratifies the payment of the NOLHGA invoice for Members’ Participation Council and Assessment Data Survey expenses and fees, from July 1, 2025 through September 30, 2025, totaling \$259,387 as shown in the following list:

Assessment Data Survey	7,181
Executive Life Ins Co	4,287
Global Bankers-Bankers Life Ins Co	127,362
Global Bankers-Colorado Bankers Life Ins Co	40,733
Global Bankers -Southland National Ins Co	12,943
Lincoln Memorial Life Ins Co	118
Memorial Service Life Ins Co	4,813
National States Ins Co	4,165
North Carolina Mutual Life Ins Co	2,839
Penn Treaty/ ANIC	1,137
PHL Variable Ins Co	24,885
Senior Health Ins Co of Pennsylvania (SHIP)	25,467
Sentinel Security	1,584
Thunor Trust Companies	1,173
Universal Life/BTW	700
	\$ 259,387

Item 2 Consideration and possible action on election of officers and the appointment of members to committees of the Board of Directors

Mr. Boles reviewed the section of the TLHIGA’s Amended and Restated Bylaws that addresses the elections of Board officers. He stated the TLHIGA’s Plan of Operation requires that at least one officer must be a public member of the Board.

Mr. Boles reported he sent an email on October 29, 2025, to all Board Members, which included the TLHIGA’s Guidelines for Nominations and Elections of Officers of the Board of Directors, requesting confidential nominations for the four officer positions: Chair, Vice-Chair, Secretary

and Treasurer. Mr. Boles stated four nominations were received, one for each officer position, and he contacted each nominee to confirm their willingness to serve. The Board discussed the nominations.

Upon a motion made by Director Beaman and seconded by Director Williams, the Board of Directors adopted the following resolutions:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association conducted a process to nominate and elect the four officer positions in accordance with its Guidelines for Nomination and Election of Officers of the Board of Directors.

FURTHER RESOLVED, the Board of Directors elects the following officers for 2026:

James Huckaby to the office of Chair,
James Harrison to the office of Vice-Chair,
Ted Kennedy to the office of Secretary, and
David Sommer to the office of Treasurer.

The Board next discussed committee appointments and chairs.

Upon a motion made by Director Sommer and seconded by Director Beaman, the Board of Directors unanimously adopted the following resolutions:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association appoints the following directors as chairs and members of its standing and ad hoc committees for calendar year 2026.

ASSESSMENT/INVESTMENT COMMITTEE

James Harrison, CHAIR
Ted Kennedy
Mark Williams

AUDIT COMMITTEE

Mark Williams, CHAIR
Frank Beaman
Blake Brodersen

PERSONNEL COMMITTEE

David Sommer, CHAIR
Frank Beaman
James Harrison

AD HOC EXECUTIVE DIRECTOR SEARCH COMMITTEE

Ted Kennedy, CHAIR
Frank Beaman
James Harrison
James Huckaby

Item 3 Consideration and possible action on reports and recommendations from the Personnel Committee

Personnel Committee Chair Sommer reported that the Committee met on Tuesday, January 20, 2026.

Director Sommer reported on the Committee's review of the TLHIGA's current health and dental insurance plans, and other non-salary benefits provided to the employees, as reflected in the 2026 Operating Budget. The Committee recommended no changes to these benefits.

Director Sommer stated the Committee will review staff compensation changes with Mr. Boles in Executive Session. Mr. Boles stated the recommended changes are already included in the proposed 2026 Operating Budget.

Director Sommer reported that the Committee reviewed the proposed minor revisions for the Employee Handbook.

Upon a motion made by Director Harrison and seconded by Director Beaman, the Board of Directors unanimously adopted the following resolutions:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to amend the Employee Handbook as reviewed by the Committee.

Director Sommer reported that the Committee discussed Mr. Boles' performance evaluation for 2025, along with Mr. Boles' self-evaluation. He stated he prepared an anonymous compilation of the directors' evaluations. Director Sommer noted that both the compilation and Mr. Boles' self-evaluation were distributed to the Board on December 11, 2025.

Director Sommer reported that the Committee reviewed certain employment and compensation elements under the Executive Director's Executive Employment and Deferred Compensation Contract ("EEDCC"). He stated that Mr. Boles had met all the requirements of the EEDCC. Director Sommer stated the automatic annual cost of living adjustment, based on the Social Security Administration's cost of living adjustment of 2.8% for 2026, had been made to his salary on January 1, 2026 per the terms of the EEDCC. Director Sommer stated the EEDCC's includes a minimum contribution to the Executive Director's 457(b) plan of \$18,500, if the Executive Director has met all EEDCC requirements. The Board of Directors then has the discretion to increase the annual contribution to the Internal Revenue Service 457(b) contribution limit. The limit for 2026 is \$24,500.

Director Sommer reported the Committee received an update on the Executive Director Search Committee's activities to identify a new Executive Director.

Director Sommer requested that further discussion on this item be conducted in Executive Session.

Item 4 Consideration and possible action on reports and recommendations from the Assessment/Investment Committee

Assessment/Investment Committee Chair James Harrison reported that the Committee met on Tuesday, January 20, 2026.

Director Harrison stated that the Committee reviewed the TLHIGA's Net Position schedule for existing insolvencies, current investments, the investment policy, and the potential need for Class A and Class B assessments. He stated the Committee is not recommending any changes to the investment policy or any assessment be levied at this time.

Director Harrison stated the Committee was given an update on the appeal/protest of the Class B 2024 assessment filed with the Texas Commissioner of Insurance and there are no material developments.

Item 5 Consideration and possible action on reports and recommendations from the Executive Director Search Committee

Executive Director Search Committee Chair Kennedy reported the Committee met on Monday, January 5, 2026, and on Tuesday, January 6, 2026.

Director Kennedy reported the Committee conducted interviews of Executive Director candidates during both meetings. He stated the Committee also discussed its remaining timeline of activities to complete the selection and onboarding of a new Executive Director. He reported the Committee has a candidate and a compensation package to recommend to the Board.

Director Kennedy requested that further discussion on this item be conducted in Executive Session.

Item 6 Consideration and possible action regarding any matters presented by the Texas Department of Insurance

There was nothing discussed under this item.

Item 7 Quarterly report from Executive Director on TLHIGA activities

Mr. Boles commented on the following items in his written report in the meeting briefing book:

- Director vacancies for one small company member and one public member,
- Class B assessment appeal,
- Closure of safety deposit boxes,
- Review of hard copy and electronic files,

- Recent and upcoming NOLHGA meetings,
- IAIR Technical Development Series workshop, and
- NAIC Fall National Meeting.

Item 8 Consideration and possible action on network penetration testing report

Mr. Boles reported, in detail, on the external network penetration, internal network penetration, and phishing tests conducted by CliftonLarsonAllen (“CLA”) conducted in December 2025 and January 2026. He stated three testing reports from CLA were confidentially provided to the Board before this meeting. Mr. Boles stated the specifics of the reports will not be disclosed in public session to avoid exposing any TLHIGA risks or vulnerabilities prior to remediation activities.

Mr. Boles reported CLA has four severity level categories it uses for its findings: low, medium, high, and critical. He reported CLA stated the TLHIGA’s number of critical and high vulnerabilities were lower than peer organizations.

Mr. Boles stated the three CLA testing reports were extremely thorough and included the purpose of each test, the methods used by CLA to conduct each test, and detailed findings of each test. He stated he will review all the findings with the TLHIGA’s network consulting firm to determine what adjustments should be made to the TLHIGA systems to maintain a secure electronic environment.

Item 9 Consideration and possible action on the annual review of the Board of Directors’ fiduciary duties and the role and contact information for General Counsel

Mr. Boles stated Mr. Price’s annual review of the Board of Directors’ fiduciary duties and the role of the General Counsel presentation was included with the publicly distributed meeting materials. He stated that because the training may include hypothetical situations, it will be held in Executive Session to provide the directors the opportunity to ask questions and have a confidential discussion of any subject.

Item 10 Consideration and possible action regarding annual evaluation of General Counsel

Mr. Boles stated he distributed the General Counsel evaluation form to all directors via email on December 1, 2025 and emailed a compilation of the anonymous responses to all directors on prior to this meeting.

Mr. Boles reported that the annual evaluation of General Counsel will be reviewed during the Executive Session of this meeting.

Item 11 Consideration and possible action on corporate governance issues

Mr. Boles stated that at every regularly scheduled Board of Directors meeting there is a sub agenda item called “Directors Feedback”. A reminder is sent out in advance to directors to contact the Board Chair, General Counsel, or Executive Director, before the meeting with any issue or concern a director would like to discuss. He emphasized that any issues or concerns should be mentioned before the meeting so it can be reviewed to determine whether the discussion should be held in open or Executive Session.

Mr. Boles reported that there were no issues or concerns submitted for discussion at this meeting. He asked if any director had an issue they want addressed at this time, and none were raised.

Mr. Boles stated the Business Continuity Plan (“BCP”) is regularly updated to reflect changes in vendors, consultant contact information, the TLHIGA’s organizational structure, equipment changes, among other areas, as the changes occur. He reported the current changes are minor and involved removing references to the TLHIGA safety deposit boxes, adding references to the use of the Board of Directors portal, updating Board of Directors roster, updating to equipment inventories, and updating vendor contact names, email addresses, phone numbers, and mailing addresses. Mr. Boles stated a black line of these changes was not included in the meeting material because the changes are non-substantive and do not require Board approval.

Mr. Boles reported that the annual review of the Critical Functions Report has been completed and a number of possible updates and revisions were identified. He stated a full, black-lined version of the Critical Functions Report showing the proposed edits was included in the meeting materials for this meeting.

Upon a motion made by Director Beaman and seconded by Director Sommer, the Board of Directors unanimously adopted the following resolution:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association has reviewed and adopts the revisions to the Critical Functions Report as distributed in advance of the meeting.

Item 12 Consideration and possible action regarding the impaired/insolvent member insurers or matters related thereto

Mr. Boles reviewed the projected policy obligations report and general metrics on claims payments, premium collections, and recoveries. He then summarized the TLHIGA’s recent activities since the October 28, 2025 Board meeting for the following seven impaired/insolvent member insurers that were specifically discussed in the Board of Directors meeting material:

- Bright Healthcare Insurance Company of Texas,
- Friday Health Insurance Company,
- Bankers Life Insurance Company/Colorado Bankers Life Insurance Company,
- Southland National Insurance Company, and

- Penn Treaty Network America/American Network Insurance Companies.

Upon a motion made by Director Harrison and seconded by Director Kennedy, the Board of Directors unanimously adopted the following resolution:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association authorizes the Executive Director to review the administrative services agreement with Continental General Insurance Company to administer the Bankers Life Insurance Company and Colorado Bankers Life Insurance Company policies retained by the TLHIGA and, if the terms are found acceptable, to take the necessary actions for the TLHIGA to participate in the agreement.

Chair Huckaby stated the time to be 9:36 A.M. on January 27, 2026, and that he was recessing the regular, open session of the meeting for the TLHIGA Board of Directors to meet in executive session, pursuant to the Texas Open Meetings Act.

Item 13 Executive Session

CONFIDENTIAL DISCUSSION

Item 14 Consideration and possible action on items discussed in Executive Session

At 11:37 A.M., Chair Huckaby announced the Executive Session had concluded and he was reconvening the regular, open session of the meeting of the TLHIGA Board of Directors pursuant to the Texas Open Meetings Act.

Upon a motion made by Director Sommer and seconded by Director Kennedy, the Board of Directors unanimously adopted the following resolution:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association acknowledges the Personnel Committee's report that the Executive Director has fully complied with the terms and conditions of the Executive Employment and Deferred Compensation Contract during 2025 and

FURTHER RESOLVED, that the Board of Directors, consistent with the recommendation from the Personnel Committee, and pursuant to the terms of the Executive Employment and Deferred Compensation Contract, authorizes a payment in January 2026 to the 457(b) plan established for the Executive Director in the amount of \$24,500.

Director Kennedy stated the Executive Director Search Committee completed the candidate interview process and will report its findings and recommendations to the Board of Directors during Executive Session.

Upon a motion made by Director Kennedy and seconded by Director Harrison, the Board of Directors adopted the following resolution:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from the Executive Director Search Committee for the applicant selected to succeed Bart Boles as Executive Director of the Texas Life and Health Insurance Guaranty Association.

FURTHER RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association authorizes the Executive Director Search Committee to make the offer of employment to the selected applicant and to negotiate the terms of employment with the selected applicant within the parameters specified and approved by the Board of Directors during Executive Session without further action or approval required from the Board of Directors.

Director Brodersen abstained from voting on the above resolution due to conflict of interest.

Item 15 Consideration and possible action regarding the following financial and accounting matters

Mr. Terry, Controller, summarized highlights of the financial statements for the periods September 30, October 31, and November 30, 2025.

Mr. Terry reviewed the proposed Operating and Capital Expenditure Budgets for calendar year 2026.

Upon a motion made by Director Beaman and seconded by Director Williams, the Board of Directors unanimously adopted the following resolution:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the 2026 Operating Budget and the 2026 Capital Expenditure Budget as presented.

FURTHER RESOLVED, that the 2026 Operating Budget and 2026 Capital Expenditure Budget may be amended by the Board of Directors at a future date to include the financial impact of decisions made related to salary, payroll taxes, employee benefits or other items which may arise.

Item 16 Consideration and possible action regarding the 2026 Calendar of Activities and confirmation of the next meeting date

The Board confirmed that its next regular quarterly meeting will be held at 8:30 A.M. Central time on Tuesday, April 21, 2026.

Adjourn

There being no further business, Chair Huckaby stated the time to be 11:48 A.M. and that he was adjourning the regular meeting of the TLHIGA Board of Directors that was held as described in the first paragraph of this summary.

Certification

The undersigned certifies that the foregoing is a true and accurate written summary of the proceedings of the January 27, 2026, meeting of the Board of Directors, approved by the Board of Directors at its meeting held on April 21, 2026.

James E. Huckaby, Chair

Ted Kennedy, Secretary

DRAFT

Item 2

Consideration and possible action on reports and recommendations from the Audit Committee regarding:

- A. Remediation implemented for findings of external/internal network penetration and phishing testing reports
- B. Financial audit for the year ending December 31, 2025
- C. Scope of the financial audit for the year ending December 31, 2026
- D. Review and possible expansion of 2026 Audit Plan
- E. Review of responses to Request for Proposals (RFP) and recommended engagement of auditor for financial audit for the year ending December 31, 2026
- F. Write-off of certain liabilities
- G. Review of the TLHIGA's final 2025 expenses and budget variance report



April 21, 2026 Board of Directors Meeting

REPORT FROM THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors met on April 7, 2026. Committee Chair Williams will report on, and provide recommendations related to, the following matters that were discussed during the Committee's meeting:

- Reviewed the draft reports for the 2025 audit of the financial statements with Bhakti Patel, principal with CliftonLarsonAllen, LLP, the TLHIGA's independent auditors,
- Reviewed the 2026 Audit Plan for possible expansion after evaluating the results of the 2025 financial audit,
- Considered the scope of the audit of the TLHIGA financial statements for the year ending December 31, 2026,
- Considered recommending the engagement of the independent auditor for the audit of the TLHIGA financial statements for the year ending December 31, 2026 as a result of the Request for Proposal issued in 2025,
- Reviewed the remediation implemented from the findings of the external/internal penetration and phishing testing reports,
- Considered the action to write off certain liabilities,
- Reviewed the final 2025 expenses and budget variance report.

Chair William's report to the Board of Directors will include a presentation by Ms. Patel. Confidential copies of the drafts of the audited financial statements, including the auditor's opinion, management discussion and analysis (MD&A) and footnote disclosures were distributed through the portal to the Board of Directors and General Counsel. The Committee recommends the resolution shown on page 2-3 to accept the year-end 2025 financial audit. The Board of Directors will consider the resolution after the Executive Session discussion of any confidential audit activities.

The Committee recommended and the Board approved the issuance of a Request for Proposal to engage a new auditor to audit the December 31, 2026 financial statements. The Committee reviewed the proposals received and will make a recommendation to the Board after the Executive Session discussion of the confidential proposals. The recommended resolution is on page 2-3.

The Committee reviewed management's recommendation to write off a \$200,000 liability that the TLHIGA has been carrying on its financials for a possible claim from a 2001 insolvency. The

policyholder never pursued the claim so the Committee is now recommending that this liability be written off. Management will provide more information during the Board meeting. The recommend resolution is on page 2-3



April 21, 2026 Board of Directors Meeting

The Audit Committee recommends the following resolutions to the Board of Directors for consideration and possible adoption.

RESOLUTION ON ACCEPTANCE OF THE 2025 FINANCIAL AUDIT

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the year-end 2025 financial audit report as presented.

RESOLUTION ON ENGAGEMENT OF AUDITOR FOR FINANCIAL AUDIT FOR THE YEAR ENDING DECEMBER 31, 2026

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the selection of _____ as the independent certified public accounting firm for the TLHIGA.

FURTHER RESOLVED, that the Board of Directors authorizes the Chair of the Audit Committee, on behalf of the Texas Life and Health Insurance Guaranty Association, to engage the independent certified public accounting firm of _____, to conduct an audit examination as of and for the year ending December 31, 2026.

RESOLUTION TO WRITE-OFF CERTAIN LIABILITIES

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association authorizes the write-off of the liability established in the Reliance Insurance Company insolvency in the amount of \$200,000.

Item 3

Consideration and possible action regarding any matters presented by the Texas Department of Insurance

Item 4

Quarterly report from Executive Director on TLHIGA activities



April 21, 2026 Board of Directors Meeting

EXECUTIVE DIRECTOR'S QUARTERLY REPORT

The following provides an update on the activities taken on behalf of the TLHIGA since the Board of Directors meeting held on January 27, 2026, that are not discussed under other agenda items.

OPERATIONAL UPDATES

Director Appointment and Remaining Vacancy – Joan Cleveland was appointed to the TLHIGA Board of Directors on February 20, 2026 as a small insurance company representative. Her term will expire on September 30, 2031.

There remains a public member representative vacancy on the Board of Directors. The Texas Department of Insurance ("TDI") is aware of this vacancy and has initiated the process to identify individuals that could serve in this director seat.

Executive Director Elect – The recently selected replacement for Bart Boles, Jan Graeber, began her transition into the Executive Director role on April 1, 2026.

Assessment Appeal – The TLHIGA Board of Directors authorized a Class B assessment for Bankers Life Insurance Company and Colorado Bankers Life Insurance Company of \$102.2 million on April 22, 2024. After the coverage estimates were updated, \$98.5 million of the assessment was called on October 15, 2024.

One member company protested their assessment through the Commissioner of Insurance, as statutorily permitted. They stated the grounds for their protest were material overstatements in the assessable premiums they reported in the Assessable Premium Exhibits of their 2021, 2022, and 2023 Annual Statements. It should be noted that this company also filed assessment appeals/protests with 13 other guaranty associations. The company subsequently submitted revised Assessable Premium Exhibits for the Annual Statements for the involved three years.

