TLHIGA | Texas Life & Health Insurance Guaranty Association

Board of Directors Meeting
August 5, 2026

Briefing Material

Board of Directors Meeting Agenda

Tuesday, August 5, 2026
8:30 A.M. Central Time
Video/Audio Conference Call Information
Audio Toll Free Dial In Number: 1.346.248.7799
Zoom Meeting ID: 2222127774 Password: 537081973

1. Consideration and possible action on consent agenda items *
   A. Summary of the official minutes of the April 21, 2026 meeting of the Board of Directors and
   B. Ratification of the payment of NOLHGA's fees and expense billing for 1st quarter of 2026

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

3. Consideration and possible action on reports and recommendations from the Personnel Committee regarding:
   A. Non-Salary benefits provided to the TLHIGA's employees, including insurance plan renewals
   B. Revisions to the Employee Handbook*
   C. Executive Employment and Deferred Compensation Contract for the Executive Director (non-confidential elements)*
   D. Responsibilities and duties in the Committee's Charter

4. Consideration and possible action on reports and recommendations from the Assessment/Investment Committee regarding:
   A. Policy obligations, expenses, and net position for active insolvencies
   B. TLHIGA's investments
   C. Assessments and refunds
   D. Responsibilities and activities in the Committee's Charter*

5. Consideration and possible action regarding the following impaired/insolvent member insurers or matters related thereto:
   A. Estate Summary
   B. Bankers Life Insurance Company
   C. Colorado Bankers Life Insurance Company
   D. Southland National Insurance Corporation
   E. North Carolina Mutual Life Insurance Company

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

F. Friday Health Insurance Company
G. Bright HealthCare Insurance Company of Texas
H. Penn Treaty Network America/American Network Insurance Companies

6. 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. Updates on Companies in Rehabilitation (TLHIGA not activated)
   C. Discussion of Executive Director retirement and Designate transition
   D. Discussion of confidential elements of the Employment and Deferred Compensation Contract for the Executive Director
   E. Discussion of confidential matters related to impaired/insolvent member insurers or matters related thereto
   F. Any personnel matters – without management present
   G. Any personnel matters – with management present
   H. Potential and pending litigation
   I. Advice from counsel on any legal issues arising out of any agenda item

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

8. Quarterly report from Executive Director on TLHIGA activities

9. Consideration and possible action on corporate governance issues
   A. Directors' feedback

10. Consideration and possible action on draft Internal Revenue Service Form 990

11. Consideration and possible action regarding the following financial and accounting matters:
    A. Review and acceptance of current financial statements

12. 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	2026004403
Submitted Date/Time	07/24/2026 02:10 PM CDT
Agency	Texas Life and Health Insurance Guaranty Association
Meeting Date	08/05/2026
Meeting Time	08:30 AM
Address	1717 W 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 W 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) Matters presented by Texas Department of Insurance;
3) Reports and recommendations from the Personnel Committee;
4) Reports and recommendations from the Assessment/Investment Committee;
5) Impaired/insolvent member insurers;
6) Executive Session;
7) Item discussed in Executive Session;
8) Quarterly report from Executive Director;
9) Corporate Governance;
10) Draft Internal Revenue Service Form 990;
11) Financial and accounting matters;
12) 2026 Calendar of Activities and confirmation of the next meeting date.

<u>Item 1</u>

Consideration and possible action on consent agenda items:

A. Summary of the official minutes of the April 21, 2026 meeting of the Board of Directors and
B. Ratification of the payment of NOLHGA's fees and expense billing for the 1^{st} quarter of 2026

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 April 21, 2026 Board of Directors meeting shown on pages 1-2 through 1-11 and
2. Ratification of the payment of the first 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 April 21, 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 January 1, 2026 through March 31, 2026, totaling $237,405 as shown in the following list:

Assessment Data Survey	1,930
Global Bankers-Bankers Life Ins Co	49,538
Global Bankers-Colorado Bankers Life Ins Co	15,843
Global Bankers -Southland National Ins Co	17,283
National States Ins Co	2,503
North Carolina Mutual Life Ins Co	4,361
Penn Treaty/ ANIC	1,697
PHL Variable Ins Co	129,239
Senior Health Ins Co of Pennsylvania (SHIP)	13,069
Thunor Trust Companies	1,713
Universal Life/BTW	229
	$ 237,405

SUMMARY OF THE OFFICIAL MINUTES OF THE
April 21, 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 8:37 A.M. Central time on April 21, 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	Joan Cleveland
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 Jan Graeber Jarett Terry Topping Haggerty Brandy Nichols
General Counsel: Dan Price

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

Bhakti Patel, CliftonLarsonAllen	Vane Hugo, Texas Department of Insurance ("TDI")
Shawn Martin, TDI	Katelyn Boehm, TDI
John Walker, TDI	Jeff Jones, TDI
Courtney Kretzler, TDI	

Chair Huckaby noted that proper notice of the meeting was filed on April 21, 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 April 21, 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 January 27, 2026 meeting and (2) ratification of the NOLHGA fees and expenses billing for the fourth quarter of 2025.

Upon a motion made by Director Beaman 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 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
	$ 277,693

Item 2 Consideration and possible action on reports and recommendations from the Audit Committee

Mr. Boles reported on the findings of the external/internal penetration and phishing testing reports and the remediation implementation plan and documentation.

Audit Committee Chair Williams reported the Committee met with Bhakti Patel of CliftonLarsonAllen ("CLA"), via videoconference, on Tuesday April 7, 2026, to review the findings of the financial audit of the TLHIGA as of December 31, 2025.

Director Williams introduced Ms. Patel to present the 2025 financial audit findings to the Board. Ms. Patel reported on the conduct of the audit and reviewed the financial statements. Ms. Patel stated there were no significant deficiencies or material weaknesses noted in the report, no disagreements with management, and the firm was providing an unmodified opinion.

Ms. Patel noted the TLHIGA adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 102 Certain Risk Disclosures and initiated early implementation of GASB Statement No. 103 Financial Reporting Model Improvements for 2025.

Ms. Patel explained that footnote 17 Reclassification of Certain Assets and Liabilities is not a restatement, it is an error from last year's actuarial amount that management was provided so it is not a restatement. She stated the TLHIGA did not need to restate the prior year net position, the prior year balance was reclassified for this matter. Ms. Patel reported all the information about this matter is in Footnote 17 for full transparency.

Mr. Boles explained the financial complexities of a multistate insolvency and the reporting of the actuarial of its error in its statement of the TLHIGA reserves for this insolvency to TLHIGA's management.

Mr. Terry stated the error did not have an impact on the bottom line of the TLHIGA's financial statements. He said it was a reduction of an asset and corresponding reduction of a liability, so the net position did not change.

Ms. Patel left the meeting.

Director Williams stated the Committee discussed the scope of the 2025 annual financial audit process in detail and determined no expansion to the scope of the 2026 annual financial audit was needed. He also stated the Committee reviewed the 2026 Audit Plan and had no changes to recommend.

Mr. Boles stated that at the October 28, 2025 Board of Directors meeting, the Board identified the necessity to issue a Request for Proposal ("RFP") to engage an independent auditor to audit the TLHIGA's financial statements for the year ending December 31, 2026. He noted this was necessary to comply with the statutory requirement that the TLHIGA must change its auditor at least every seven years. Mr. Boles stated the current auditor, Bhakti Patel of CliftonLarsonAllen, is now completing her seventh year of conducting the audit of the TLHIGA financial statements.

Mr. Boles stated management sent the RFP to sixteen accounting firms and the firms that responded with a notice of interest were invited to attend a proposer's conference which was also attended by the Audit Committee Chair Mark Williams, Mr. Boles, and Mr. Terry.

Mr. Boles stated the TLHIGA received multiple proposals by the March 10, 2026 submission deadline. He noted staff distributed the proposals to the Committee, along with the evaluation forms and instructions developed by the Committee and management. He stated each member of the Committee returned the evaluation forms and Mr. Terry made a compilation of the results of those evaluations that were confidentially distributed to the Committee.