During its July 29, 2025 meeting, the TLHIGA Board of Directors adopted a resolution to recommend that the TDI deny the protest and to take no action to accept or reject the company's filings of revised Assessable Premium Exhibits for 2021, 2022, and 2023. General Counsel Price sent a letter to the TDI on August 8, 2025 with the Board of Director's recommendation. The TDI has not communicated with the company after receiving this information; however, Dan Price and I met with the TDI on October 14, 2025 to discuss the protest and the associated assessable premium issues.

In an effort to address the outstanding questions and inconsistencies in reporting, NOLHGA formed an Assessable Premium Exhibit Guidance Working Group, including both Guaranty Association Administrators and members from industry, to review the outstanding questions and related guidance. Clarifying guidance was developed and approved by the working group to address material inconsistencies related to the reporting of Stable Value Contracts issued to Defined Contribution Plans. It is important to note that the guidance does not change the existing instructions but rather is only intended to provide clarifying guidance to filers.

NOLHGA posted the guidance to the Assessable Premium Exhibit Resources page on NOLHGAs website and included notice of the guidance in an edition of the *NOLHGA Wire*. Additionally, the guidance was sent to the top-85 annuity writers and any company taking the applicable deduction within the NAIC Assessable Premium Exhibit.

Given the fact there are a number of material outstanding exceptions, it was recommended during a March 31, 2026 videoconference that NOLHGA staff work with Strohm Ballweg to address the outstanding questions on behalf of all guaranty associations. This should provide an efficient and consistent approach to addressing the outstanding concerns.

Review of Hard Copy and Electronic Files – Staff has initiated a review of files to identify those that can be destroyed. The record retention guidelines in the TLHIGA’s Policies and Procedures Manual have been compared to those being recommended by the NOLHGA Security Advisory Committee, on which the TLHIGA’s Executive Director has served for many years. In order to minimize risks associated with a cyber security incident, it is recommended that a five-year retention rule be implemented to destroy any policyholder listings and claims documents containing non-public personal information or protected health information five years after the TLHIGA resolves its last claims or policy obligation for a specific insolvency. The resolution may be in the form of a final payment, a settlement of a dispute, or the closing of an assumption reinsurance transaction. Staff is also reviewing the necessity to continue with the file storage platform that has been in place since 2013 but has now been rendered potentially obsolete with the use of cloud storage.

MEETINGS AND ACTIVITIES WITH OTHER ORGANIZATIONS

NOLHGA Meetings – Jarett Terry, Jan Graeber, Bart Boles, and Dan Price attended the NOLHGA Members’ Participation Council (“MPC”) meeting that was held at the NOPSI Hotel in New Orleans, LA on April 15-16, 2026.

NAIC Meetings – Dan Price and Bart Boles attended the NAIC’s Spring National Meeting that will be held on March 22-25, 2026 in San Diego, CA. In addition to several NAIC committee and

working group meetings, they attended the NOLHGA/NCIGF luncheon, the International Association of Insurance Receivers (IAIR) Issues Forum, and an IAIR Board of Directors meeting.

International Association of Insurance Receivers (“IAIR”) Activities – The IAIR Annual Resolution Workshop was held on February 10-12, 2026 at the Tampa Riverwalk Hotel in Tampa, FL. Dan Price and Bart Boles attended. Bart also chaired an IAIR Board of Directors meeting and provided information technology/audio visual support for the event presentations. The TLHIGA sponsored the presenters’ dinner the evening prior to the event.

ILTCI Conference – Dan Price and Bart Boles attended the Intercompany Long-Term Care Insurance (“ILTCI”) conference that was held in Orlando, FL from March 8-11, 2026. This conference is held annually and attended by the companies, vendors, and consultants in the long-term care market. It featured sessions on underwriting, claims, fraud, wellness, product development, and legal/litigation.

Item 5

Consideration and possible action on corporate governance issues

- A. Report on the annual Conflict of Interest/Business Ethics Questionnaires and Antitrust Certifications
- B. Texas Ethics Commission Personal Financial Statement filings
- C. Directors' feedback



April 21, 2026 Board of Directors Meeting

CORPORATE GOVERNANCE ISSUES

ANTITRUST AND CONFLICT OF INTEREST/BUSINESS ETHICS QUESTIONNAIRES

The Association's Board of Directors adopted the Policy Statement on Conflicts of Interest and Business Ethics ("Conflicts Policy") and Antitrust Compliance Policy ("Antitrust Policy") at its July 18, 2006 meeting. The policies articulate the Board of Director's philosophy and expectations regarding conflicts of interest and compliance with antitrust policies. Annually, the Association employees, board members, and consultants are required to confirm that they have read these policies, they are in compliance with these policies, and to disclose any deviations from the policies.

On February 26, 2026, Topping Haggerty distributed the annual Conflicts of Interest and Business Ethics questionnaires and the Antitrust certification forms to all directors, employees, and vendors. The completed questionnaires and certification forms were due on Monday, March 30th. Executive Director Bart Boles reviewed the submissions and will report on them during the April 21, 2026 Board of Directors meeting.

TEXAS ETHICS COMMISSION – PERSONAL FINANCIAL STATEMENT FILINGS

On February 2, 2026, Bart Boles received the annual survey from the Texas Ethics Commission (TEC) requesting confirmation of the Board of Directors' contact information to be used for distribution of the Personal Financial Statement filing notices and materials. After emails were sent to all directors requesting confirmations of their individual information, an updated list of contact information for the Board of Directors was assembled and submitted to the TEC on February 5, 2026.

Bart Boles monitors the Texas Ethics Commission website and has noted that the due date for filing the Personal Financial Statements covering the January 1, 2025 through December 31, 2025 period is April 30, 2026. Mr. Boles sent a reminder email to all directors on April 9, 2026.

BOARD OF DIRECTORS FEEDBACK

During the April 18, 2023 Board of Directors meeting, an alternative to the annual Board of Directors self-evaluation process was adopted that involves a two-part approach to reduce the assembly and submission burdens for directors.

The first part of the new process involves including a subitem called “Directors Feedback” on the agenda for each Board of Directors meeting. A reminder is sent with the materials for each meeting stating that any director has the opportunity to contact, before the upcoming meeting, either the Board Chair, General Counsel, or Executive Director to propose a specific issue, concern, or comment be discussed at the upcoming meeting. The purpose of the discussion would be to determine whether the director’s issue warranted revision of governance practices or processes.

Any issue raised before the meeting is evaluated to determine whether the discussion should be held in Open or Executive Session. The discussion of the issue will occur during the appropriate part of the meeting. To facilitate Open Meetings Act compliance and avoid any inappropriate discussion during any session of the meeting, an issue not raised by a director before the start of the meeting ordinarily will not be considered until the next Board meeting.

The second part of the approach involves a discussion at each October Board of Directors meeting about the evaluation topics and corporate governance irrespective of whether any concerns, issues, or comments are made in advance.

This new approach provides the opportunity for any director to bring up an issue, possibly anonymously, throughout the year, without the need to complete a form, and as issues occur so they are dealt with promptly, and not lost as time passes and memories fade.

Bart Boles emailed all directors and asked for any issues that should be discussed. No issues have been raised.

Item 6

Consideration and possible action regarding the impaired/insolvent member insurers or matters related thereto:

- A. Estate Administration Summary
- B. Bankers Life Insurance Company/Colorado Bankers Life Insurance Company
- C. Southland National Insurance Corporation
- D. North Carolina Mutual Life Insurance Company
- E. Universal Life Insurance Company
- F. Bright HealthCare Insurance Company of Texas
- G. Friday Health Insurance Company, Inc.
- H. Penn Treaty Network America/American Network Insurance Companies



April 21, 2026 Board of Directors Meeting

ESTATE ADMINISTRATION SUMMARY

This is a report of general insolvency activities since the January 27, 2026, Board of Directors regular quarterly meeting. Specific reports on key estates follow this summary.

Active Receivership Estates

On page 6-2 is a list of the fourteen (14) active receivership estates for which the TLHIGA has been activated to provide protection to Texas resident policyholders. This list does not include receivership proceedings that have been closed but for which the TLHIGA has continuing obligations to policyholders. There are four additional companies that are being monitored since they are subject to ongoing rehabilitation proceedings or a petition for liquidation is pending against them.

Contractual Obligation Funding and Projected Obligations

The TLHIGA's funding to fulfill insurance policy obligations for the two months of 2026 totaled approximately \$243,730. The projected remaining policy obligations covered by the TLHIGA are approximately \$10.85 million as of February 28, 2026. The Projected Policy Obligations report, which provides the details of the remaining obligations for these 11 active insolvencies, is included on page 6-3 (these are aggregate payment estimates, not present values).

Estate Distributions, Recoveries & Premium Collections

The TLHIGA received approximately \$1.12 million in distributions of estate assets from either foreign or Texas domiciled estates, restitution payments, or litigation recoveries in the first two months of 2026. Premiums collected during the two months of 2026 totaled \$8,082.

Miscellaneous Reports

The first quarter 2026 Summary of Communications Activity Report is included on page 6-4.

The 2026 complaint log is included with this report on page 6-5.



**Active Receivership Estate Listing
(as of March 31, 2026)**

Status	Estate Name	Reference Number	State of Domicile	Activation Date
--------	-------------	------------------	-------------------	-----------------

ESTATES CLOSED DURING 2026

NONE

14 ACTIVE ESTATES (4-TX DOMICILED, 10-FOREIGN)

Bankers Life Ins Co	099	NC	11/30/24
Bright Healthcare Ins Co of Texas	104	TX	11/29/23
Colorado Bankers Life Ins Co	100	NC	11/30/24
First National Life Ins Co of America	046	MS	07/01/99
Friday Health Insurance Co	105	TX	03/23/23
Good Samaritan Life Ins Co	064	TX	07/22/03
Heritage National Ins Co	055	OK	12/18/01
Lone Star Life Ins Co	072	TX	05/18/06
Lumbermens Mutual Casualty Company	091	IL	05/10/13
National States Ins Co	090	MO	11/15/10
North Carolina Mutual Life Ins Co	097	NC	10/31/22
Northwestern National Mutual Ins Co	096	WI	05/02/19
Security General Life Ins Co	073	OK	11/13/06
Southland National Insurance Corporation	101	NC	05/02/23

4 BEING MONITORED (All FOREIGN)

Columbian Life Ins Co	107	IL	
Columbian Mutual Life Ins Co	108	NY	
PHL Variable Ins Co	106	CT	
Senior Health Ins Co of Pennsylvania	098	PA	



Prepared by *B. A. Be* March 16, 2026

TX GA REF NO	ESTATE NAME	IMPAIRMENT YEAR	PROJECTED CLAIMS OBLIGATIONS	CURRENT	LONG-TERM	March-26	April-26	May-26	June-26	July-26	August-26
095	CALANTHE MUTUAL LIFE INS CO	2020	736,985	30,000	706,985	2,500	2,500	2,500	2,500	2,500	2,500
099	BANKERS LIFE INS CO	2024	0	0	0	0	0	0	0	0	0
100	COLORADO BANKERS LIFE INS CO	2024	169,279	169,279	0	28,213	28,213	28,213	28,213	28,213	28,214
105	FRIDAY HEALTH INS CO	2023	2,000,000	2,000,000	0	0	2,000,000	0	0	0	0
085	GOLDEN STATE MUTUAL LIFE INS CO	2011	20,000	0	20,000	0	0	0	0	0	0
078	LINCOLN MEMORIAL/MEMORIAL SERVICE LIFE INS CO'S	2008	47,654	1,000	46,654	0	0	0	0	0	0
090	NATIONAL STATES INS CO	2010	1,624,900	2,000	1,622,900	0	1,000	0	0	0	0
097	NORTH CAROLINA MUTUAL LIFE INS CO	2022	95,052	95,052	0	25,000	50,000	20,052	0	0	0
101	SOUTHLAND NATIONAL INS CORP	2023	5,819,151	5,819,151	0	55,000	55,000	55,000	5,654,151	0	0
084	UNIVERSAL LIFE INS CO	2010	334,701	6,000	328,701	0	3,000	0	0	0	0
TOTAL ESTIMATED OBLIGATIONS			10,847,722	8,122,482	2,725,240	110,713	2,139,713	105,765	5,684,864	30,713	30,714

TX GA REF NO	ESTATE NAME	IMPAIRMENT YEAR	September-26	October-26	November-26	December-26	January-27	February-27	>February 2027
095	CALANTHE MUTUAL LIFE INS CO	2020	2,500	2,500	2,500	2,500	2,500	2,500	706,985
099	BANKERS LIFE INS CO	2024	0	0	0	0	0	0	0
100	COLORADO BANKERS LIFE INS CO	2024	0	0	0	0	0	0	0
105	FRIDAY HEALTH INS CO	2023	0	0	0	0	0	0	0
085	GOLDEN STATE MUTUAL LIFE INS CO	2011	0	0	0	0	0	0	20,000
078	LINCOLN MEMORIAL/MEMORIAL SERVICE LIFE INS CO'S	2008	1,000	0	0	0	0	0	46,654
090	NATIONAL STATES INS CO	2010	0	1,000	0	0	0	0	1,622,900
097	NORTH CAROLINA MUTUAL LIFE INS CO	2022	0	0	0	0	0	0	0
101	SOUTHLAND NATIONAL INS CORP	2023	0	0	0	0	0	0	0
084	UNIVERSAL LIFE INS CO	2010	0	3,000	0	0	0	0	328,701
TOTAL ESTIMATED OBLIGATIONS			3,500	6,500	2,500	2,500	2,500	2,500	2,725,240



Summary of Communications Activity (First Quarter 2026)

Phone Calls	Active Companies	Not GA Related (referred by TDI)	Insolvencies	Insolvencies (referred by TDI)	Miscellaneous	Totals
January						
1-2	9				2	11
5-9	31		7		15	53
12-16	28	1	6		6	41
19-23	19	1	8		10	38
26-30	31	4	4		8	47
Month total	118	6	25	0	41	190
February						
2-6	25		5		16	46
9-13	27		6		10	43
16-21	25	1	2		9	37
23-27	23	1	3		16	43
Month total	100	2	16	0	51	169
March						
2-6	21	4	5		3	33
9-13	26	3	13		11	53
16-20	17	1	8		12	38
23-27	34		2		17	53
30-31	15		3		3	21
Month total	113	8	31	0	46	198
Totals for 1st Qtr	331	16	72	0	138	557

	January	February	March	1st Quarter 2026 Totals
E-Mail/Mail Requests Received	0	3	1	4
Website Visitors	498	542	644	1,684



April 21, 2026 Board of Directors Meeting

BANKERS LIFE INSURANCE COMPANY (“BLIC”)

STATE OF DOMICILE: NC
STATE LICENSES: AL, AK, AZ, AR, CO, DE, FL, GA, HI, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, MO, MT, NE, NV, NM, NC, ND, OH, OK, PA, SC, SD, TN, TX, UT, VA, WA, WV, WY and District of Columbia (45 total jurisdictions)
DATE OF LIQUIDATION ORDER: November 30, 2024

Financial Summary (as of February 28, 2026)

Administration Expenses	\$ 927,740
Direct Policy Benefit Payments	47,147,397
Assumption Reinsurance Payments	5,101,587
Premium Collections	(0)
Distributions & Recoveries	<u>(19,545,115)</u>
Net Cost	\$ <u>33,631,610</u>

Class B Assessments to Date \$ 53,962,155*

*The TLHIGA Board of Directors authorized a \$57.2 million Class B assessment for BLIC during its April 22, 2024 meeting. On October 15, 2024, \$53,962,155 of this amount was called and distributed to the member insurers.

COLORADO BANKERS LIFE INSURANCE COMPANY (“CBLIC”)

STATE OF DOMICILE: NC
STATE LICENSES: All states except NY (51 total jurisdictions)
DATE OF LIQUIDATION ORDER: November 30, 2024

Financial Summary (as of February 28, 2026)

Administration Expenses	\$ 435,472
Direct Policy Benefit Payments	36,227,023
Assumption Reinsurance Payments	13,314,741
Premium Collections	(0)
Distributions & Recoveries	<u>(14,900,238)</u>
Net Cost	\$ <u>35,076,998</u>

Class B Assessments to Date \$ 44,537,845*

*The TLHIGA Board of Directors authorized a \$45 million Class B assessment for CBLIC during its April 22, 2024 meeting. On October 15, 2024, \$44,537,845 of this amount was called and distributed to the member insurers.

Background

Bankers Life Insurance Company (BLIC) and Colorado Bankers Life Insurance Company (CBLIC), domiciled in North Carolina, and two other insurers—Southland National Insurance Corporation (SNIC) and Pavonia Life Insurance Company of Michigan (Pavonia)—were part of a group of insurance companies known as Global Bankers Insurance Group (GBIG), which in turn was part of a larger group of companies known as Global Growth (f/k/a Eli Global). BLIC and CBLIC sold annuity products and some life insurance, and they were placed in rehabilitation by order of the Superior Court of Wake County, North Carolina, on June 27, 2019.

On December 30, 2022, the North Carolina court entered a liquidation order against BLIC and CBLIC that would become effective 90 days after any appeals of the order are fully resolved affirming the order. GBIG Holdings, LLC filed an appeal of the liquidation order on January 30, 2023. These companies had been in rehabilitation since June 2019, including a moratorium on voluntary withdrawals, surrenders, and exchanges.

On March 5, 2024, the North Carolina Court of Appeals issued an order affirming the December 30, 2022 Order of Liquidation against BLIC and CBLIC. The shareholder/GBIG Holdings petitioned for review from the North Carolina Supreme Court.

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.

Obligations Paid to Date

The following table displays the claims and assumption costs paid by the TLHIGA and all affected guaranty associations as of February 28, 2026. Additional claims batches will be distributed in 2026, but they will be significantly decreased after the majority of the active policies and annuities were transferred to Continental General Insurance Company (“CGIC”) through an assumption reinsurance agreement on January 2, 2026.

	Direct Claims	Assumption Cost	Total
All States	\$1,434,014,200	\$330,773,955	\$1,764,788,155
TLHIGA	\$83,374,513	\$18,416,328	\$101,790,841

The CGIC assumption agreement excluded 777 policies (18 covered by the TLHIGA) in the following categories:

- Policies for policyholders age 96 or older (1 covered by the TLHIGA)
- Claims for surrender or exchange submitted prior to January 1, 2026 (17 covered by the TLHIGA),
- Life policies with dates of death prior to January 1, 2026,
- Health claims with dates of service prior to January 1, 2026, and
- Policies and contracts originally issued to policyholders residing in Guam.

The TLHIGA has a total exposure of \$169,279 for the 18 retained policies owned by Texas residents.

The Task Force is negotiating an administrative services agreement with CGIC for the ongoing administration of these retained liabilities. It is anticipated the agreement will not be finalized until after the June 2026 true up of CGIC's assumption of the other BLIC/CBLIC policies. During the January 27, 2026 Board of Directors meeting, Executive Director Bart Boles was authorized to review the agreement when finalized and take the necessary actions for the TLHIGA to participate, if the review finds the agreement's term acceptable.

Funds from Criminal Case and Early Access Distributions

In connection with the pending federal criminal case styled *United States of America v. Greg E. Lindberg*, Case No. 3-23-cr-48-MOC in the Western District of North Carolina, a Special Master was appointed by this North Carolina federal court to distribute to the victims of Greg Lindberg's fraud, funds collected in restitution for the defendant's crimes. Among the victims of the fraud are Bankers Life and Colorado Bankers Life Insurance Companies annuity holders whose annuity claims may not be fully covered by a guaranty association. The Special Master engaged the firm, Epiq, as the Distribution Agent and checks totaling approximately \$157 million were mailed the last week of December to the approximately 43,000 annuity holders that were either not covered or only partially covered by a guaranty association.

In December 2025, the Liquidator distributed \$370 million to NOLHGA for CBLIC and \$130 million for BLIC. The TLHIGA's share of this \$500 million distribution totaled \$27,283,274 and was deposited with the other TLHIGA funds we had transferred into the NOLHGA BLIC/CBLIC escrow accounts.

TLHIGA staff has requested the TLHIGA funds in the NOLHGA BLIC/CBLIC escrow accounts be returned. Any amounts due from the TLHIGA for additional claims batches or under the CGIC assumption agreement true-up, will be paid as they become due.



April 21, 2026 Board of Directors Meeting

SOUTHLAND NATIONAL INSURANCE CORPORATION (“SNIC”)

STATE OF DOMICILE: NC
STATE LICENSES: AL, AZ, AR, CO, FL, GA, IN, KY, LA, MS, NM, NC, OH, OK, SC, TN, TX, and VA (18 total jurisdictions)

DATE OF REHABILITATION ORDER: June 27, 2019
DATE OF LIQUIDATION ORDER: May 2, 2023 (TLHIGA activation date)

Financial Summary (as of February 28, 2026)

Administration Expenses	\$ 367,784
Direct Policy Benefit Payments	2,011,122
Assumption Reinsurance Payments	0
Premium Collections	(31,653)
Distributions & Recoveries	<u>(701,431)</u>
Net Cost	\$ <u>1,645,822</u>

Class B Assessments to Date \$ 0

Background

Southland National Insurance Corporation (“SNIC”), domiciled in North Carolina, sold pre-need funeral policies. It is part of the Global Bankers Insurance Group, which in turn is part of a larger group of companies known as Global Growth (formerly known as Eli Global), which is owned by Greg Lindberg. The company was placed in rehabilitation by order of the Superior Court of Wake County, North Carolina, on June 27, 2019. On May 2, 2023, SNIC was placed into Liquidation.

Claims Batches and Remaining Obligations

Continuing administrative services are being provided on behalf of the Guaranty Associations for two separate blocks of SNIC’s insurance policies, including by Southland Benefit Services (SBS) and by Universal Fidelity Life Insurance Company (UFLIC).

The SNIC cash surrender values covered by the TLHIGA were estimated to be \$12,469,379 and the covered death benefits were \$24,132,930. One hundred seventeen (117) batches of claims have been processed and released through February 28, 2026. The total paid for the 443 claims in these batches is \$2,010,222.

Assumption Reinsurance Agreement

The NOLHGA Global Task Force developed an assumption reinsurance agreement for the remaining SNIC policy and annuity obligations. CGIC will assume all policies and annuity contracts with the exception of any pending claims and policies involving attained ages of 96 or older, if a guaranty association elects to retain these policies. The TLHIGA's preliminary transfer cost under the assumption is estimated to be \$7.3 million. This estimate will have to be rolled forward from December 31, 2025 to March 31, 2026 and adjusted for interim claim payments and policy terminations. The assumption agreement will have an April 1, 2026 effective date and is scheduled to close on June 1, 2026. A sample resolution is provided on page 6-11 to authorize participation in the assumption.

Indemnity Reinsurance Termination and Recapture

In 2005, Southern Financial Life Insurance Company entered into a 100% coinsurance agreement for a portion of the SNIC policies. Upon the liquidation of SNIC, the affected guaranty associations elected to succeed to SNIC's rights under the Southern Financial reinsurance agreement. CGIC agreed to assume the policies covered by this reinsurance agreement but does not want the Southern Financial reinsurance. It has been negotiated for the guaranty associations to terminate the reinsurance agreement and recapture these policy obligations prior to the assumption reinsurance agreement to CGIC.

A sample resolution is provided on page 6-12 and 6-13 to authorize participation in the termination and recapture.



April 21, 2026 Board of Directors Meeting

**RESOLUTION FOR PARTICIPATION IN THE
ASSUMPTION REINSURANCE AGREEMENT
WITH CONTINENTAL GENERAL INSURANCE COMPANY
FOR THE SOUTHLAND NATIONAL INSURANCE CORPORATION
COVERED POLICY OBLIGATIONS**

WHEREAS, upon the May 2, 2023 entry of the Liquidation Order with a finding of insolvency against Southland National Insurance Corporation (“SNIC”), the Texas Life and Health Insurance Guaranty Association (“TLHIGA”) was statutorily activated to provide coverage and continue benefits under the SNIC insurance policies and annuities.

WHEREAS, the NOLHGA Global Bankers Group Task Force conducted a Request for Proposals for the assumption reinsurance transfer of the covered obligations of the affected guaranty associations for SNIC policies and annuities (the “Affected Associations”) and selected Continental General Insurance Company (“CGIC”) to assume the covered obligations.

WHEREAS, the Task Force has negotiated an Assumption Reinsurance Agreement with the CGIC for the assumption of the covered obligations for SNIC policies and annuities.

NOW THEREFORE BE IT RESOLVED, the TLHIGA Board of Directors agrees to participate in the Assumption Reinsurance Agreement for its covered SNIC life insurance policy and annuity obligations.

FURTHER RESOLVED, the TLHIGA Board of Directors authorizes the Executive Director to take all actions necessary to execute, close and implement the transactions contemplated under the Assumption Reinsurance Agreement.



April 21, 2026 Board of Directors Meeting

**RESOLUTION FOR PARTICIPATION IN THE
SOUTHLAND NATIONAL INSURANCE COMPANY
TERMINATION OF REINSURANCE AGREEMENT**

WHEREAS, on June 27, 2019, Southland National Insurance Corporation (“SNIC”) domiciled in North Carolina, was placed under an Order of Rehabilitation by the General Court of Justice Superior Court Division (the “Receivership Court”) in Causey v. SNIC, et al., Case No. 19 CVS 008664.

WHEREAS, upon the May 2, 2023 entry of the Liquidation Order with a finding of insolvency against SNIC, the Texas Life and Health Insurance Guaranty Association (“TLHIGA”) was statutorily activated to provide coverage and continue benefits under the SNIC insurance policies and annuities.

WHEREAS, on September 30, 2005, SNIC, as the ceding insurer, and Southern Financial Life Insurance Company, as the reinsurer (the “Reinsurer”), entered into a Coinsurance Agreement.

WHEREAS, the Reinsurance Agreement contains an insolvency clause with rights for the receiver of SNIC and/or the statutory successor thereto.

WHEREAS, under N.C. Gen. Stat. § 58-62-36(u), and comparable provisions in other enabling acts of the guaranty associations affected by the SNIC liquidation (“Affected Associations”), granting certain rights to NOLHGA and the Affected Associations, including the TLHIGA, the Affected Associations elected to succeed to the rights of SNIC and/or the SNIC receiver under the Reinsurance Agreement.

WHEREAS, on May 5, 2021, NOLHGA, the Affected Associations and the Reinsurer entered into an Agreement Regarding Termination and Recapture rights, which governs the termination of the Reinsurance Agreement by NOLHGA and the Affected Associations and sets forth the terms of termination and recapture, including the transfer of net reserves to the Affected Associations upon termination.

WHEREAS, the NOLHGA Global Bankers Group Task Force (the “Task Force”) is pursuing the transfer of the Affected Associations’ covered obligations for SNIC policies and annuities to a third-party reinsurer through an assumption reinsurance transaction (the “Assumption Transaction”).

WHEREAS, in order to effectuate the Assumption Transaction, the Affected Associations need to terminate the Reinsurance Agreement pursuant to the Agreement Regarding Termination and Recapture Rights.

NOW THEREFORE BE IT RESOLVED, the TLHIGA Board of Directors agrees to participate in the Agreement to terminate the Reinsurance Agreement.

FURTHER RESOLVED, the TLHIGA Board of Directors authorizes the Executive Director to take all actions necessary to execute, close and implement the termination of the Reinsurance Agreement.



April 21, 2026 Board of Directors Meeting

NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY (“NC Mutual”)

STATE OF DOMICILE: NC
STATE LICENSES: AL, AZ, CA, FL, GA, ID, IL, IN, KY, LA, MD, MI, MS, MO, NV, NJ, NC, OH, OK, PA, SC, TN, TX, VA and District of Columbia (25 total jurisdictions)

DATE OF REHABILITATION ORDER: December 3, 2018
DATE OF LIQUIDATION ORDER: October 31, 2022 (TLHIGA activation date)

Financial Summary (as of February 28, 2026)

Administration Expenses	\$ 77,680
Direct Policy Benefit Payments	356,309
Assumption Reinsurance Payments	1,034,454
Premium Collections	(383,716)
Distributions & Recoveries	<u>(1,374,269)</u>
Net Cost	<u>(\$ 289,542)</u>
Class B Assessments to Date	\$ 0

Background

An order of liquidation with a finding of insolvency was entered against North Carolina Mutual Life Insurance Company (“NC Mutual”) with an October 31, 2022 effective date. The twenty-five affected guaranty associations, including the TLHIGA, contracted with the Liquidator to continue the administration of the policies and claims using the NCM resources. Claims batches are distributed twice each month.

Claims Batches and Remaining Obligations

Fifty-eight (58) batches of claims have been processed and released through August 31, 2025. The total paid for the claims in these batches is \$361,628.

Amendment to Service Agreement

During the January 27, 2026 Board of Directors meeting, it was reported the policy block referred to as the Universal Life Selman and QLA Block (“UL Block”) could be assumed by EquiTrust. However, because of data and administrative issues, the UL Block was excluded from the assumption reinsurance agreement and the administrative agreement. The obligations related to the UL Block are governed exclusively by the terms Amended Service Agreement in which the TLHIGA has agreed to participate. As part of this agreement, settlement offers were distributed

to the 27 Texas policyholders of 38 policies in this block. The details of this confidential settlement offering can be shared in Executive Session.



UNIVERSAL LIFE INSURANCE COMPANY (“ULIC”)

STATE OF DOMICILE: AL
STATE LICENSES: 11 states plus District of Columbia
DATE OF REHABILITATION ORDER: April 24, 2009
DATE OF LIQUIDATION ORDER: May 5, 2010
DATE OF IMPAIRMENT ORDER: May 5, 2010 (Association activation date)

POLICY OBLIGATIONS:

The policies are being administered by Insurance Administrative Solutions in its Tampa, FL offices.

Financial Summary (February 28, 2026)

Administration Expense	\$	139,155
Policy Benefit Payments		292,264
Premium Collections		(15,879)
Estate Asset Distributions		<u>(685,424)</u>
Net Cost	\$	<u><u>(269,884)</u></u>

Background

An order of liquidation with a finding of insolvency was entered against ULIC with a May 5, 2010 effective date.

POLICY AND CLAIMS ADMINISTRATION ACTIVITIES

In its April 18, 2013 meeting, the TLHIGA’s Board of Directors authorized participation in a third party administration agreement with Insurance Administrative Solutions (“IAS”) for the premium paying policies. Then during its July 22, 2014 meeting, the Board authorized participation in a second third party administration agreement with IAS for the Universal paid up life insurance policies. Under these agreements, all of the Universal policies are administered by the same TPA and from the same location.

IAS later advised the NOLHGA Task Force that its operations are shifting to focus on administering Medicare Supplement business rather than life insurance and they would like to terminate the administration agreement for the Universal Life business prior to the 2024 termination date.

The Task Force conducted a Request for Proposals process, received four proposals and made the decision to negotiate a new service agreement with Actuarial Management Resources (“AMR”). On October 1, 2020, a service agreement was developed and administration of the Universal policies transferred to AMR. The TLHIGA agreed to participate in the agreement.

The AMR Agreement was scheduled to terminate on October 1, 2025. Before the AMR Agreement terminated, AMR agreed to an amendment that continues the AMR Agreement after October 1, 2025, and that allows NOLHGA to terminate the AMR Agreement without cause with 60 days’ notice.

In October 2025, a Request for Proposals (“RFP”) for Third Party Administrator (“TPA”) Services was sent to potentially interested persons. Three TPAs responded to the RFP as of the November 17, 2025 deadline to respond. On December 9, 2025, the Task Force authorized NOLHGA to negotiate the Service Agreement with Southland Benefit Solutions (“SBS”).

Key terms of the Service Agreement include:

- Anticipated Effective Date: July 1, 2026, subject to the Alabama Life and Disability Insurance Guaranty Association (“ALDIGA”) electing to participate.
- Term: Five years (i.e., July 1, 2031); renewal subject to mutual agreement and participation of Alabama and Tennessee Guaranty Associations. After two years (i.e., July 1, 2028), a Participating Association has the annual right to elect to terminate its participation with 180 days’ notice.
- Pricing: One-time Conversion Cost: \$15,000.
- Annual Fee calculated as follows:
[x] Policies inforce as of [date] * [PPPY rate] = [XXX] (the “PPPY Calculation”)
- Estimated initial Annual Fee: \$327,392. Annual Fee is paid monthly (i.e., 1/12 of PPPY Calculation), such that initial monthly fee would be \$27,283.
- PPPY Calculation to be re-done at beginning of each calendar year, with 3% increase to PPPY rate as of January 1, 2028.
- Monthly fee will never be less than \$20,000.
- Monthly fee will never be more than initial monthly fee.

Another key consideration is the reaction of ALDIGA, which appears to hold approximately 90% of the covered obligations for the book and has paid approximately 93% of the claims submitted over the past 5 years.

A draft resolution is provided on page 6-18 for the Board of Directors to consider regarding participation in the Service Agreement



April 21, 2026 Board of Directors Meeting

**RESOLUTION FOR PARTICIPATION IN THE
SERVICE AGREEMENT FOR THE
UNIVERSAL LIFE INSURANCE COMPANY COVERED OBLIGATIONS**

WHEREAS, upon the May 5, 2010 entry of the Liquidation Order with a finding of insolvency against Universal Life Insurance Company (“ULIC), the Texas Life and Health Insurance Guaranty Association (“TLHIGA”) was statutorily activated to provide coverage and continue benefits under the ULICO life insurance policies of Texas residents.

WHEREAS, effective October 1, 2020, NOLHGA and the State Life and Health Insurance Guaranty Associations affected by the liquidation of ULICO (the “Affected Associations”) entered into an administrative service agreement with Actuarial Management Resources, Inc. (“AMR”) regarding the administration of the Affected Associations’ covered insurance policy obligations for ULICO (the “AMR Agreement”).

WHEREAS, the NOLHGA ULICO Task Force, on behalf of the Affected Associations, negotiated an Administrative Services Agreement with Southland Benefit Solutions (“SBS”) regarding the administration of the Affected Associations’ covered obligations for BTW and ULICO that would become effective July 1, 2026 (the “SBS Agreement”).

NOW THEREFORE BE IT RESOLVED, the TLHIGA Board of Directors agrees to participate in the SBS Agreement for the administration of its covered ULICO life insurance policies.

FURTHER RESOLVED, the TLHIGA Board of Directors authorizes the Executive Director to take all actions necessary to execute and implement participation in the SBS Agreement.



April 21, 2026 Board of Directors Meeting

BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS (“BHICOT”)

STATE OF DOMICILE: TX
STATE LICENSES: TX Only
DATE OF LIQUIDATION ORDER: November 29, 2023 (TLHIGA activation date)

Financial Summary (as of February 28, 2026)

Administration Expenses	\$	6,087,609
Direct Policy Benefit Payments		4,656,245
Assumption Reinsurance Payments		(0)
Premium Collections		(0)
Distributions & Recoveries		<u>(8,659,686)</u>
Net Cost	\$	<u>2,084,168</u>

Class B Assessments to Date \$ 0

This report will summarize the TLHIGA’s activities on this Texas domiciled insolvency since the January 27, 2026 Board of Directors meeting.

Background

Bright HealthCare Insurance Company of Texas (“BHICOT”) was placed into liquidation in a receivership proceeding on November 29, 2023. BHICOT consented to the liquidation. This Texas domiciled insurance company is only licensed in Texas. BHICOT is owned by Bright Health Management, Inc. (“Bright Health Mgmt”), which is owned by Bright Health Group, Inc. (“BHP Holding”). There are twelve other affiliated insurance companies that are continuing in operation. All thirteen insurance entities were managed and controlled by Bright Health Mgmt in Minneapolis, MN. BHICOT is a virtual company with all operations being performed by Bright Health Mgmt.

The vast majority of BHICOT’s policies were written on the health insurance exchange and were terminated on December 31, 2022. Approximately 1,000 non-exchange individual policies terminated on July 31, 2023.

Administration

Several agreements were negotiated and executed to facilitate the TLHIGA’s ongoing processing and payment of its claims obligations, including an administration services agreement with the TPA, Evolent Health, for claims processing. This agreement for read only access for the TLHIGA and the BHICOT SDR continues on a month-to-month basis at the rate of \$40,000 per month.

Claims Batches and Remaining Obligations

Forty-three (43) batches of claims have been processed and released through February 28, 2026. The total paid for the 11,424 claims in these batches is \$4,740,898. These claims payment activities require the TLHIGA staff to handle a significant number of phone calls/emails, research returned payments that are undeliverable, and perform monthly bank reconciliations.

Claims Settlements

Settlements were completed with several providers that had submitted spreadsheet listings of claims receivables. These providers had requested reissuance of checks, replacement Explanation of Payments, and additional payments for claims paid at the incorrect contract rate or denied inappropriately. The \$310,916 being requested were settled with payments totaling \$51,718.

There are no additional pending submissions from providers.

Appeals and Disputes

The TLHIGA staff is responsible for researching and resolving provider disputes, complaints, and claims-related inquiries. There have been 1,182 provider disputes submitted. Approximately 700 of these were voluminous form letter submissions that were addressed through single responses. Many of the disputes have resulted in claims being reprocessed for potential benefit payments. Others involve out-of-network providers disputing the amount of the payment they received which are being forwarded to the SDR as possible Independent Dispute Resolutions (“IDRs”) under the No Surprises Act.

The TLHIGA also researched 377 inquiries submitted directly to the TLHIGA through email or phone. Some of these are from individual insureds, but most are from providers.

Early Access Requests and Distributions

The TLHIGA requested an initial early access distribution of \$4,517,205 on July 26, 2024. While the Special Deputy Receiver was evaluating this submission, the TLHIGA updated the request to \$8,659,686. The application for this distribution was submitted to the Court on November 22, 2024. The distribution was approved and the TLHIGA received the funds on February 25, 2025.