Mr. Boles stated the Committee discussed the evaluations compilation at its last meeting, and it has a recommendation it will make to the Board in Executive Session.

Mr. Boles reported the TLHIGA is currently carrying a liability in the amount of $200,000 for possible exposure for a claim from the 2001 liquidation of Reliance Insurance Company (Reliance) that was posted in 2003. He stated this liability was established as the result of a lawsuit brought against Reliance prior to the entry of the liquidation order for denial of a disability claim and the suit was withdrawn when Reliance was placed into liquidation. He stated the claimant filed a proof of claim against the Reliance estate and the Reliance Liquidator denied the claim stating the disability did not meet the “any occupation” requirements under the policy.

Mr. Boles reported the TLHIGA was originally advised the policy was issued by a non-admitted surplus lines predecessor to Reliance; therefore, there was no TLHIGA coverage. He stated, at first the Reliance records available were limited due to the collapse of the World Trade Center, though later almost all the records were able to be recreated by working with the Reliance’s reinsurers.

Mr. Boles reported further investigation of the disability program that produced the policy by the legal consultant to the NOLHGA Task Force resulted in a determination that this was a valid Reliance policy. He stated the TLHIGA then evaluated the medical records and found the Liquidator’s claim denial was in error as it appeared the claimant was totally disabled and unable to perform any occupation. He reported the TLHIGA booked a liability equal to its $200,000 statutory maximum for this potential claim and the policyholder was advised of the TLHIGA’s position and that he should submit a claim.

Mr. Boles reported, since the liability was established, 23 years ago, the TLHIGA has not received the documents necessary to substantiate a claim under the policy.

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

> **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.

Mr. Boles reported the Committee also reviewed the TLHIGA’s final 2025 expenses and budget variance report at its last meeting.

Mr. Beaman commended Mr. Terry on all the hard work he does to prepare the TLHIGA's financial statements and in-depth audit reports. Mr. Beaman said Mr. Terry's reports are one of the easiest and cleanest financial reports to follow that he has ever had to review.

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

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

There was nothing discussed under this item.

Item 4 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 appointment and remaining vacancy for public member,
- Executive Director Elect,
- Class B assessment appeal,
- Review of Hard Copy and Electronic Files,
- NOLHGA Meetings,
- NAIC Meetings,
- IAIR Meetings, and
- ILTCI Conference.

Item 5 Consideration and possible action on corporate governance issues

Mr. Boles reported on the distribution and responses to the annual Conflict of Interest and Business Ethics Questionnaires and Antitrust Certifications. He stated that all requested responses were received and there were no issues identified that required additional follow-up.

Mr. Boles reminded the Board of Directors about the Texas Ethics Commission Personal Financial Statement filings. He noted the deadline to submit the statement is April 30, 2026.

Mr. Boles stated that there were no issues or concerns submitted in advance for discussion under the "Directors Feedback" agenda item. He stated a reminder was sent out in advance to directors to contact the Board Chair, General Counsel, or Executive Director, before the meeting, regarding any issue or concern a director would like to discuss with the Board. 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 stated no issues or concerns were submitted for discussion at this time.

Mr. Boles reminded the Board that they may contact Dan Price, TLHIGA's General Counsel, at anytime during the year regarding any concerns or issues a Board member may have regarding the TLHIGA.

Item 6 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 January 27, 2026 Board meeting for the following nine impaired/insolvent member insurers that were specifically discussed in the Board of Directors meeting material:

- Bankers Life Insurance Company/Colorado Bankers Life Insurance Company,
- Southland National Insurance Company,
- North Carolina Mutual Life Insurance Company,
- Universal Life Insurance Company,
- Bright Healthcare Insurance Company of Texas,
- Friday Health Insurance Company, and
- Penn Treaty Network America/American Network Insurance Companies.

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

> **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.

and,

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.

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

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.