The TLHIGA submitted a second early access request for \$2,497,865 to the BHICOT SDR on March 25, 2026. The request is being reviewed.



April 21, 2026 Board of Directors Meeting

FRIDAY HEALTH INSURANCE COMPANY, INC. (“FHIC”)

STATE OF DOMICILE: TX
STATE LICENSES: TX Only
DATE OF LIQUIDATION ORDER: March 23, 2023 (TLHIGA activation date)

Financial Summary (as of February 28, 2026)

Administration Expenses	\$	15,397,171
Direct Policy Benefit Payments		27,536,498
Assumption Reinsurance Payments		(0)
Premium Collections		(0)
Distributions & Recoveries		<u>(46,456,812)</u>
Net Cost	\$	<u><u>(3,523,143)</u></u>

Class B Assessments to Date \$ 0

This report will summarize the TLHIGA’s activities on this Texas domiciled insolvency since the January 27, 2026 Board of Directors meeting.

Background

Friday Health Insurance Company, Inc. (“FHIC”) was placed into liquidation by a Travis County court on March 23, 2023. FHIC consented to the liquidation. This Texas domiciled insurance company is only licensed in Texas. FHIC was owned by Friday Health Plans Management Services Company, Inc. (“FHP Mgmt”), which is owned by Friday Health Plans, Inc. (“FHP Holding”). All the affiliates in other states are now in liquidation: three HMOs owned by FHP Mgmt domiciled in Georgia, North Carolina, and Oklahoma and an insurance company domiciled in Nevada. An additional HMO domiciled in Colorado, owned by FHP Holding, is also in liquidation. All six of the insurance entities were managed and controlled by FHP Mgmt in Alamosa, Colorado.

Administration Status

Since March 2023, the TLHIGA used four different administration solutions to process its Friday claims and appeals. The fourth and current solution involves the SDRs and guaranty associations using the platform the Illinois Life & Health insurance Guaranty Association developed for the liquidation of the Land of Lincoln cooperative. The programming to pull the data from the Friday entities’ database and tables on the Amazon Web Services cloud was completed and tested against the data in the prior administration platform. TLHIGA access to this platform is being provided for a one-time payment of \$4,000, plus sharing in the data conversion and movement

to the Microsoft Azure cloud. Access for the Texas SDR is provided under the TLHIGA's sublicense agreement.

As the guaranty associations' claims/appeals work and the SDRs' Proof of Claim processing has continued to resolve the open matters, the Examination Resources contractors were terminated on October 31st. Three of the contractors were hired by Examination Resources and will continue to provide services to the guaranty associations and SDRs as needed.

Claims Batches and Remaining Obligations

As of February 28, 2026, seventy-five (75) claim batches have been approved and funded by the TLHIGA. These batches included 167,819 claims with benefits totaling approximately \$27.58 million. There are no remaining claims or individual appeals to be processed.

Claims Appeals Settlements

The TLHIGA initiated discussions with ten providers, involving facilities with 125 unique Tax Identification Numbers, submitted TIN specific spreadsheets listing 21,157 specific claims requesting payments on \$35,392,982 of outstanding receivables for these claims. The TLHIGA staff and the contracted claims team researched the claims for timeliness of submissions/appeals, member share amounts, incorrect pricing, etc. The following is the status of settlements with these ten providers.

- One provider involving 115 claims and a requested receivable of \$1,614,501 failed to respond to specific requests for details to support their submission, so the matter was closed for inactivity without any settlement.
- Settlements have been completed with eight providers with the TLHIGA making settlement payments totaling \$1,533,338 to resolve 11,172 claims with \$22,288,980 of initial receivables demand.
- The last provider originally submitted 9,985 specific claims requesting payments on \$13,104,002 of outstanding receivables. After significant responses from the TLHIGA pointing out flaws with their data, the provider submitted a new file with 1,676 claims and a request for \$4,975,015. The claims and appeals in the latest submission were researched and a small settlement offer made while also pointing out continued flaws and inconsistencies in the data submission. The provider has been unwilling to settle with the TLHIGA until the SDR's demand for overpayment balances are resolved. Bart Boles and Dan Price held a call with new representatives for the provider on March 26, 2026. The TLHIGA and SDR provide periodic updates to the Special Master on the status of these matters.

Assignment for the Benefit of Creditors Proceeding

FHP Mgmt and FHP Holding (collectively "Assignor") filed an Assignment for Benefit of Creditors (ABC) in Delaware on July 24, 2023. An ABC is a state-law alternative (but not equivalent) to a federal bankruptcy. Important differences are the lack of required notice to creditors and no statutory process to govern the distribution of assets. Instead, the Assignor first assigns the assets in a separate document ("Assignment") to an assignee, usually a new

Delaware entity, (“Assignee”) created by the Assignor solely for the purpose of receiving the assignment of the assets. The Assignee powers and duties, as outlined in the Assignment, are broad and virtually unchecked.

On August 3, 2023, the Vice Chancellor (judge) for the court in which the ABC was filed, on his own motion entered an “Order Governing the Assignment for the Benefit of Creditors.” In this order the Vice Chancellor essentially required the Assignee to file additional information in the proceedings including the Assignee’s relationship to the Assignor, more details about the assets and debts involved, and filing an inventory. The order also prohibits the Assignee from exercising various powers purportedly assigned to the Assignee in the Assignment, such as granting security interests in any of the assets and entering into agreements to sell any of the business entity assets. The order also requires the Assignee to file a motion for appointment of an appraiser.

On August 11, 2023, the Texas SDR filed a motion to dismiss or stay the ABC proceedings. Among other things, the motion seeks dismissal because the ABC interferes with the permanent injunction in the Texas liquidation, the court lacks jurisdiction over property of FHIC that is included in the Assignment, the ABC is inconsistent with Delaware policy regarding insurance insolvency proceedings, the ABC involves many of the same issues as the Texas liquidation, which was filed before the ABC, and because the ABC has no independent fiduciary. The other receivership estates have either joined in the Texas SDR’s motion or filed similar motions, and Zelis, a vendor of FHP, intervened in the proceedings.

On June 13, 2024, the Court held a hearing on the motions to dismiss and other pending motions. To the surprise of the SDRs, the Vice Chancellor did not dismiss the proceedings. We await a transcript of the hearing and the bench ruling to see first-hand what happened. The SDR advised us that the Vice Chancellor ruled that no more distributions can be made to the main creditor of the ABC proceeding, which was also the main creditor of FHP. It is unclear how much has been distributed to this creditor.

A mediation was held among the parties on January 8, 2025, and negotiations continued without resolution for several months. Shortly after the mediation, the Chancery Court ordered the Assignee to post a bond of \$15,384,579.57. The bond was posted on June 17, 2025.

On June 18, 2025, the Assignee filed a dec action in the Chancery Court against the SDRs. The SDRs responded demanding the dec action be dismissed for violating the Permanent Injunctions in the various receivership courts. The Assignee voluntarily dismissed the case on June 27, 2025.

The SDRs then filed a July 2, 2025 *Motion to Remove the Assignee for Cause and for Disgorgement of all Fees Paid to the Assignee and its Professionals*. The Motion alleged the Assignee was not acting as an independent fiduciary as required by statute and the Assignee improperly turned over control of the assets assigned to a third party without court approval. These actions, the SDRs allege, provide the requisite “cause” for removal.

On September 8, 2025, the Assignee filed its *Opposition to the Motion to Remove the Assignee for Cause and for Disgorgement of all Fees Paid to the Assignee and its Professionals*. The

Opposition was supported by an expert affidavit and report that took as given that the Assignee's factual assertions are correct and then concludes that there is no breach of fiduciary duty by the Assignee giving control of its assets to a third party.

General Counsel Price will report on the hearing and next steps during the Executive Session of the April 21, 2026 meeting.



PENN TREATY NETWORK AMERICA INSURANCE COMPANY (“PENN TREATY”)

STATE OF DOMICILE: PA
STATE LICENSES: AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KY, LA, MD, MI, MN, MS, MO, MT, NE, NV, NH, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WI, WY and District of Columbia (45 total jurisdictions)

AMERICAN NETWORK INSURANCE COMPANY (“ANIC”)

STATE OF DOMICILE: PA
STATE LICENSES: AL, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY and District of Columbia (46 total jurisdictions)

DATE OF REHABILITATION ORDER: April 6, 2009
DATE OF LIQUIDATION ORDER: March 1, 2017
DATE OF IMPAIRMENT ORDER: March 1, 2017 (TLHIGA activation date)

Financial Summary (as of February 28, 2026)

Administration Expenses	\$ 3,474,980
Direct Policy Benefit Payments	0
Reinsurance Payments to LTC Re	117,917,474
Premium Collections	0
Distributions & Recoveries	<u>(19,429,047)</u>
Net Cost	\$ <u>101,963,407</u>
Class B Assessments to Date	\$ 123,704,152

Administration Activities and Metrics

The table on the next page summarizes the collected premiums and benefit payments over the 9 years since entry of the Liquidation Order (March 1, 2017-February 28, 2026). It also provides the inforce policy count and open and pending claims as of February 28, 2026.

	All Guaranty Associations (excluding IL, WI & HI)	TLHIGA Only
Collected Premiums	\$ 678,075,485	\$ 37,782,705
Claims Payments	\$ 1,948,402,456	\$ 104,212,167
Cash Buyout Payments	\$ 133,102,987	\$ 6,489,189
Total Benefits Paid	\$ 2,081,505,443	\$ 110,701,356
Inforce Policies	298,375	1,405
Open/Pending Claims	3,394	230

There will be an additional discussion in Executive Session on a confidential aspect of the Penn Treaty/ANIC insolvency.

Item 7

Executive Session:

- A. Confidential report of the Texas Department of Insurance Office of Supervisory Interventions to the Board of Directors on troubled or insolvent insurance companies and related discussion
- B. Confidential report on 2024 Class B assessment protest
- C. Preliminary approach for variable product coverage
- D. Any personnel matters – with management present
- E. Any personnel matters – without management present
- F. Potential and pending litigation
- G. Advice from Counsel

Item 8

Consideration and possible action on items discussed in Executive Session

Item 9

Consideration and possible action regarding the 2025 Annual Report



April 21, 2026 Board of Directors Meeting

2025 ANNUAL REPORT

The draft of the proposed 2025 Annual Report of the TLHIGA is attached on page 9-2 through 9-22. The current report continues to use the format implemented in 2008.

Upon approval by the Board, the Independent Auditor's Report of the financial statements for the year ending December 31, 2025, will be added and then the entire 2025 Annual Report will be assembled and submitted to the Texas Commissioner of Insurance prior to the statutory deadline of April 30, 2026.

An electronic version of the 2025 Annual Report will then be posted on the TLHIGA's website and electronic notifications sent to the usual recipients in early June.

A proposed resolution approving the 2025 Annual Report is included on page 9-23.



***2025
Annual
Report***

*This annual report provides financial information and a summary report of the activities of the Texas Life & Health Insurance Guaranty Association for fiscal year 2025.
The information is general in nature and is not legal advice.*

TABLE OF CONTENTS

Report from the Chair	2
Description of the TLHIGA and Its Board of Directors	3
Board of Directors and Committees.....	4
Corporate Governance.....	5
Overview of Operations	
<i>General</i>	6
<i>NOLHGA Activities</i>	6
<i>Active Receiverships</i>	7
<i>Policy Benefit Payments</i>	7
<i>Remaining Policy Benefit Obligations</i>	8
<i>Summary of Recoveries</i>	9
<i>Consumer Services</i>	9
Activities on Insolvencies	
<i>Bright Healthcare Insurance Company of Texas</i>	10
<i>Southland National Insurance Corporation</i>	10
<i>Bankers Life and Colorado Bankers Life Insurance Companies</i>	11
<i>Friday Health Insurance Company, Inc.</i>	12
<i>Penn Treaty and American Network Insurance Companies</i>	13
<i>Executive Life Insurance Company</i>	14
<i>Additional Insolvency Activity</i>	15
Litigation.....	15
Assessments and Refunds	16
Financial Reporting and Audit	18
Independent Auditor’s Report and Financial Statements	19

REPORT FROM THE CHAIR

I am pleased to submit the 2025 Annual Report for the Texas Life and Health Insurance Guaranty Association (“TLHIGA”). This is the 33rd annual report since the Texas Legislature privatized the TLHIGA’s operations from within the Texas Department of Insurance.

The TLHIGA was not activated to provide protection to any additional member companies during 2025. There are ongoing statutory protections being provided to policyholders for nine member companies that were placed into liquidated in prior years. As of year-end 2025, the TLHIGA estimates aggregate future costs of approximately \$10.8 million to provide protection to Texas policyholders of these nine insolvencies.

The Board of Directors continued to meet quarterly. Director Pati McCandless resigned from the Board of Director on April 29, 2025. Blake Brodersen of Blue Cross Blue Shield of Texas was appointed to fill Ms. McCandless’ seat on the Board of Directors. Two directors, James Lewis and Dean Frigo, did not seek reappointment to the Board when their terms expired on September 30, 2025. Both had served on the Board for more than seventeen years. Their exemplary service has been appreciated.

An ad hoc Executive Director Search Committee was formed in January 2025 to conduct the process to identify a candidate to assume the position. Their work concluded and Jan Graeber was selected to be the Executive Director when Bart Boles retires at year-end 2026.

The TLHIGA continued its high level of participation in the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”). TLHIGA staff chair or serve on a number of insolvency task forces and other special issue committees. The coordination of efforts and sharing of resources afforded through our membership in NOLHGA are vital to the efficient and timely delivery of the TLHIGA’s statutory protection to Texas policyholders.

The TLHIGA continues to actively protect Texas policyholders. We continue to meet the challenges of any economic, governmental, or legislative changes or issues that may arise, and we perform the responsibilities entrusted to us with due diligence, transparency, and full disclosure. The TLHIGA uses all the tools at its disposal to protect Texas policyholders in the event of the insolvency and liquidation of a member company.

Respectfully,

James E. Huckaby

James E. Huckaby, Chair of the Board of Directors

DESCRIPTION OF THE TLHIGA AND ITS BOARD OF DIRECTORS

The Texas Life and Health Insurance Guaranty Association (“TLHIGA”) was created in 1973 by the Texas legislature as a nonprofit legal entity. It is governed by Chapter 463 of the Texas Insurance Code.

The purpose of the TLHIGA is to protect Texas resident policyholders and their beneficiaries in the event a member insurance company or Health Maintenance Organization (HMO) licensed to write life, accident and health, or annuity business in Texas is declared insolvent and liquidated by court order.

The TLHIGA is responsible for continuing insurance policy coverage for Texas policyholders, including paying claims and other policy benefits. The amount of protection for each type of policy benefit is subject to limitations in accordance with Texas law.

When a court finds an insurance company or HMO insolvent and orders it liquidated, a receiver takes over the insurer and liquidates the assets under the court’s supervision. The TLHIGA is a claimant against the estate of the insolvent insurance company or HMO for its administration expenses and the benefits it pays to, or on behalf of, policyholders. The TLHIGA may recover a portion of these costs as the assets of the insolvent company or HMO are liquidated. If further funds are needed, the TLHIGA’s Board of Directors determines the amount and levies an assessment, or bill, to the other member companies.

Membership with the TLHIGA

An insurance company or HMO becomes a TLHIGA member when it is granted a certificate of authority, or license, by the Texas Department of Insurance to write the types of life, accident and health, HMO, or annuity business protected by the TLHIGA. Membership is mandatory for all insurance companies and HMOs with this license authority in Texas.

A company is excluded from membership if it is licensed by the Texas Department of Insurance as one of the following: (1) a fraternal benefit society, (2) a reciprocal or interinsurance exchange, (3) a

mandatory state pooling plan, (4) a charitable gift only annuity company, or (5) a program or entity similar to any of the other four excluded entities.

Supervision of the TLHIGA

The TLHIGA’s business and affairs are directed by the Board of Directors. There are regular quarterly meetings of the Board of Directors each year plus special meetings as may be required. Meetings are noticed and held in compliance with applicable open meetings law.

The primary governing documents of the Board and the TLHIGA are its Plan of Operation, Bylaws, and Chapter 463 of the Texas Insurance Code. The nine members of the TLHIGA’s Board of Directors are appointed by the Texas Commissioner of Insurance. Five directors must be officers or employees of member companies—three that are from the top fifty premium writers in Texas and two from smaller companies. The remaining four directors are “public” and must be independent of the insurance industry. Directors are appointed to staggered six-year terms, and three directors’ terms expire each odd-numbered year. A director can be appointed to unlimited terms.

Directors receive no compensation but are entitled to reimbursement of their expenses when involved with TLHIGA activities. Each director must file a personal financial statement annually with the Texas Ethics Commission on a prescribed form.

Director Pati McCandless resigned from the Board of Directors on April 29, 2025. Blake Brodersen was appointed on this same date to fill her seat on the Board.

Directors James Lewis and Dean Frigo chose not to seek reappointment to the Board when their terms expired on September 30, 2025. Director Lewis served more than seventeen years on the Board, including nine years as the Chair and service on several Board committees. Director Frigo served more than eighteen years on the Board including as an officer and seventeen years as chair of the Audit Committee. Their seats on the Board remained vacant at year-end 2025.

BOARD OF DIRECTORS

as of December 31, 2025

James E. Huckaby, Chair

Retired School District Executive Director
Mesquite, Texas. Director since 2013
Current term expires September 30, 2029

James M. Harrison, Vice-Chair

Counsel, Government Relations
Principal Financial Group
Des Moines, Iowa. Director since 2007
Current term expires September 30, 2027

Ted Kennedy, Secretary

Vice President, Co-Head State Government
Affairs
American International Group, Inc.
Houston, Texas. Director since 2015
Current term expires September 30, 2029

David W. Sommer

Professor of Risk Management
St. Mary's University
San Antonio, Texas. Director since 2017
Current term expires September 30, 2027

Mark Williams

COO, Treasurer, Sr. VP of Investments and
Chief Compliance Officer
National Farm Life Insurance Company
Fort Worth, Texas. Director since 2022
Current term expires September 30, 2031

Frank L. Beaman

CEO
Faith Community Health System
Jacksboro, Texas. Director since 2023
Current term expires September 30, 2027

Blake Brodersen

Sr. Associate General Counsel
Blue Cross Blue Shield of Texas
Richardson, Texas. Director since 2025
Current term expires September 30, 2029

Vacant

Public Representative

Vacant

Small Company Representative

Legal Counsel to the Association

Dan Price

Shanley Price, LLP
Austin, Texas

Executive Director

Bart A. Boles

BOARD COMMITTEES

as of December 31, 2025

Executive Committee

James E. Huckaby, Chair
James M. Harrison
Ted Kennedy

Audit Committee

Mark Williams, Chair
Frank Beaman
Blake Brodersen

Assessment/Investment Committee

James M. Harrison, Chair
Ted Kennedy
Mark Williams

Personnel Committee

David Sommer, Chair
Frank Beaman
James Harrison
James Huckaby

Executive Director Search Committee

Ted Kennedy, Chair
Frank Beaman
James M. Harrison
James Huckaby

CORPORATE GOVERNANCE

The TLHIGA's corporate governance policies continue to be monitored and reviewed by the Board of Directors and its committees to maintain the integrity and transparency of the TLHIGA's activities.

The governance documents include:

- Governing statute, Chapter 463 of the Texas Insurance Code,
- Plan of Operation,
- Bylaws,
- Board of Directors Corporate Governance Guidelines,
- Antitrust Compliance Policy and Annual Certification Form,
- Policy Statement on Conflicts of Interest and Business Ethics and Annual Questionnaire,
- Charters of the Audit, Assessment/Investment and Personnel Committees,
- Business Continuity Plan,
- Critical Functions Report,
- Policy and Procedures Manual,
- Privacy Policy, and
- Texas Public Information Act.

Specific corporate governance activities during 2025 included:

- General Counsel conducted annual training on Board of Director fiduciary duties,

- Adopted revisions to the Board of Directors Corporate Governance Guidelines,
- Reviewed and adopted revisions to the Business Continuity Plan,
- Reviewed and adopted revisions to the Critical Functions Report,
- Reviewed and approved the 2025 Annual Report,
- Reviewed and adopted 2024 financial audit,
- Adopted the 2025 Audit Plan,
- Reviewed draft IRS Form 990 for 2024,
- Reviewed the commercial insurance coverages,
- Conducted annual review of the charters for all standing committees,
- Personal Financial Statements were filed by all directors with the Texas Ethics Commission,
- Reviewed annual conflict of interest/business ethics questionnaire responses and antitrust certifications, and
- Maintained all corporate governance documentation on the Board of Directors online portal.



OVERVIEW OF OPERATIONS

GENERAL

The TLHIGA was not activated to provide its statutory protection of policyholders for any additional member companies in 2025. It conducted substantial work on operations and eleven other ongoing member company insolvencies that began in prior years.

The TLHIGA continues to monitor troubled companies subject to rehabilitation proceedings to be prepared should liquidation become necessary. The Board of Directors prefers to transfer insurance policies protected by the TLHIGA to a solvent carrier through an assumption reinsurance transaction. This has been the most frequently used method for the TLHIGA to fulfill its statutory obligation to continue the coverage under the life insurance policies and annuity contracts. Only in cases where no company is willing to assume the policies or the transfer funding cost associated with such an assumption transaction would be dramatically more expensive does the TLHIGA continue the administration of the covered policies, such as companies with various health insurance lines of business, including long-term care insurance. This ongoing administration of covered policies may be performed through a third-party

administrator or in-house by the TLHIGA.

We believe the TLHIGA is in sound fiscal condition and has in place the appropriate policies and procedures to fulfill its statutory obligations to policyholders and member companies in a cost-efficient manner.



NOLHGA ACTIVITIES



National Organization of Life & Health
Insurance Guaranty Associations

The TLHIGA is a member of the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA"), a voluntary association consisting of the life and health insurance guaranty associations in all 50 states and the District of Columbia.

NOLHGA facilitates insolvency task forces and special issues committees to properly support its member associations in resolving multi-state insolvencies and addressing issues affecting the entire guaranty association system.

TLHIGA representatives serve on, or chair, a num-

ber of insolvency task forces and other NOLHGA committees working to coordinate and improve the effectiveness and efficiency of the life and health insurance guaranty association system. This service includes NOLHGA's Communications Committee, Coverage Claims Committee, Security Advisory Committee, Assessment Data Task Force, Members' Participation Council Executive Committee, and several special issues committees.

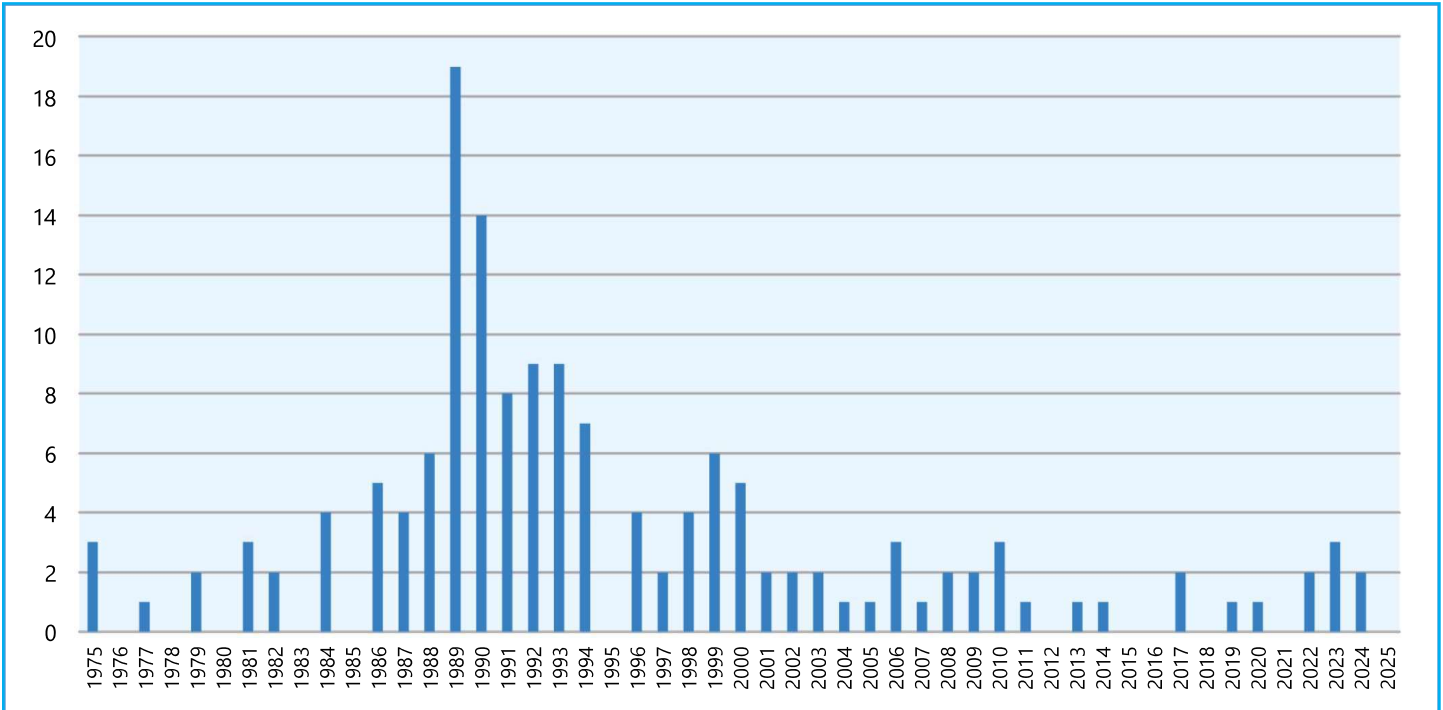
Being a member of NOLHGA is another tool the TLHIGA uses to better protect the Texas residents who own life, health, and annuity policies with insolvent member companies.

ACTIVE RECEIVERSHIPS

At the beginning of 2025, there were 16 active receiverships of foreign and domestic member insurance companies that had been found to be insolvent and ordered to be liquidated by a court.

There were two receiverships closed in 2025. There remain 14 open receivership estates, 10 of which are foreign-domiciled member companies and 4 of which are Texas domestics.

NEW ACTIVATIONS BY YEAR



POLICY BENEFIT PAYMENTS

Summary of Policy Benefit Payments

The TLHIGA met its statutory obligations to continue coverage and pay the policy benefit claims for Texas resident policyholders, either by:

1. Directly paying claims as they became due or
2. Funding the transfer of the policies to a solvent member company through a coinsurance or an assumption reinsurance agreement. Some of these assumption reinsurance agreements were part of continuing court-approved, multi-year plans.

Direct Claims Payments

The TLHIGA funded 10,102 direct claims, totaling approximately \$84,194,424 during 2025. These claims were from nine different insolvent companies. Claims from seven were processed and paid by third-party administrators under service agreements with funding from the TLHIGA, and two were administered directly by the TLHIGA staff.

The charts on the next page reflect the number of direct claims payments for each of the last five years and the division of the TLHIGA's funding between direct claims payments and assumption reinsurance transactions.

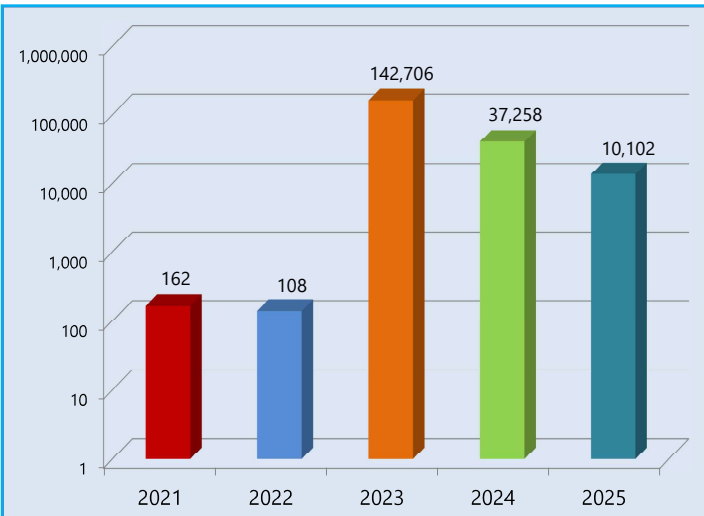
Reinsurance Agreements

The TLHIGA is a party to both assumption and coinsurance reinsurance transactions. During 2025, the TLHIGA paid \$25,023 under an ongoing, multi-year assumption reinsurance agreement that transferred the covered insurance policy obligations of Executive Life Insurance Company to another company and \$128,350 to defease the remaining payment obligations under this multi-year agreement.

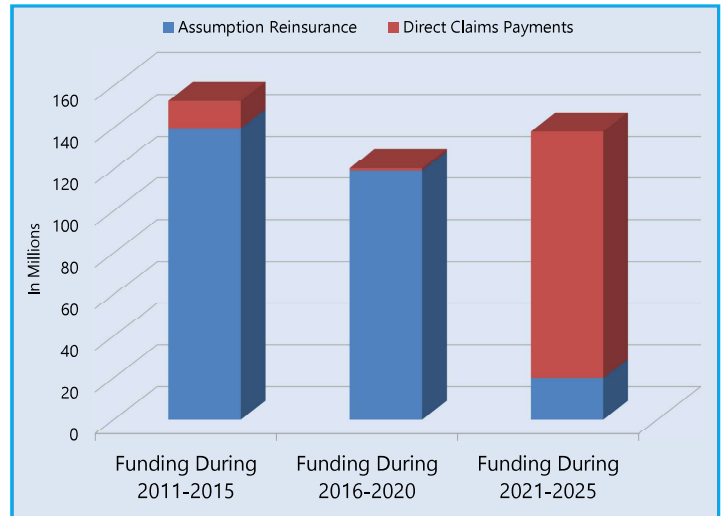
Also in 2025, the TLHIGA paid \$18,513,287 to a solvent insurance company in an assumption reinsurance transaction to cede a large majority of its obligations for the Bankers Life Insurance and Colorado Bankers Life Insurance companies insolvencies.

The TLHIGA entered into 100% coinsurance reinsurance agreements for its covered policy obligations in the Penn Treaty Network American and American Network Insurance

NUMBER OF DIRECT CLAIMS PAYMENTS 2021-2025



DIRECT CLAIMS AND ASSUMPTION REINSURANCE PAYMENTS



REMAINING POLICY BENEFIT OBLIGATIONS

The TLHIGA projects its future insurance policy obligations for existing insolvencies based on claims experience, actuarial estimates of runoff policy liabilities, scheduled payments under court approved multi-year plans, and negotiated reinsurance transfer costs. These estimates are updated monthly based on the best information available

and are subject to change. The methodology used to produce the estimates are reviewed annually by an independent, third-party actuary.

As of year-end 2025, the TLHIGA estimates its aggregate future policy benefit obligations to be approximately \$10.82 million.

SUMMARY OF RECOVERIES

The TLHIGA, along with the other affected guaranty associations, is a creditor in the receivership estate of an insolvent member company. Generally, the guaranty associations represent the largest creditor class in any insurance company insolvency. In most states' receivership statutes, the administrative expenses of a receiver and the guaranty associations are in the highest priority creditor classes and receive the first distributions as assets are liquidated. The guaranty associations' claims for the benefits paid to policyholders or payments to transfer covered policies under a reinsurance agreement, along with policyholders' claims for benefits in excess of the guaranty associations' statutory coverage limits, are usually the next creditor class and ahead of the other classes, such as federal or local governments, unsecured creditors, agents, bond or note holders, and shareholders.

The amount of the TLHIGA's claims filed with receivership estates is reflected in its financial state-

ments as a receivable. The amount of any anticipated recovery is contingent on the efficient operations of the receiver to maximize the value realized as assets are liquidated and the value of claims of creditors in the same class. The estimated amount that may be received is reduced by an allowance for collectability.

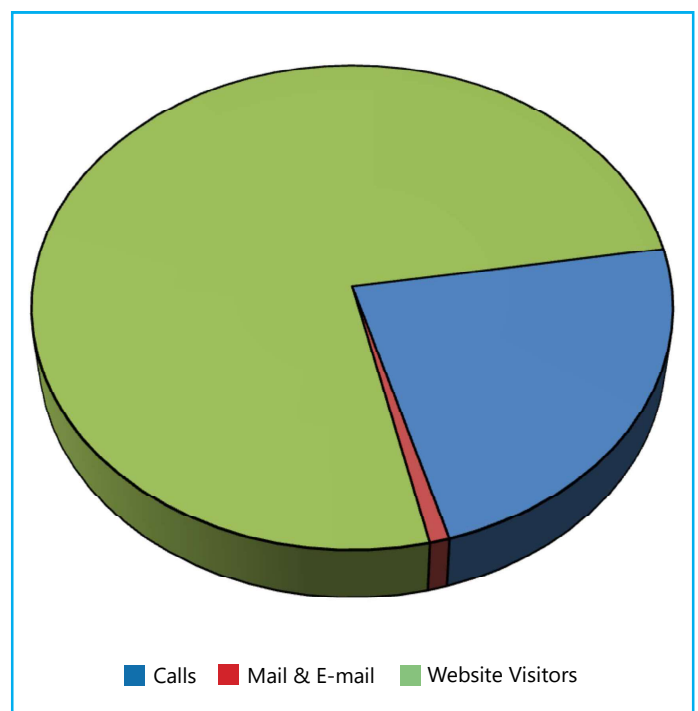
The TLHIGA has continued to file updated proofs of claim with receiverships. As of year-end 2025, the TLHIGA had filed outstanding claims totaling approximately \$517 million with receivership estates that remain open as active court proceedings. It is not possible to project what amount of recoveries the TLHIGA may realize on these claims without final financial information from these estates, including the adjusted amount of assets liquidated and the creditor claims by class. Recoveries in the form of asset distributions from receivership estates to the TLHIGA during 2025 totaled approximately \$65,320,053.

CONSUMER SERVICES

The TLHIGA's staff provides general coverage and operational information about the TLHIGA to Texas resident inquiries by telephone, e-mail, and mail. The TLHIGA's website (www.txlifega.org) provides visitors with a large amount of information, including the meeting schedules, frequently asked questions on TLHIGA coverage, the Board of Directors roster, the summary of policyholder protections policy attachment, and specific insolvency-related notices.

During 2025, the TLHIGA received a total of 2,363 phone calls through its direct or toll-free phone numbers, logged 7,813 visitors to its website, and fielded 95 e-mail and mail requests for information.

2025 CONSUMER SERVICES



ACTIVITIES ON INSOLVENCIES

During 2025, the TLHIGA provided ongoing coverage and/or paid policy benefits for ten insolvencies. The following eight insolvencies are specifically mentioned since they had significant activities during 2025.

BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS

Bright Healthcare Insurance Company of Texas ("BHICOT") was a Texas domiciled insurance company licensed only in Texas. BHICOT consented to being placed into liquidation, and a liquidation order was entered against it, on November 29, 2023.

BHICOT was owned by Bright Health Management, Inc. ("Bright Health Mgmt"), which is owned by Bright Health Group, Inc. ("BHP Holding"). There are twelve other affiliated insurance companies that are continuing in operation. All thirteen insurance entities were managed and controlled by Bright Health Mgmt in Minneapolis, MN. BHICOT is a virtual company with all operations being performed by Bright Health Mgmt.

The vast majority of BHICOT's policies were written on the health insurance exchange and were terminated on December 31, 2022, almost eleven months prior to the entry of the liquidation order. The TLHIGA became responsible for conducting the runoff administration to evaluate the remaining claims and appeals on these terminated policies for possible coverage.

Administration of BHICOT's business was provided by Evolent Health, ("Evolent") a third-party administrator, that also administers the business for five of the affiliated companies under a contract with Bright Health Mgmt. The TLHIGA entered into a service agreement with Evolent to administer the

runoff of the TLHIGA's obligations for the remaining claims and appeals. This arrangement required the TLHIGA to enter into agreements with other vendors that provide claims pricing and electronic data interchange services.

The TLHIGA initiated its processing and funding of covered insurance policy obligations under the service agreement with Evolent. During 2023, 2024 and 2025, the TLHIGA addressed 11,424 claims and paid benefits totaling \$4,740,922 through this process. The TLHIGA also researched, evaluated, and resolved over 1,600 claims appeals and disputes submitted by insureds and providers. As of year-end 2025, the TLHIGA staff has completed the processing of all claims and appeals. Additional policy and claims research may be necessary to support the Special Deputy Receiver's ongoing evaluation of Proofs of Claim that were filed against the receivership.

The TLHIGA received an \$8,659,686 early access distribution from the Special Deputy Receiver of the BHICOT receivership estate on February 25, 2025. A request for another early access distribution is being assembled for submission to the Special Deputy Receiver in the first quarter of 2026. It is anticipated that BHICOT receivership distributions will be sufficient to meet the TLHIGA's expenses and claims obligations related to BHICOT without the need for a Class B assessment.

SOUTHLAND NATIONAL INSURANCE CORPORATION

Southland National Insurance Corporation ("SNIC") was a North Carolina domiciled insurance company that sold pre-need funeral policies. SNIC was part of a group of insurance companies owned by GBIG Holdings LLC (GBIG Holdings), which in turn is part of a larger group of companies known as Global Growth (f/k/a Eli Global). The Superior Court of Wake County, North Carolina, placed SNIC under

an order of rehabilitation on June 27, 2019. SNIC was then placed into liquidation on May 2, 2023.

The entry of the liquidation order formally activated eighteen guaranty associations, including the TLHIGA, to provide protection for 72,096 policies, primarily life insurance. There were 3,270 policies active on the liquidation date that were owned by

Texas residents and being protected by the TLHIGA.