Chair Huckaby stated the time to be 9:40 A.M. on April 21, 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 7 Executive Session

CONFIDENTIAL DISCUSSION

Item 8 Consideration and possible action on items discussed in Executive Session

At 11:33 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 Beaman and seconded by Director Cleveland, the Board of Directors unanimously adopted the following resolution:

> **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.

and,

> **RESOLVED,** that the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the selection of CliftonLarsonAllen 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 CliftonLarsonAllen, to conduct an audit examination as of and for the year ending December 31, 2026.

Upon a motion made by Director Cleveland 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 ratifies the engagement of Rudd and Wisdom, Inc. to 1) investigate the TLHIGA's tax treatment of the 457(b) Plan and its participants, 2) provide instructions on how to address any potential tax liabilities for past contributions, if any, and 3) provide a procedure for proper administration for the 457(b) Plan prospectively.

Item 9 Consideration and possible action regarding the 2025 Annual Report

Mr. Boles reported on the process of compiling the information for the 2025 Annual Report. He stated that when the final financial audit report is received it will be included with the Annual Report and submitted to the Commissioner of Insurance, as statutorily required, by the end of April.

Upon a motion made by Director Brodersen 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 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

Mr. Terry, Controller, summarized highlights of the financial statements for the periods December 31, 2025, and January 31 and February 28, 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 hereby approves the financial statements for the periods December 31, 2025, and January 31 and February 28, 2026, as presented.

Item 11 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 Wednesday, August 5, 2026.

Adjourn

There being no further business, Chair Huckaby stated the time to be 11:46 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 April 21, 2026, meeting of the Board of Directors, approved by the Board of Directors at its meeting held on August 5, 2026.

______________________________ ______________________________

James E. Huckaby, Chair Ted Kennedy, Secretary

Item 2

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

<u>Item 3</u>

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

A. Non-Salary benefits provided to the TLHIGA’s employees, including insurance plan renewals
B. Revisions to the Employee Handbook
C. Executive Employment and Deferred Compensation Contract for the Executive Director (non-confidential elements)
D. Responsibilities and duties in the Committee’s Charter

REPORT FROM THE PERSONNEL COMMITTEE

The Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association ("TLHIGA") met on July 22, 2026. Committee Chair Sommer will report on, and provide recommendations related to, the following matters that were discussed during the Committee's meeting.

Non-Salary Benefits Provided to TLHIGA employees – The Committee reviewed the following non-salary employee benefits and is not recommending any changes:

- Health Insurance Plan
- Health Reimbursement
- Long Term Disability
- Group Term Life and AD&D
- Sick, vacation, and personal leave
- Paid holidays
- Parking
- Education Reimbursement
- 401(K) Retirement Plan

Executive Director's Contract – The Committee considered two matters related to the Executive Employment and Deferred Compensation Contract. The first involved the final longevity incentive payment for the current Executive Director. The second addressed the new Executive Director's participation in the Association's Section 457(b) deferred compensation plan. Two resolutions are provided on page 3-2 for consideration of the Committee's recommendations for these two matters.

Revisions to the Employee Handbook – The Committee reviewed two proposed additions to the Employee Handbook: a Cell Phone Stipend Policy and a Commercial Credit Card Policy. Subject to Board approval, both policies will be incorporated into the Employee Handbook. Two resolutions are provided on page 3-2 and 3-3 for consideration of the Committee's two recommendations on the proposed Emnployee Handbook changes.

Committee Charter – The Committee conducted the annual review of its charter and no necessary revisions were identified.

RESOLUTION RECOMMENDING THE FINAL LONGEVITY PAYMENT TO THE EXECUTIVE DIRECTOR

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption.

> **RESOLVED**, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the report from its Personnel Committee that Executive Director Bart Boles has met all the requirements to receive the final longevity incentive payment in his Executive Employment and Deferred Compensation Contracts and such payment will be made to Mr. Boles on December 1, 2026.