The guaranty associations contracted with Southland Benefit Services and Universal Fidelity Life Insurance Company for continuing administrative services for two separate blocks of SNIC's insurance policies. Benefits are paid by the guaranty associations as they come due. The TLHIGA funded policy benefits totaling approximately \$405,710 in 2023, \$870,596 in 2024 and \$591,735 in 2025 for a total since being activated for SNIC of \$1,868,041.

On October 1, 2024, the TLHIGA and the other guaranty associations providing protection for the SNIC policy obligations distributed a Request for

Proposals for Assumption Reinsurance for the remaining covered life insurance policy obligations. At the time of the RFP distribution, there were 65,988 active life insurance policies with reserves totaling \$119.9 million. Of these policies, 3,034 with reserves of \$10.7 million are protected by the TLHIGA. After a number of extensions to permit all interested parties access to the policy data, several proposals were submitted. One proposal has been accepted and the assumption reinsurance agreement is being developed. It is anticipated an assumption transaction will be finalized to transfer the covered insurance policy obligations in the first half of 2026.

BANKERS LIFE AND COLORADO BANKERS LIFE INSURANCE COMPANIES

Bankers Life Insurance Company ("BLIC") and Colorado Bankers Life Insurance Company ("CBLIC") were North Carolina domiciled insurance companies that were part of a group of insurance companies owned by GBIG Holdings LLC (GBIG Holdings), which in turn is part of a larger group of companies known as Global Growth (f/k/a Eli Global). The insurance obligations of BLIC and CBLIC were primarily annuities with some life and health insurance.

BLIC and CBLIC had been placed in rehabilitation on June 27, 2019.

On November 1, 2022, the Rehabilitator filed a petition in the Receivership Court seeking to place BLIC and CBLIC into liquidation. After a protracted period of discovery and hearings, the Receivership Court issued an Order on December 30, 2022 granting the petition for liquidation of BLIC and CBLIC. Per the terms of the Order, the Order would become effective the first month-end occurring on or after ninety (90) days after the favorable conclusion of all appeals. On January 27, 2023, GBIG Holdings filed a Notice of Appeal of the Order of Liquidation with the North Carolina Court of Appeals. GBIG Holdings later filed a motion to withdraw its Petition for Discretionary Review of the Liquidation Order, and on August 23, 2024, the Court of Appeals granted GBIG's motion.

As a result, the Liquidation Order became effective on November 30, 2024. The Liquidation Order activated the guaranty associations in all fifty states to provide the statutory coverage for the policy obligations owned by residents of their states.

In 2024, the NOLHGA task force on behalf of the guaranty associations affected by the BLIC/CBLIC liquidations entered into a Service Agreement with the third-party administrator, Actuarial Management Resources ("AMR"). Effective November 30, 2024, AMR began servicing BLIC's and CBLIC's policy obligations covered by the guaranty associations.

During 2025, the TLHIGA funded \$82,937,549 of covered annuity contract and life insurance benefits through AMR. The remaining covered annuity and life obligations were included in assumption reinsurance agreement with Continental General Insurance Company. The assumption agreement closed on December 15, 2025 with the TLHIGA's share of the transfer cost being \$18,416,328. The transfer cost for all of the guaranty associations totaled \$332,519,232. There are a small number of policies with reported but incomplete claims totaling approximately \$170,000 that did not transfer and will remain the TLHIGA's responsibility. It is anticipated the processing of these claims will be completed and the payments made in early 2026.

FRIDAY HEALTH INSURANCE COMPANY, INC.

Friday Health Insurance Company, Inc. ("FHIC") was a Texas domiciled insurance company licensed only in Texas. FHIC consented to being placed into liquidation, and a liquidation order was entered against it, on March 23, 2023.

FHIC was owned by Friday Health Plans Management Services Company, Inc. ("FHP Mgmt"), which is owned by Friday Health Plans, Inc. ("FHP Holding"). All of the insurance affiliates in other states are now in liquidation: three HMOs owned by FHP Mgmt domiciled in Georgia, North Carolina, and Oklahoma and an insurance company domiciled in Nevada. An additional HMO domiciled in Colorado, owned by FHP Holding, is also in liquidation. All six of the insurance entities were managed and controlled by FHP Mgmt in Alamosa, Colorado.

FHIC was removed from the exchange and all exchange policies were terminated on or before December 31, 2022.

The TLHIGA entered into an Administrative Services Agreement with FHP Mgmt on May 16, 2023 to provide ongoing policy and claims administration. These activities continued until July 6, 2023 when FHP Mgmt terminated all its employees and ceased operations. This ended TLHIGA's Administrative Services Agreement with FHP Mgmt.

The TLHIGA and the receivers in the five other states entered into an administration agreement with UST Global, Inc. ("UST"), a third-party administrator that was the vendor providing the administration platform to FHP Mgmt. UST hired most

of the former FHP Mgmt employees who were involved in administering the business to provide the ongoing services. This administration arrangement required the receivers and the TLHIGA to contract directly with numerous vendors for certain services that FHP Mgmt had in place to administer the business, including equipment, facilities, cloud storage, telephone system, internet service providers, basic resources, and vendor services. The costs for these UST and vendor services are allocated among the five receiverships and the TLHIGA.

As of year-end 2025, the TLHIGA had processed 167,819 claims with benefit payments totaling approximately \$27.6 million, with \$435,631 of that amount being paid in 2025. The TLHIGA continues to negotiate a settlement of a \$5 million payment demand submitted by one provider group. The final amount that may be necessary to settle this demand remains unknown.

The TLHIGA received an initial early access distribution of \$25 million from the Special Deputy Receiver of the FHIC receivership estate on December 9, 2023. A second early access distribution of \$21.5 million was requested and received on February 25, 2025.

As of year-end 2025, the TLHIGA has paid \$15.1 million of administration expenses and \$27.6 million of FHIC insurance policy obligations. It is anticipated that FHIC receivership distributions will be sufficient to meet the TLHIGA's obligations related to FHIC without the need for a Class B assessment.



PENN TREATY AND AMERICAN NETWORK INSURANCE COMPANIES

Penn Treaty Network America Insurance Company ("Penn Treaty") and American Network Insurance Company ("ANIC"), its insurance company subsidiary, are Pennsylvania domestic life insurance companies that wrote long-term care ("LTC") insurance beginning in 1972.

Penn Treaty and ANIC were placed in rehabilitation on January 6, 2009. After evaluating several rehabilitation alternatives, the Pennsylvania Commissioner filed petitions for liquidation on October 2, 2009, with the Commonwealth Court of Pennsylvania. Penn Treaty's statutory capital and surplus was reported to be negative by more than \$1.3 billion as of June 30, 2009, and ANIC's statutory capital and surplus was negative by more than \$45 million.

After a hearing on the liquidation petitions that spanned more than a year, on May 3, 2012, the Court issued an order denying the liquidation petitions and ordering the rehabilitator to file a plan of rehabilitation that addressed and eliminated the inadequate and discriminatory premium rates for the policies issued prior to 2002. For the following four years, various rehabilitation plans were developed through meetings with representatives of interested parties, including shareholders, agents, guaranty associations, and a small number of large health insurance companies. Ultimately, the rehabilitation petitions were converted to liquidation petitions in July 2016. Liquidation orders against Penn Treaty and ANIC were entered by the Court on March 1, 2017 (the Liquidation Date).

The Penn Treaty and ANIC coverage obligations for Texas resident policyholders, for which the TLHIGA became statutorily obligated to protect, were calculated through an actuarial model to be approximately \$202.03 million on an aggregate basis. The present value of these coverage obligations, discounted at a 4.25% interest rate as of March 1, 2017, totaled approximately \$137 million. The TLHIGA, and 43 other guaranty associations, participated in the formation of LTC Reinsurance PCC ("LTC Re"), a captive insurance company, and then 100% coinsured their obligations to LTC Re. The coinsurance agreements with LTC Re required

payments from each of the ceding guaranty associations equal to 90% of the discounted liability at 4.25%. The TLHIGA funded \$126,402,822 to LTC RE, including \$9,353,174 of early access distributions from the receivership estates. The TLHIGA has no amounts currently owed to LTC Re.

Oversight of policy and claims administration activity continued in 2025. Davies Life & Health ("Davies") is the third-party administrator that administers Penn Treaty and ANIC policies covered by the 45 guaranty associations that are members of LTC Re and two guaranty associations that access Davies' administration services through NOLHGA. The Policy and Claims Administration ("PACA") Working Group, chaired by the TLHIGA Executive Director, and the Coordination and Strategy ("C&S") Committee, on which the TLHIGA Executive Director serves, oversee policy and claims administration activities.

On January 1, 2025, a realignment in the oversight of Davies was implemented. The PACA Working Group and the C&S Committee were dissolved and the TPA Oversight Committee ("TOC") created to take their place. The TLHIGA Executive Director was asked to serve on TOC. Other steps are being developed to streamline the oversight of policy and claims administration activities.

An ancillary program related to the policy and claims administration continued during 2025. The electronic visit verification ("EVV") program for home healthcare claims that was launched in 2023 continued in 2025. The EVV program is administered by Davies and an outside vendor, AssuriCare (now operating under the name "Wellcove"). It was designed to help identify fraud/waste/abuse, promote efficiencies in the claims submission process, and improve the policyholder experience for claims involving home health care services provided by private and family caregivers. Guaranty association and LTC Re representatives are working closely with Wellcove and Davies to monitor the EVV program and to review possible instances of fraud/waste/abuse.

Benefit payments from March 1, 2017, through

December 31, 2025, under the policies protected by the TLHIGA and paid with the funds provided by the TLHIGA to LTC Re, totaled \$102,703,157 (\$1,918,260,875 by all of guaranty associations). An additional \$6,489,189 of cash buyout payments (\$133,102,987 by all guaranty associations) have been made as part of the options under the rate increase implemented after the approval in 2018. These two types of benefits bring the total paid by LTC Re to Texas resident policyholders since the Liquidation began to \$109,192,346 (\$2,051,363,862 by all guaranty associations). Premiums totaling \$347,498,670 have been collected for the Texas policies protected by the TLHIGA (\$671,027,225 by all guaranty associations). There remain 1,405 Texas policies in force (298,839 for all guaranty associations) with 230 open/pending Texas claims (3,444 for all guaranty associations) as of December 31, 2025.

The TLHIGA continues to monitor the ongoing runoff of its Penn Treaty and ANIC obligations to determine whether any additional funding will be required for the 10% of the discounted obligations amount that was not required in the initial funding to LTC Re or whether additional funding is otherwise required under the coinsurance agreements. The need for additional funding will be impacted by the actual experience of the block of business when compared to the assumptions in the actuarial model, the TLHIGA's share of the investment returns realized by LTC Re, the ultimate allocation and distribution of Penn Treaty and ANIC assets, and the financial impact of premium rate increases. The TLHIGA's exposure for additional funding, if any, may not be known for several decades.

EXECUTIVE LIFE INSURANCE COMPANY

Executive Life Insurance Company ("ELIC") was a California domiciled insurance company that wrote life insurance, structured settlement annuities, group annuities and guaranteed investment contracts. ELIC invested heavily in the junk bond market, seeking returns to offset the very competitive rates of return it guaranteed under its insurance contracts. When the junk bond market collapsed in late 1990 and early 1991, ELIC faced a liquidity crisis because of substantial increases in policyholder withdrawals. The California court placed ELIC under a conservation order on April 11, 1991. A liquidation order was entered on December 6, 1991.

The covered insurance policy obligations, for the affected guaranty associations, were transferred to Aurora National Life Assurance Company ("Aurora") in 1993 as part of the court-approved Rehabilitation Plan. Through the Enhancement Agreement to the Rehabilitation Plan, the TLHIGA made annual payments to Aurora to satisfy their obligations to policyholders. Since 1992, the TLHIGA has continued to fund its annual installment payment obligations to Aurora. In May 2012, the TLHIGA made a defeasance payment of \$39,231,008 to eliminate \$73,758,402 of estimated remaining aggregate installment payment obligations. The TLHIGA re-

mained obligated for annual installments under Articles 22 and 23 of the Enhancement Agreement, since these were not included in the defeasance mechanism of the Agreement.

In 2025, the NOLHGA Task Force, chaired by the TLHIGA's Executive Director, negotiated a defeasance of the remaining annual installment obligations under Articles 22 and 23. The TLHIGA paid \$153,373 to Aurora to eliminate its estimated remaining installment obligations that totaled \$190,863. The defeasance payments for all of the guaranty associations totaled \$1,437,529. The defeasance transaction was closed and funded on October 1, 2025.

The TLHIGA made direct payments to Aurora of \$252,207,050 through the annual installments and the defeasance payments. In addition, the TLHIGA's share of distributions from the Executive Life Insurance Company trusts and the receivership estate totaling approximately \$31,232,433 were paid to Aurora through the installment mechanism. The total paid to Aurora by the TLHIGA through both the direct payments and distributions totaled \$283,439,483. The TLHIGA also paid administration expenses for ELIC that totaled \$5,554,516. The TLHIGA has now finalized its obligations for this in-

solvency for which it was activated in 1991, more than thirty-four years ago.

In 2025, the TLHIGA paid a total of \$133,494 in life and health policy benefits for these insolvencies.

ADDITIONAL INSOLVENCY ACTIVITY

The TLHIGA continues to provide coverage of policy benefits for the following six insolvencies (listed alphabetically) through ongoing administration of active policies:

- Calanthe Mutual Life Insurance Company,
- Golden State Mutual Life Insurance Company
- Lincoln Memorial Life Insurance Company,

- National States Insurance Company,
- North Carolina Mutual Life Insurance Company, and
- Universal Life Insurance Company.

In 2025, the TLHIGA paid a total of \$133,494 in life and health policy benefits for these insolvencies.



LITIGATION

It remains the belief of the TLHIGA's Board of Directors that litigation is a remedy of last resort. Since 1992, the TLHIGA has either settled claims or litigation on terms favorable to the TLHIGA or prevailed in the courts in all cases.

During 2025, no new lawsuits were brought against the TLHIGA by any person covered by the TLHIGA, and no adverse judgments were entered against the TLHIGA.

Claims Litigation

The TLHIGA investigated one claims related lawsuit that had been filed against Bright Healthcare Insurance Company of Texas ("BHICOT") prior to the entry of the liquidation order against BHICOT. The investigation revealed that there was a covered claim for benefits due under the BHICOT policy. TLHIGA resolved the covered claims dispute and obtained a release of the Association from any potential litigation.

ASSESSMENTS AND REFUNDS

Assessments

The TLHGIA is authorized to assess its member companies and HMOs for the purpose of providing the funds necessary to meet its obligations. The governing statute provides for two classes of assessments, Class A and Class B.

Class A assessments may be authorized and called to pay administrative and general expenses not related to a particular insolvent member company. Since it was created in 1973, the TLHGIA's Class A assessments total approximately \$10.74 million. In 2025, the TLHGIA's Board of Directors did not authorize a Class A assessment. Investment earnings, allocation of expenses attributable to receivership estates, receivership estate recoveries, and retention of certain amounts from closed receivership estates have been sufficient to eliminate the need for Class A assessments. The TLHGIA's Board of Directors has implemented a strategy to use recoveries, in excess of the amounts obtained to pay the expenses and obligations of certain receivership estates, to fund ongoing administrative and general expenses as needed. The Board of Directors did not authorize a Class A assessment in 2025.

Class B assessments may be authorized and called to obtain the funds needed to fulfill the TLHGIA's administrative expenses and covered obligations for insurance policies for a specific insolvent member company. The Assessment/Investment Committee of the Board of Directors meets periodically to review the financial position and projected cash flow for each insolvent company to determine whether a Class B assessment will be recommended to be authorized and called. In 2025, the Board of Directors did not authorize a Class B assessment.

Member companies and HMOs may protest TLHGIA assessments to the Texas Commissioner of Insurance in accordance with the TLHGIA's governing statute. As of year-end 2025, there remains one unresolved member company protest of their October 2024 Class B assessment.

The total Class B assessments since the formation of the TLHGIA is approximately \$1.023 billion. The chart on the next page reflects the amounts assessed by account since inception, in five-year groupings.

Refunds

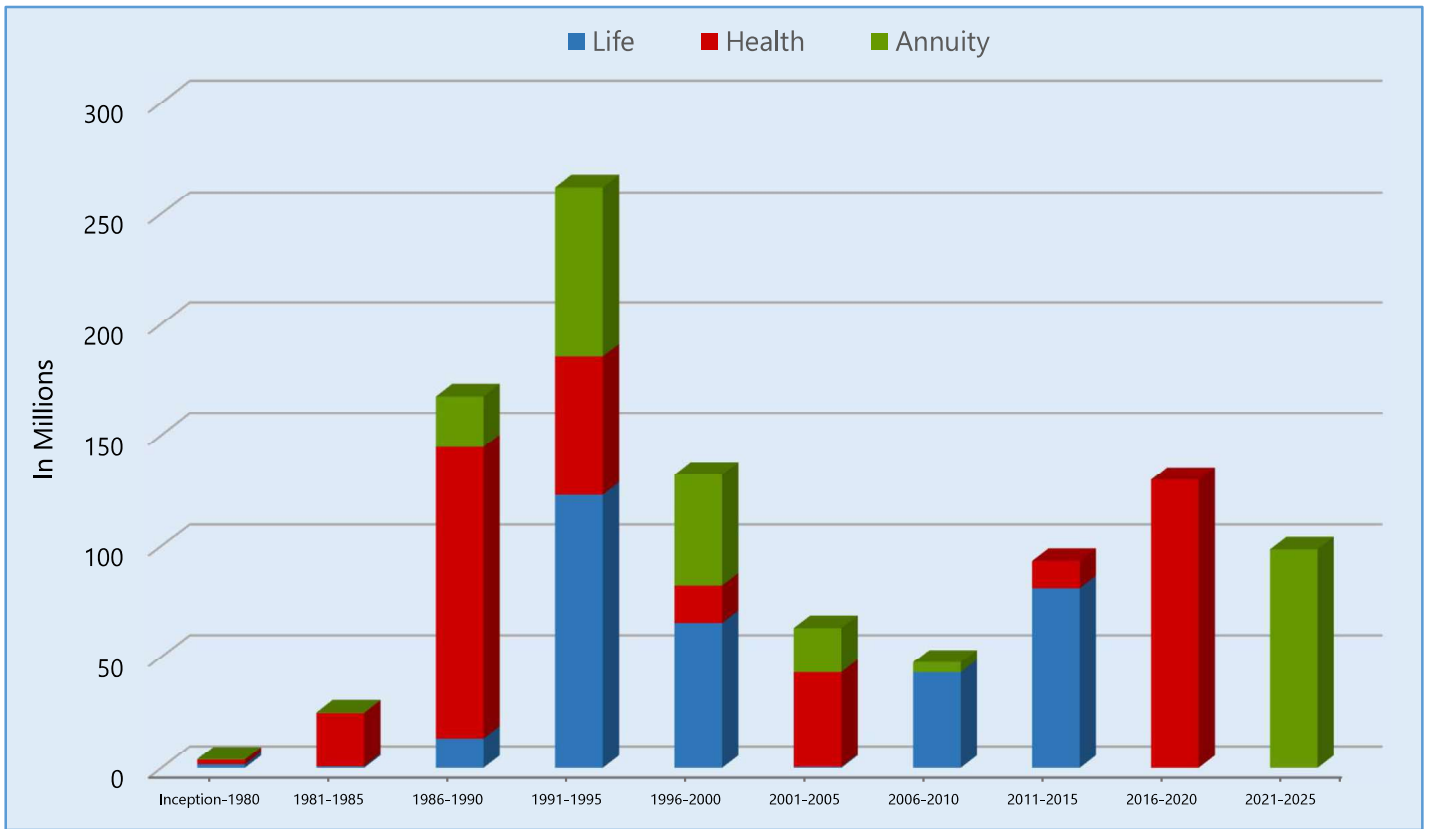
On occasion, the total funds received from premium collections, distributions from receivership estates, investment earnings, recoveries from other third-party sources, and Class B assessments exceed the TLHGIA's total expenses related to a specific insolvency. These excess funds result from timing in the cash flow of the expenses and recoveries. In the normal course of an insolvency, Class B assessments are levied early in the insolvency process to provide the funding for the payment of insurance contractual obligations and related administrative costs. Estate distributions and recoveries from third parties often are received much later near the closing of the insolvent company's receivership.

Texas law authorizes the TLHGIA's Board of Directors to retain a reasonable amount of these excess accumulated funds for future expenses or to refund, if practical. The TLHGIA's Board of Directors has adopted a refund methodology that complies with the TLHGIA's enabling statute regarding refunds.

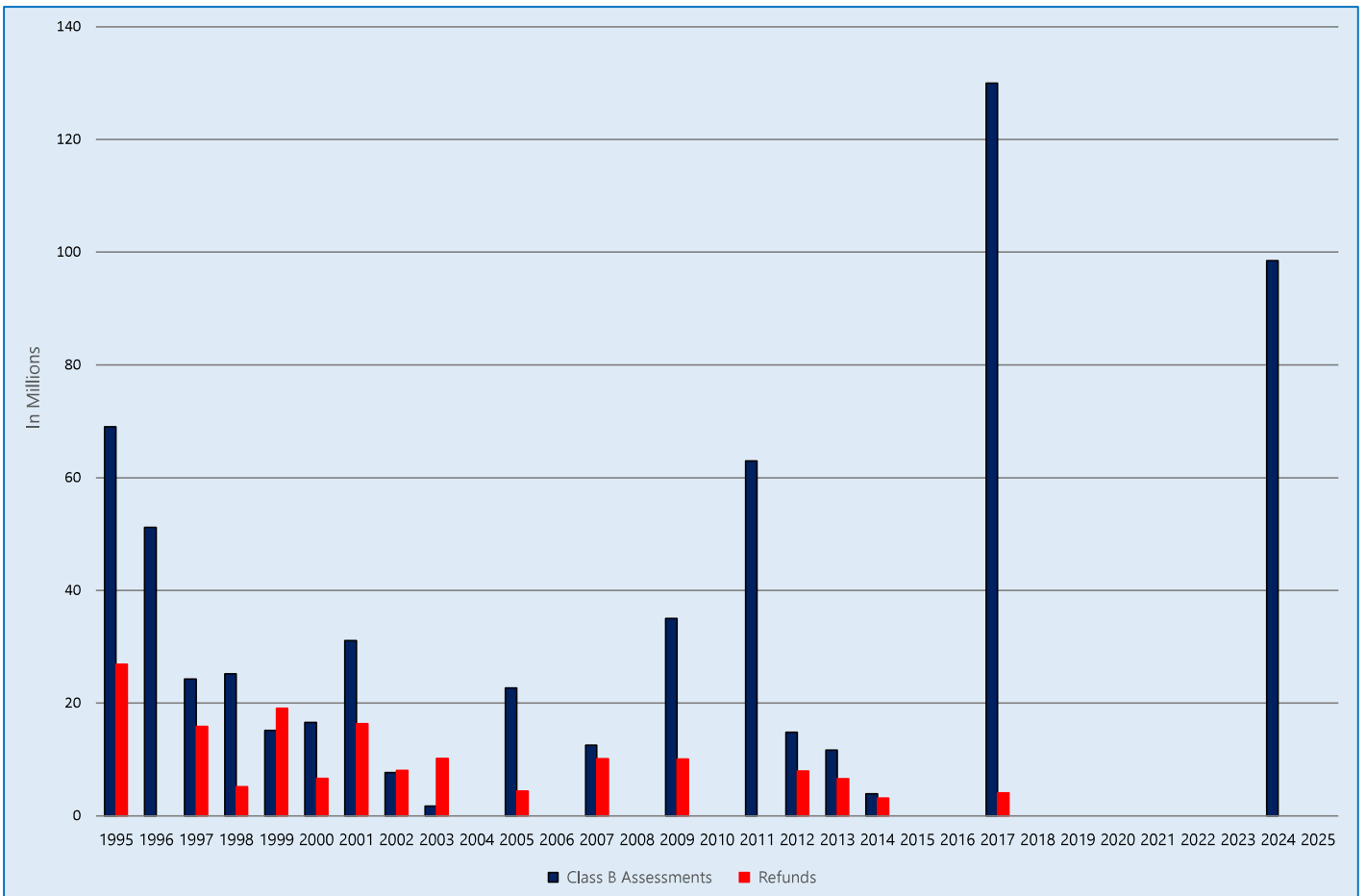
Beginning in 1995, the TLHGIA has refunded excess funds related to specific insolvent insurers to member insurers or the Commissioner of the Texas Department of Insurance after determining there was no reasonable expectation of additional expenses or recoveries related to those insolvent insurers. In 2025, the Board of Directors did not authorize a refund. The TLHGIA refunds since its inception have totaled approximately \$154.7 million.

The chart on the next page reflects the Class B assessments and refunds.

CLASS B ASSESSMENTS



CLASS B ASSESSMENTS AND REFUNDS



FINANCIAL REPORTING AND AUDIT

The TLHIGA is considered a governmental organization for accounting, financial reporting, and auditing purposes. As such, the TLHIGA is subject to the authoritative literature promulgated by the Governmental Accounting Standards Board ("GASB"). The TLHIGA, as a financial-reporting entity, is considered a primary government entity as defined in GASB Statement No. 14, as amended, and is reported as a special-purpose government engaged in business-type activities. The significant accounting policies followed by the TLHIGA in preparing its financial statements conform to generally accepted accounting principles applicable to government units and accepted in the United States of America.

The TLHIGA does not have any component units and is not a component unit of any other entity.

The TLHIGA is reported as a related entity by the Texas Department of Insurance ("TDI") in accordance with GASB Statement No. 14.

The TLHIGA's financial records and operations are audited annually. Interim financial reports and transactions are extensively reviewed during the course of the year by the Board of Directors and committees of the Board. The TLHIGA's audited financial statements as of and for the year ended December 31, 2025, including a Management Discussion and Analysis, the auditor's report, and financial statements with footnote disclosures, are shown on pages 19 through 50.





Texas Life & Health
Insurance Guaranty Association

1717 West 6th Street, Suite 230
Austin, Texas 78703

Toll Free: (800) 982-6362

Phone: (512) 476-5101

Fax: (512) 472-1470

www.txlifega.org



April 21, 2026 Board of Directors Meeting

RESOLUTION ON THE 2025 ANNUAL REPORT

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association hereby approves the 2025 Annual Report of the Association as presented and instructs the Executive Director to submit it to the Texas Commissioner of Insurance as required in Chapter 463.110 of the Texas Insurance Code.

Item 10

Consideration and possible action regarding the following financial and accounting matters:

- A. Review and acceptance of current financial statements



April 21, 2026 Board of Directors Meeting

FINANCIAL AND ACCOUNTING MATTERS

The following financial and accounting matters are currently being addressed or have been fully addressed and are reported to the Board of Directors for its consideration.

REVIEW AND ACCEPTANCE OF CURRENT FINANCIAL STATEMENTS

On pages 10-2 through 10-10 are the TLHIGA's financial statements for the periods ended December 31, 2025, January 31, and February 28, 2026. Included in the financial statements for these periods are the Statement of Net Position, Statement of Activities and Changes in Net Position, Statement of Cash Flows, and Notes to Financial Statements.

Texas Life and Health Insurance Guaranty Association

Statement of Net Position

As of February 28, 2026

	Month Ending 12/31/2025	Month Ending 01/31/2026	Month Ending 02/28/2026	Month Ending 02/28/2025
Assets				
Current Assets				
Cash & Cash Equivalents				
Cash & Money Market Funds	53,222,325.53	50,599,398.43	55,357,734.36	112,262,663.28
Treasury Bills	35,667,321.82	37,925,540.89	33,319,114.46	36,310,274.70
Escrow Account	41,252,852.81	22,793,863.80	23,976,334.02	17,308,606.13
Total Cash & Cash Equivalents	<u>130,142,500.16</u>	<u>111,318,803.12</u>	<u>112,653,182.84</u>	<u>165,881,544.11</u>
Receivables				
Billed Assessment, Net of Allowance	4,745.10	4,745.10	4,745.10	4,847.09
Deposits & Other	21,184.39	21,184.39	21,184.39	21,209.06
Accrued Interest	158,748.28	194,025.20	0.00	130,904.74
Proof of Claims, Net of Allowance	0.00	0.00	0.00	0.00
Total Receivables	<u>184,677.77</u>	<u>219,954.69</u>	<u>25,929.49</u>	<u>156,960.89</u>
Pre-Paid Expenses	14,974.06	14,974.06	14,974.06	14,695.36
Total Current Assets	<u>130,342,151.99</u>	<u>111,553,731.87</u>	<u>112,694,086.39</u>	<u>166,053,200.36</u>
Noncurrent Assets				
Unbilled Assessments	10,882,693.00	10,858,851.01	10,179,875.77	32,615,585.87
Investments in Deferred Compensation Plans	249,927.34	280,075.42	283,837.72	230,011.11
Capital Assets				
Furniture & Equipment	423,315.15	423,315.15	423,315.15	423,315.15
Right-of-Use Lease Assets	1,331,009.30	1,331,009.30	1,331,009.30	1,331,009.30
Accumulated Depreciation & Amortization	910,115.86	920,092.48	930,069.10	809,241.87
Total Capital Assets	<u>844,208.59</u>	<u>834,231.97</u>	<u>824,255.35</u>	<u>945,082.58</u>
Total Noncurrent Assets	<u>11,976,828.93</u>	<u>11,973,158.40</u>	<u>11,287,968.84</u>	<u>33,790,679.56</u>
Total Assets	<u>142,318,980.92</u>	<u>123,526,890.27</u>	<u>123,982,055.23</u>	<u>199,843,879.92</u>
Liabilities and Net Position				
Liabilities				
Current Liabilities				
Accounts Payable	18,642,431.80	129,144.81	131,140.93	231,251.32
Accrued Expense	616,265.41	638,746.54	728,496.53	565,092.29
Compensated Absences	72,806.80	82,144.02	79,730.92	71,362.25
Assessment Credit Balance	3,951,258.32	3,951,258.32	3,951,258.32	3,951,258.32
Lease Liabilities-Current Portion	102,761.70	103,189.60	103,618.08	98,542.16
Insurance Contractual Obligations	8,054,735.00	8,055,771.00	8,122,482.00	99,457,606.00
Total Current Liabilities	<u>31,440,259.03</u>	<u>12,960,254.29</u>	<u>13,116,726.78</u>	<u>104,375,112.34</u>
Noncurrent Liabilities				
Insurance Contractual Obligations	2,764,318.00	2,758,447.00	2,725,240.00	2,913,578.00
Deferred Compensation Plan Liabilities	249,927.34	280,075.42	283,837.72	230,011.11
Lease Liabilities-Less Current Portion	833,721.06	824,961.11	816,189.26	919,807.04
Total Noncurrent Liabilities	<u>3,847,966.40</u>	<u>3,863,483.53</u>	<u>3,825,266.98</u>	<u>4,063,396.15</u>
Total Liabilities	<u>35,288,225.43</u>	<u>16,823,737.82</u>	<u>16,941,993.76</u>	<u>108,438,508.49</u>
Net Position				
Unrestricted	107,123,029.66	106,797,071.19	107,135,613.46	91,478,638.06
Net Investment in Capital Assets	(92,274.17)	(93,918.74)	(95,551.99)	(73,266.63)
Total Net Position	<u>107,030,755.49</u>	<u>106,703,152.45</u>	<u>107,040,061.47</u>	<u>91,405,371.43</u>
Total Liabilities and Net Position	<u>142,318,980.92</u>	<u>123,526,890.27</u>	<u>123,982,055.23</u>	<u>199,843,879.92</u>

After BLIC/CBLIC Assumption, minimal claims have been paid. The account continues to accrue interest

All US Treasuries currently held are zero coupon (does not pay interest)

Payment of BLIC/CBLIC assumption that was obligated in 2025

Texas Life and Health Insurance Guaranty Association
Statement of Activities and Changes in Net Position
As of February 28, 2026

	Month Ending 12/31/2025	Month Ending 01/31/2026	Month Ending 02/28/2026	Year To Date 02/28/2026
Change in Net Position				
Operating Income (Loss)				
Operating Revenues				
Assessment	0.00	0.00	0.00	0.00
Changes in Unbilled Assessment	(5,612,117.53)	(23,841.99)	(678,975.24)	(702,817.23)
Estate Recoveries	30,871,733.03	0.00	1,114,063.76	1,114,063.76
Premium Net of Refunds	3,781.18	5,283.96	2,798.35	8,082.31
Total Operating Revenues	25,263,396.68	(18,558.03)	437,886.87	419,328.84
Operating Expenses				
Claims Expenses				
Changes in Insurance Contractual Obligations	(25,259,974.00)	(4,835.00)	33,504.00	28,669.00
Refunds of Prior Year's Assessment	0.00	0.00	0.00	0.00
Claims Paid	1,004,403.16	221,425.41	120,264.11	341,689.52
Assumption Reinsurance Agreements	18,513,287.00	(96,959.30)	0.00	(96,959.30)
Third Party Administrative Operations	80,025.00	250,000.00	43,500.75	293,500.75
National Task Force	92,720.35	83,333.33	83,333.33	166,666.66
Total Claims Expenses	(5,569,538.49)	452,964.44	280,602.19	733,566.63
Administrative Expenses				
Legal & Professional	25,953.54	2,053.06	12,432.25	14,485.31
Salaries & Benefits	57,824.36	113,947.25	64,854.29	178,801.54
Building & Equipment Expenses	6,756.15	6,349.50	6,349.50	12,699.00
Depreciation & Amortization	9,976.62	9,976.62	9,976.62	19,953.24
Other	33,703.52	110,905.32	31,548.33	142,453.65
Total Administrative Expenses	134,214.19	243,231.75	125,160.99	368,392.74
Total Operating Expenses	(5,435,324.30)	696,196.19	405,763.18	1,101,959.37
Total Operating Income (Loss)	30,698,720.98	(714,754.22)	32,123.69	(682,630.53)
Nonoperating Revenues (Expenses)				
Interest Income	257,701.42	315,843.20	227,409.01	543,252.21
Unrealized Gain/Loss-US Treasury	79,230.91	77,095.07	82,909.79	160,004.86
Interest Expense	5,772.36	5,787.09	5,533.47	11,320.56
Total Nonoperating Revenues (Expenses)	331,159.97	387,151.18	304,785.33	691,936.51
Total Change in Net Position	31,029,880.95	(327,603.04)	336,909.02	9,305.98

The TLHIGA continues to earn interest on its liquid assets sufficient to pay Class A expenses



**TEXAS LIFE AND HEALTH INSURANCE
GUARANTY ASSOCIATION
Statement of Cash Flows
For the Year-to-Date Ended February 28, 2026**

	February 28, 2026	Prior Year February 28, 2025
Cash Flows from Operating Activities:		
Excess of Revenues Over (Under) Expenses	\$ <u>9,306</u>	\$ <u>18,407,696</u>
Adjustments to Reconcile Excess of Revenue Over (Under)		
Expenses to Net Cash Provided by Operating Activities:		
Allowance for Assessments Receivable		
Depreciation & Amortization	19,953	20,181
Change in Assets and Liabilities:		
(Increase) Decrease in Unbilled Assessments Receivable	702,817	12,054,997
(Increase) Decrease in Assessments Receivable	-	7,934,733
Increase (Decrease) in Accounts Payable	(18,511,291)	226,052
Increase (Decrease) in Compensated Absences	6,924	13,342
Increase (Decrease) in Accrued Expenses	112,231	98,790
Increase (Decrease) in Insurance Contractual Obligations	28,669	(12,927,795)
TOTAL ADJUSTMENTS	<u>(17,640,696)</u>	<u>7,420,300</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(17,631,390)	25,827,996
Cash Flows from Financing Activities:		
Inter Account Loans (Net)	41,041	(18,123,685)
Inter Account Borrowing (Net)	(41,041)	18,123,685
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
(Increase) Decrease - Investment in Long Term Investments	2,348,207	(555,657)
(Increase) Decrease - Accrued Interest	158,748	72,992
Purchase/Sale of Furniture & Equipment, net of accumulated depreciation	-	(7,958)
Capital Lease Payments	(16,675)	(15,851)
Increase in Allowance for Uncollectible POC and Loans	(515,096)	(16,776,706)
Proofs of Claim Filed	515,096	16,776,706
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>2,490,280</u>	<u>(506,474)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(15,141,110)	25,321,522
Cash and Cash Equivalents at Beginning of Year	94,475,178	104,249,747
Cash and Cash Equivalents at February 28	\$ <u><u>79,334,068</u></u>	\$ <u><u>129,571,269</u></u>

**TEXAS LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

February 28, 2026

1. Summary of Significant Accounting Policies

Organization - The Texas Life and Health Insurance Guaranty Association (TLHIGA) is a nonprofit entity created by Chapter 463 of the Texas Insurance Code (the Act) to protect, subject to certain limitations, persons specified in the Act against failure in the performance of contractual obligations under life, accident and health insurance policies and annuity contracts, because of the impairment or insolvency of the member insurer that issued the policy or contract. To provide this protection an association of insurers was created to pay benefits and to continue coverage as limited in the Act.

Membership in the TLHIGA is mandatory for any company authorized in Texas to transact any kind of insurance business to which the Act applies. Membership assessments are made by the Board of Directors of the TLHIGA based on estimates of amounts necessary to provide funds to carry out the purposes of the Act with respect to impaired insurers. Any amount in excess of statutory obligations and continuing expenses of the TLHIGA may be refunded by an equitable method at the discretion of the Board.

Basis of Accounting - The financial statements are presented on the accrual basis of accounting; consequently, revenue is recognized when earned, and expenses are recognized when the obligations are incurred. Assessment revenue (billed and unbilled) is recognized when insurance contractual obligations are incurred. Claims liability is recognized using estimates of contractual obligations for each impaired insurer at the date of impairment or issuance of an order of liquidation based on a finding of insolvency by a court of competent jurisdiction.