RESOLUTION RATIFYING THE EXECUTIVE DIRECTOR DESIGNATE'S PARTICIPATION IN THE 457(b) RETIREMENT PLAN

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption.

> **RESOLVED**, the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee that Executive Director Designate Jan Graeber 's admission to the TLHIGA's 457(b) retirement plan is ratified and approved, effective April 1, 2026.

RESOLUTION RECOMMENDING THE PERSONAL CELLULAR PHONE STIPEND POLICY

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption in the TLHIGA's Employee Handbook.

> **RESOLVED**, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to adopt the Personal Cellular Phone Stipend Policy as presented,
>
> **FURTHER RESOLVED**, the Board of Directors directs the Personal Cellular Phone Stipend Policy be incorporated into the TLHIGA's Employee Handbook, and
>
> **FURTHER RESOLVED**, the Board of Directors establishes the stipend to be $35 per month per employee to be paid on the first of the month beginning on September 1, 2026.

RESOLUTION RECOMMENDING THE
COMMERCIAL CREDIT/DEBIT CARDS POLICY

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption.

> **RESOLVED**, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to adopt the Commercial Credit/Debit Cards Policy as presented,
>
> **FURTHER RESOLVED**, the Board of Directors directs the Commercial Credit/Debit Cards Policy be incorporated into the TLHIGA's Employee Handbook.

<u>**Item 4**</u>

Consideration and possible action on reports and recommendations from the Assessment/Investment Committee regarding:

A. Policy obligations, expenses, and net position for active insolvencies
B. TLHIGA's investments
C. Assessments and refunds
D. Responsibilities and activities in the Committee's Charter

REPORT FROM THE ASSESSMENT/INVESTMENT COMMITTEE

The Assessment/Investment Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association ("TLHIGA") met on July 21, 2026. Committee Chair Harrison will report on, and provide recommendations related to, the following matters that are included on the agenda for the Committee's meeting.

- Policy obligations, expenses, and net position for active insolvencies,
- Review of current investments for matching of maturity schedule with projected needs, investment options and compliance with the TLHIGA investment policy,
- Consideration of assessments and refunds in 2026, potential 2027 assessments, and discussion of the 2024 assessment appeal/protest, and
- Review of the Committee's Charter.

The Committee identified a small revision to its Charter involving the oversight of changes to the assessment process after the changes to the Association's governing act. Since this work has been completed, there is no longer any need for this language in the Charter. A sample resolution is provided on page 4-2 to recommend to the Board of Directors that they adopt the minor revisions to the Committee's Charter.

RESOLUTION RECOMMENDING THE AMENDMENT
OF THE ASSESSMENT/INVESTMENT COMMITTEE CHARTER

The Assessment/Investment Committee recommends the following resolution to the Board of Directors for consideration and possible adoption.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association amends the Assessment/Investment Committee Charter as presented.

Item 5

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

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

ESTATE ADMINISTRATION SUMMARY

This is a report of general insolvency activities since the April 21, 2026, Board of Directors regular quarterly meeting. Specific reports on key estates follow this summary.

Active Receivership Estates

On page 5-2 is a list of the twelve (12) 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.

Contractual Obligation Funding and Projected Obligations

The TLHIGA's funding to fulfill insurance policy obligations for the five months of 2026 totaled approximately $5.4 million. The projected remaining policy obligations covered by the TLHIGA are approximately $9.4 million as of June 30, 2026. The Projected Policy Obligations report, which provides the details of the remaining obligations for these 8 active insolvencies, is included on page 5-3 (these are aggregate payment estimates, not present values).

Estate Distributions, Recoveries & Premium Collections

The TLHIGA received approximately $11.8 million in distributions of estate assets from either foreign or Texas domiciled estates, restitution payments, or litigation recoveries in the first five months of 2026. Premiums collected during the five months of 2026 totaled $865,597.

Miscellaneous Reports

The second quarter 2026 Summary of Communications Activity Report is included on page 5-4.

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

Active Receivership Estate Listing
(as of June 30, 2026)

Status	Estate Name	Reference Number	State of Domicile	Activation Date
ESTATES CLOSED DURING 2026				
	Good Samaritan Life Ins Co	064	TX	07/22/03
	Lone Star Life Ins Co	072	TX	05/18/06
12 ACTIVE ESTATES (2-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
	Heritage National Ins Co	055	OK	12/18/01
	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	

TLHIGA

Projected Policy Obligations (as of May 31, 2026)-Revised

Prepared by Jan Graeber June 5, 2026

TX GA REF NO	ESTATE NAME	IMPAIRMENT YEAR	PROJECTED CLAIMS OBLIGATIONS	CURRENT	LONG-TERM	June-26	July-26	August-26	September-26	October-26	November-26
095	CALANTHE MUTUAL LIFE INS CO	2020	734,732	30,000	704,732	2,500	2,500	2,500	2,500	2,500	2,500
100	COLORADO BANKERS LIFE INS CO	2024	667,836	667,836	0	525,337	30,000	30,000	82,499	0	0
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	3,936,054	20,000	3,916,054	0	10,000	0	0	0	0
084	UNIVERSAL LIFE INS CO	2010	333,625	6,000	327,625	0	3,000	0	0	0	0
	TOTAL ESTIMATED OBLIGATIONS		9,364,801	2,726,836	6,637,965	527,837	2,046,500	32,500	84,999	2,500	2,500

TX GA REF NO	ESTATE NAME	IMPAIRMENT YEAR	December-26	January-27	February-27	March-27	April-27	May-26	>May 2027
095	CALANTHE MUTUAL LIFE INS CO	2020	2,500	2,500	2,500	2,500	2,500	2,500	704,732
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	1,622,900
097	NORTH CAROLINA MUTUAL LIFE INS CO	2022	10,000	0	0	0	0	0	3,916,054
084	UNIVERSAL LIFE INS CO	2010	0	3,000	0	0	0	0	327,625
	TOTAL ESTIMATED OBLIGATIONS		13,500	6,500	2,500	2,500	2,500	2,500	6,637,965

TLHIGA

Summary of Communications Activity (Second Quarter 2026)

Phone Calls	Active Companies	Not GA Related (referred by TDI)	Insolvencies	Insolvencies (referred by TDI)	Miscellaneous	Totals
April						
1-3	5		3		5	13
6-10	26		12		7	45
13-17	26	1	4		9	40
20-24	22	2	2		5	31
27-30	23	4	3		4	34
Month total	102	7	24	0	30	163
May						
1	6			1	4	11
4-8	26	1	3		5	35
11-15	20	1	2		8	31
18-22	22		7		5	34
25-29	17	1	3		6	27
Month total	91	3	15	1	28	138
June						
1-5	21	2	4		6	33
8-12	32	1	3		7	43
15-19	17	3	1		10	31
22-26	20	6	10		8	44
29-30	18	1	4		4	27
Month total	108	13	22	0	35	178
Totals for 2nd Qtr	301	23	61	1	93	479

	April	May	June	2nd Quarter 2026 Totals
E-Mail/Mail Requests Received	4	3	4	11
Website Visitors	899	817	1,188	2,904

2026 COMPLAINT LOG

TYPE OF COMPLAINT
A - INSURANCE COMPANY
B - AGENT
C - CLAIM PAYMENT (AMOUNT DISPUTE)
D - CLAIM PAYMENT (TIMELINESS OF)
E - SERVICE (GUARANTY ASSOCIATION)
F - SERVICE (TPA)
G - TEXAS DEPARTMENT OF INSURANCE

DISPOSITION / RESOLUTION CODES
PN - Pending
FU - Follow up / complaint still pending
RE - Reaffirmed / explained GA position
RD - Reaffirmed previous denial
PC - Paid claim
DC - Denied claim
RA - Referred to assuming carrier
RD - Referred to Texas Department of Insurance
RR - Referred to Receiver
RO - Referred to other
RI - Requested additional information
ST - Settlement