Tax Exempt Status - The TLHIGA is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The TLHIGA is also exempt from payment of all fees and taxes levied by the state of Texas or any of its subdivisions, except taxes levied on real and personal property.

Cash Equivalents - For purposes of the statement of cash flows, the TLHIGA considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments in obligations of the United States government are recorded at cost and marked to market each period. All investments are designated as "held to maturity".

Allowances for Uncollectible Proofs of Claim and Loans Receivable - Allowances for uncollectible proofs of claim and loans are estate specific. The allowance for each estate is based on evaluations of estate financial statements and records, reports from estate receivers, and information from other third parties.

Leases – The TLHIGA adopted and implemented GASB 87-Leases. Under GASB 87, the TLHIGA is required to recognize a lease liability and an intangible right-to-use lease asset for all but short-term leases (12 month term or less). The Statement of Net Position presents the new lease asset and liability and the Statement of Activities and Changes in Net Position presents the lease asset depreciation and lease liability amortization. The Statement of Cash Flows recognizes the capital leases payments.

Compensated Absences – The TLHIGA adopted and implemented GASB 101-Compensated Absences. Under GASB 101, the TLHIGA is required to recognize a liability for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

New GASB Standards – In 2025 the TLHGA began implementation of GASB 102-Certain Risk Disclosures. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with

a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

Also in 2025, the TLHIGA began implementing GASB 103-Financial Reporting Model Improvements. According to GASB, this Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

2. Membership Assessments

The TLHIGA is authorized by The Texas Insurance Code to assess member companies in amounts necessary to pay both contractual claim obligations and administrative expenses of the TLHIGA. There are two classes of assessments: Class A assessments may be levied

to meet administrative costs and Class B assessments which may be levied to meet the contractual obligations associated with specific insolvent or impaired companies.

Assessments are levied based on a member company’s “market share” (ratio of assessable premiums by line-of-business to total assessable premiums by line-of-business) as a percentage of the total assessment need by line-of-business. The annual total for all Class B assessments levied against a member insurer for each line-of-business account (life, accident and health, and annuity) may not exceed two percent of the company’s premiums on the policies covered by the line-of-business account during the three calendar years preceding the year of impairment. The most recent assessable premium data available is for calendar years 2022, 2023 and 2024.

Line of Business	Premium Base Average Annual Premium 2022-2024	2% Annual Assessment Limit
Life	\$14,771,546,856	\$295,430,937
Accident & Health	46,842,597,379	936,851,948
Annuity	27,349,499,014	546,989,980
Total	\$88,963,643,249	\$1,779,272,865

Net Assessments Receivable, as of February 28, 2026 totaled \$4,745.10. This represents a small amount of uncollected assessments from one member that has been deferred by the Board of Directors at the members’s request.

Unbilled Assessments of \$16,494,810.53 as of November 30, 2025, represent the statutory ability of the TLHIGA to assess member companies as required to meet corresponding insurance contractual obligations.

3. Proofs of Claim

The TLHIGA files proofs of claim against individual receivership estates to recover claims and claims handling costs incurred by the TLHIGA related to the estate. These proofs of claim may be amended and are updated and filed periodically as additional costs are incurred and paid by the TLHIGA. As of February 28, 2026, proofs of claim totaled \$516,403,070.47.

An allowance related to the collectibility of proofs of claim are recorded based on estate specific evaluations of assets and liabilities held by the receiver. The amounts to be received by the TLHIGA in early access distributions or final distributions are often not readily determinable; therefore, estimated recoveries due the TLHIGA are necessarily estimates and subject to change as the estate is closed out. Based on the TLHIGA’s estate specific review the allowance for uncollectible proofs of claim as of February 28, 2026, was \$516,403,070.47.

Uncollected proofs of claim are written off by the Board of Directors only after an estate is closed and there is no reasonable expectation that any additional funds will be recovered from the estate or other third party. For any foreign estate, the domestic estate and the Texas ancillary estate, if any, must both have been closed before any receivable amount may be written off.

4. Inter Account Loans and Borrowings

The Board of Directors of the TLHIGA has adopted a resolution that allows for short term loans from the account of one estate to another estate. Interest is paid by the borrowing account to the account making the short term loan. Interest charged on these loans approximates that earned on short term government securities. For the year-to-date ending February 28, 2026, the following had occurred:

Balance January 1, 2026	Borrowings	Repayments	Balance February 28, 2026
\$1,606,600.85	\$41,040.72	-	\$1,647,641.57

Interaccount receivable and payable balances are offset for financial statement reporting purposes.

5. Promissory Notes

The TLHIGA may choose to execute promissory notes to fund its statutory obligations through reinsurance with an insurance company. The Board of Directors weighs the financial implications of such a decision and may instruct the TLHIGA to use this option if it is available. For the year-to-date ending February 28, 2026, the TLHIGA has no promissory notes.

6. Refunds

The Board of Directors, may, by an equitable method, refund to member companies, in proportion to the contribution of each member company, the amount by which assets exceed the amount necessary to carry out the obligations of the TLHIGA. The TLHIGA will pay to the Texas Commissioner of Insurance any amount owed as part of a Board authorized refund that was written off and used as a premium tax credit by a member insurer.

7. Insurance Contractual Obligations

This liability is an estimated amount for all impaired or court ordered insolvent estates. The amount is necessarily based on estimates, and the ultimate liability may vary significantly from the estimate. In addition, the liability is based on information supplied principally by third parties (receivers, third party administrators and member

participation task forces). Such information is not subject to control of the TLHIGA and may change.

Item 11

Consideration and possible action regarding the 2026 Calendar of Activities and confirmation of the next meeting date



April 21, 2026 Board of Directors Meeting

CALENDAR OF ACTIVITIES AND NEXT MEETING DATE

The TLHIGA's Board of Directors Corporate Governance Guidelines adopted in 2006 contain the following provision under Board Responsibilities:

11. Meeting Schedule; Planning

At the January meeting each year, the Board Chair will establish a schedule of regular meetings for the Board of Directors and the audit and assessment/investment committees for that year and a plan for addressing subjects to be discussed during the year (to the degree this can be foreseen). Each director is free to suggest the inclusion of items to be discussed by the board or the committees during the year.

In addition, the TLHIGA's Plan of Operation states "The Board shall hold a regular meeting each quarter at the TLHIGA offices in Austin, Texas, unless the notice of said meeting designates otherwise."

On pages 11-2 through 11-6 is the TLHIGA 2026 Calendar of Activities with meeting dates, activities, and agenda items. These calendar items are subject to change at the Board of Director's discretion. The items shown in red are specific responsibilities for the Board of Directors Chair and Committee Chairs.

We have tentatively scheduled the next Board of Directors meeting to be held at **8:30 AM Central Time on Tuesday, August 5, 2026.**



2026 Calendar of Activities (MASTER COMPILATION) updated as of 4/15/26

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	EXECUTIVE DIRECTOR (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.	1/9/26
5	BOD	CH	1/13/26	BOD CHAIR will conduct the following in preparation for the January 27, 2025 Board of Directors meeting: <ul style="list-style-type: none"> - Review the draft agenda with the Executive Director to identify action items including any anticipated recommendations for Board action from the A-I or Personnel Committees - Review the responses the Guidelines for Nominations and Election of Officers of the Board of Directors - Consider the qualifications of Directors for service as either a Chair or a member of one of the Standing Committees, including making phone calls or emails to specific Directors to determine their interest in service in a particular capacity. 	1/13/26
6	PER	CH	1/20/26 9:00 AM virtual	Personnel Committee Meeting <ul style="list-style-type: none"> - Review of prior meeting's minutes - Review of benefits, compensation and training components in 2026 Operating Budget, including staff compensation - Review of report from compensation consultant - Review succession plan for Executive Director position - 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 - Annual review of Committee's Charter 	1/20/26
7	A-I	CH	1/20/26 1:00 PM virtual	Assessment/Investment Committee Meeting <ul style="list-style-type: none"> - 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 insolventcies - Consider the necessity for a Class A and/or a Class B Assessment and/or refund in 2026 	1/20/26
8	ED		1/20/26	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the January 27, 2026 Board of Director meeting with the Texas Secretary of State's office.	1/21/26
9	ED		1/22-23/26	EXECUTIVE DIRECTOR will attend the NOLHGA MPC Meeting in Bonita Springs, FL	1/22-23/26
10	BOD A-I PER	CH CH CH	1/27/26 8:30 AM	Board of Directors Meeting Consideration and possible action on the following: <ul style="list-style-type: none"> - Election of Officers - Appointment of Committee Chairs and Members - Review of Board of Directors corporate goverannce 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.) A-I COMM CHAIR will report on the Committee's discussions regarding the necessity for Class A or Class B assessments in 2026 PERS COMM CHAIR will report on the Committee's discussion regarding: <ul style="list-style-type: none"> - 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 	1/27/26



2026 Calendar of Activities (MASTER COMPILATION) updated as of 4/15/26

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
11	ED		2/2/26	EXECUTIVE DIRECTOR will distribute a request for a confirmation or change of contact information with the Texas Ethics Commission for each Director with responses due on or February 9, 2026.	2/2/26
12	BOD		2/9/26	RESPONSES DUE FROM BOD – The confirmations or changes to each Director’s contact information for the Texas Ethics Commission must be returned to the Executive Director.	2/5/26
13	ED		2/13/26	RESPONSES DUE TO TEC – The Executive Director will send the Director’s contact information to the Texas Ethics Commission.	2/5/26
14	ED		2/10-12/26	EXECUTIVE DIRECTOR and GENERAL COUNSEL will attend the IAIR INSURANCE RESOLUTION WORKSHOP	2/10-12/26
15	ED		2/27/26	EXECUTIVE DIRECTOR (or staff) will distribute the 2026 Conflict of Interest Policy/Questionnaires and the 2026 Antitrust Policy/Certifications of Compliance for 2025 activities with responses from all Directors by March 31, 2026.	2/27/26
16	ED		3/8-11/26	EXECUTIVE DIRECTOR and GENERAL COUNSEL will attend the Intercompany Long-Term Care Insurance Conference (ILTCI) in Orlando, FL	3/8-11/26
17	AUD	CH	3/14/26	AUD COMM CHAIR will review the draft agenda for the April 7, 2026 Audit Committee meeting with the Executive Director and/or Senior Accountant to determine the order of items and whether items should be added or deleted.	3/14/26
18	ED		3/22-25/26	EXECUTIVE DIRECTOR and some BOD will attend the NAIC Spring Meeting in San Diego, CA	3/22-25/26
19	BOD		3/31/26	RESPONSES DUE FROM BOD – The completed 2026 Conflict of Interest Questionnaires and 2026 Antitrust Certifications of Compliance for 2025 activities are due back from all Directors to the Executive Director.	4/5/26
20	BOD	CH	3/31/26	BOD CHAIR will conduct the following in preparation for the April 21, 2026 Board of Directors meeting: <ul style="list-style-type: none"> - Review the draft agenda with the Executive Director to identify action items including any anticipated recommendations for Board action from the Audit Committee - Review any issues identified in preparation of the 2025 Annual Report - Review any exception identified in the annual business ethics and antitrust responses - Conduct the annual review of the BOD Corporate Governance Guidelines 	4/7/26
21	ED		4/1/26	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the April 7, 2026 Audit Committee meeting with the Texas Secretary of State’s office.	3/30/26
22	AUD	CH	4/6/26	AUD COMM CHAIR will meet with the outside financial auditor after the audit process has concluded to discuss significant audit findings, difficulties conducting the audit, disagreements with management, sufficiency of TLHIGA internal controls, possible expansion of the 2026 Audit Plan.	4/6/26



2026 Calendar of Activities (MASTER COMPILATION) updated as of 4/15/26

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
23	AUD	CH	4/7/26 9:00 AM virtual	Audit Committee Meeting - Receive annual financial audit report from outside auditor - Meet confidentially with outside auditor - Prepare recommendation to Board of Directors regarding annual financial audit - Evaluate the necessity to revise the 2026 (current year's) Audit Plan based on findings in the annual financial audit - Review the independence and performance of the auditor - Consider the scope of the financial statements audit as of December 31, 2026 - Determine whether additional reviews should be conducted through consulting arrangements with an auditor - Review the necessity to select a new auditor - Develop a recommendation for engagement of auditor for audit of financial statements as of December 31, 2026 - Review the actual expenses for the prior year, including final budget variance report, segregation of fixed and variable expenses, and allocation of expenses to insolvencies	4/7/26
24	AUD	CH	4/10/26	AUD COMM CHAIR will ask staff to distribute the draft Audit Report to all Directors after the Audit Committee meeting in preparation for consideration during the April 21, 2026 Board of Directors meeting	4/10/26
25	ED		4/15-16/26	EXECUTIVE DIRECTOR will attend the NOLHGA MPC Meeting in New Orleans, LA	4/15/16/26
26	BOD AUD	CH CH	4/21/26 8:30 AM	Board of Directors Meeting AUD COMM CHAIR will provide a report to the Board of Directors that includes the following: - A recommendation regarding the current year's annual financial audit - A recommendation on whether the current year's Audit Plan should be revised - A recommendation regarding the engagement of the auditor for the audit of the financial statements as of December 31, 2026 - Any revision to the Committee's Charter - A report on the other matters discussed by the Committee - Executive Session confidential discussion of financially troubled member insurance companies - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Regular operation and financial approvals (i.e. minutes, NOLHGA quarterly invoice, future meetings, financial statements, etc.) - Corporate governance items, i.e. conflicts and antitrust statements and review of the BOD Corporate Governance Guidelines	
27	ED		4/22/26	EXECUTIVE DIRECTOR will notify selected audit firm of the Board of Directors' engagement decision	
28	ED		4/29/26	EXECUTIVE DIRECTOR will file the 2025 Annual Report with the Commissioner of Insurance	
29	BOD		4/30/26	TEC FILINGS DUE FROM BOD – All Directors must file their Personal Financial Statements <u>with the Texas Ethics Commission</u> . DO NOT SEND THEM TO THE TLHIGA'S OFFICE.	
30	A-I	CH	7/2/26	A-I COMM CHAIR and counsel 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.	
31	PER	CH	7/2/26	PERS COMM CHAIR and counsel will be provided the draft agenda for the July 22, 2026 Committee meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
32	ED		7/14/26	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the July 21, 2026 A-I Committee meeting and the July 22, 2026 Personnel Committee meeting with the Texas Secretary of State's office.	



2026 Calendar of Activities (MASTER COMPILATION) updated as of 4/15/26

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
33	BOD	CH	7/15/26	BOD CHAIR and counsel will be provided the draft agenda for the August 5, 2026 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.	
34	A-I	CH	7/21/26 1:00 PM virtual	Assessment/Investment Committee Meeting - 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	
35	PER	CH	7/22/26 9:00 AM virtual	Personnel Committee Meeting - Review the non-salary benefits provided to TLHIGA employees, including renewal of employee insurance benefit plans - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans - Meet in Executive Session for the Committee to discuss confidential personnel matters and receive advice from counsel - Review of the Committee's Charter	
36	ED		7/28/26	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the 8/5/26 Board of Directors meeting with the Texas Secretary of State's office.	
37	ED		7/28-31/26	EXECUTIVE DIRECTOR, COUNSEL and some BOD and staff will attend the NOLHGA State Board Chairs Conference, MPC Meeting and 34th Legal Seminar in Chicago, IL	
38	BOD A-I PER	CH CH CH	8/5/26 8:30 AM	Board of Directors Meeting A-I COMM CHAIR will provide a report to the Board of Directors that includes the following: - Necessity for a Class B assessment or refund in 2026 - Any recommended revisions to the Investment Policy - Any recommended changes to investments - Any recommended changes to the A/I Committee Charter PERS COMM CHAIR will provide a report to the Board of Directors that includes the following: - Any actions on the benefits provided to TLHIGA employees - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans Executive Session confidential discussion of financially troubled member insurance companies Review and possible actions on various active member company receiverships Executive Director's report on operations Review of IRS Form 990 Corporate governance enhancements Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)	
39	ED		8/11-15/26	EXECUTIVE DIRECTOR and some BOD will attend the NAIC Summer Meeting in Columbus, OH	
40	AUD	CH	9/30/26	AUD COMM CHAIR will review the draft agenda for the October 12, 2026 Audit Committee Meeting with the Executive Director and/or Senior Accountant to determine the order of items and whether additional items should be added or current items deleted.	
41	BOD	CH	10/6/26	BOD CHAIR will review the draft agenda for the October 27, 2026 BOD meeting 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 Audit Committee.	
42	ED		10/6-8/26	EXECUTIVE DIRECTOR and some BOD will attend the IAIR Technical Development Series Workshop in Tempe, AZ	



2026 Calendar of Activities (MASTER COMPILATION) updated as of 4/15/26

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
43	ED		10/7/26	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the October 12, 2026 Audit Committee meeting with the Texas Secretary of State's office.	
44	AUD AUD	CH	10/12/26 9:00 AM virtual	Audit Committee Meeting - Develop the 2027 Audit Plan and prepare recommendation to the Board of Directors for adopting and filing it with the Commissioner of Insurance - Review the TLHIGA's commercial insurance program to confirm the adequacy to mitigate anticipatable risks - Review the assumptions that will be used for developing the 2027 budgets that will be presented to the Board of Directors at its January 26, 2027 meeting - Annual review of the Committee's Charter	
45	ED		10/20/26	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the October 27, 2026 Board of Directors meeting with the Texas Secretary of State's office.	
46	ED		10/20-22/26	EXECUTIVE DIRECTOR and some BOD will attend the NOLHGA MPC Meeting & Annual Meeting in Santa Fe, NM	
45	BOD AUD	CH CH	10/27/26 8:30 AM	Board of Directors Meeting - Action to fill officer and committee vacancies - Action to engage an auditor to conduct the annual financial audit as of YE 2026 - Action to adopt the 2027 Audit Plan and to file it with the Commissioner of Insurance - Action to select a firm to conduct network penetration testing - Executive Session confidential discussion of financially troubled member insurance companies - Consider revisions to Board of Directors Corporate Governance Guidelines - Review and possible actions on various active member company receiverships - Report on governance issues regarding Directors' feedback and BOD performance - Executive Director's report on operations - Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)	
48	ED		10/30/26	EXECUTIVE DIRECTOR will distribute the Guidelines for Nomination and Election of Officers of the Board of Directors to all directors via email in preparation for the January 26, 2027 Board of Directors meeting	
49	ED		11/14-17/2026	EXECUTIVE DIRECTOR and some BOD will attend the NAIC Fall Meeting in Dallas, TX	
50	ED		12/5/26	EXECUTIVE DIRECTOR will distribute the annual evaluation forms for General Counsel to all Directors. Responses will be due to the ED on or before January 5, 2027.	
51	BOD		12/8-12/26	RESPONSES DUE FROM BOD - Nominations from the Directors for the four officer positions on the Board of Directors are due to the Executive Director	
52	PER	CH	1/5/27	PERS 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.	
53	A-I	CH	1/5/27	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.	
54	BOD	CH	1/5/27	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.	