#	COMPLAINANT	COMPANY	LINE OF INSURANCE	TYPE	COMPLAINT DATE	DISPOSITION / RESOLUTION	RESOLUTION DATE	# OF DAYS TO RESOLVE
	No complaints as of 6/30/26							

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 May 31, 2026)

Administration Expenses	$ 1,054,128
Direct Policy Benefit Payments	47,147,397
Assumption Reinsurance Payments	5,101,587
Premium Collections	(0)
Distributions & Recoveries	(27,562,904)
Net Cost	$ 25,740,208
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 assessment invoices 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 May 31, 2026)

Administration Expenses	$ 477,906
Direct Policy Benefit Payments	36,227,023
Assumption Reinsurance Payments	13,314,741
Premium Collections	(843,619)
Distributions & Recoveries	(17,594,234)
Net Cost	$ $31,581,817
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 assessment invoices 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.

BLIC and CBLIC were placed into liquidation following several years in rehabilitation. The liquidation became effective November 30, 2024, after all appeals were resolved. Through a competitive process coordinated by the NOLHGA Global Companies Task Force, Continental General Insurance Company (GCIC) was selected to assume substantially all remaining covered life, annuity, and health insurance obligations of the guaranty associations. The assumption reinsurance transactions closed on December 15, 2025, with an effective date of January 1, 2026. TLHIGA's funding obligation for the transactions was approximately $14.2 million representing its share of the approximately $332.5 million transferred by the guaranty associations to support the assumed obligations. The final funding true-up is expected to be completed by the end of June 2026.

Obligations Paid to Date

The following table displays the claims and assumption costs paid by the TLHIGA and all affected guaranty associations as of May 31, 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	$83,374,420	$18,416,328	$101,790,841

The CGIC assumption agreement excluded 777 policies collectively referred to as "retained policies". The TLHIGA has a total exposure of $667,864 for these policies and additional retained policy liabilities owned by Texas residents, which consists of the following categories.

- Policies with attained ages 96+- CGIC will now assume these obligations (TLHIGA has only one policy with $139.04 of reserves)
- Pre-2026 deaths – CGIC can perform the research on these identified but unreported deaths (TLHIGA has 33 totaling $255,506.18)
- Unsubmitted death claims – CGIC can perform the research to identify and pay the other beneficiaries on these partially paid deaths (TLHIGA has 10 totaling $269,719.96)
- Uncashed post-liquidation checks - CGIC can handled these items including escheating (TLHIGA has 9 totaling $141,070.85)
- Interest on Closed PDFs – The TPA neglected to accrue interest on these funds for a period of time (TLHIGA has 5 totaling $1,428.19).

The Global Companies Task Force has completed the administrative services agreement with CGIC for the ongoing administration of these retained liabilities. The TLHIGA Board of Directors authorized participation in this administration agreement during its January 27, 2026 meeting.

TLHIGA continues participating in NOLHGA's Global Administrative Subgroup activities related to the ongoing administration and resolution of the BLIC/CBLIC insolvencies. Currently, substantial work is being conducted to true up the allocation of expenses and recoveries among the guaranty associations for the three Global Bankers insolvencies. The initial allocations had been performed based on 2024 estimated coverage obligations. The reallocation will be based on the actual policy benefits paid by each guaranty association for BLIC, CBLIC and Southland National Insurance Corporation.

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 May 31, 2026)

Administration Expenses	$	$383,312
Direct Policy Benefit Payments		$2,143,487
Assumption Reinsurance Payments		$4,939,400
Premium Collections		(38,375)
Distributions & Recoveries		(701,431)
Net Cost	$	6,726,393
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.

Assumption Reinsurance Agreement

The NOLHGA Global Task Force developed an assumption reinsurance agreement for the remaining SNIC policy and annuity obligations. CGIC has assumed all policies and annuity contracts.

The assumption reinsurance transaction transferring covered SNIC life insurance policy obligations to CGIC successfully closed and was funded on June 1, 2026. TLHIGA contributed approximately $4.9M toward the transaction. As a result of the transaction, responsibility for covered SNIC life insurance policies has transitioned from the guaranty associations to CGIC, providing policyholders with continued coverage through a solvent insurer. A true-up of the assumption agreement funding is being conducted. It is anticipated the work may be completed in time to provide the results during the August 5, 2026 Board of Directors meeting.

Payments for Covered Obligations

The TLHIGA's work to fulfill the covered SNIC policy obligations owned by Texas residents is now complete. The following table summarizes the benefits paid by the TLHIGA:

Benefit	Amount Paid
Death Benefits	$ 2,065,667
Cash Surrenders	73,920
Policy Loans	3,000
Assumption Reinsurance Funding	4,939,400
Total Paid for Covered Policy Benefits	$ 7,081,987

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 May 31, 2026)

Administration Expenses	$	$116,859
Direct Policy Benefit Payments		424,260
Assumption Reinsurance Payments		1,034,454
Premium Collections		(383,716)
Distributions & Recoveries		(1,374,269)
Net Cost		($ 182,412)
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

Sixty (60) batches of claims have been processed and released through July 13, 2026. The total paid for the Texas claims in these batches is $434,719.

Amendment to Service Agreement

A block of universal life policies was discovered where the TPA increased the Cost of Insurance ("COI") rates to the guaranteed maximums during Rehabilitation, without notice to the policyowners. Most of these premiums were being paid through payroll deductions. The COI rate increase drained many policies' account values to the point where the policies had lapsed or would lapse unless the policyowners substantially increased their monthly premium payments. The affected guaranty associations and the NOLHGA Task Force determined that there was no reasonable option for these universal life policies to be assumed or administered on a going forward basis due to the mishandling of the communications of the COI rate increases and incomplete policy data to correct the COI rates. The most reasonable course of action identified was to pursue settlements with the policyowners in exchange for either a cash payment (which included a refund of all premiums paid since the liquidation date), a replacement single premium whole life policy with a reduced face amount, or a replacement whole life policy with the same face amount as the current policy. The settlement amount was applied to calculate the death benefits or premium payments in the two replacement policy options, so all policyholders received the benefit of the return of premiums paid since liquidation, irrespective of which settlement option they chose.

Settlement offers were distributed in mid-December 2025 to the 38 Texas policyholders of these Universal Life policies. The policyholders were offered a settlement payment based on their 10/31/2022 cash value plus premiums paid after that date less any policy loan balance. The policyholders for 14 of the 38 Texas policies accepted the settlement offer and were paid by the TLHIGA.

On March 23, 2026, a second settlement offer letter was mailed directly by the TLHIGA to the policyholders of the remaining 24 policies to offer the cash payment, a reduced paid-up life policy or a whole life policy with the same death benefit but new premium amounts. The involved policyholders had until April 30, 2026, to respond with their choices. Here is a summary of the responses:

- Six policyholders accepted the cash settlement option and have been paid.
- Two policyholders chose the WL option.
- Fifteen policyholders will be provided the SPWL (one chose the option and fourteen didn’t respond).
- One policy was found to involve an Illinois resident policyholder, so it was sent to the IL GA.

Currently, the North Carolina Mutual settlement program has moved into the implementation phase following the June 5th regulatory approval of the replacement policy forms by TDI.

TLHIGA is now actively distributing settlement letters and policy packages to affected policyholders, including newly issued whole life policies, along with required premium election and payment authorization forms. The replacement policies will be administered in-house by TLHIGA staff. The current focus is on completing these outreach efforts and obtaining the information to begin administering the policies, including premium billing and collection, if applicable, along with policyholder services.

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 May 31, 2026)

Administration Expenses	$ 6,227,057
Direct Policy Benefit Payments	4,656,093
Assumption Reinsurance Payments	0
Premium Collections	0
Distributions & Recoveries	(8,659,686)
Net Cost	$ 2,223,464
Class B Assessments to Date	$ 0

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 11,424 claims with benefits totaling $4,740,898 have been processed and paid by the TLHIGA. Claims and appeals processing is complete. The deadline for the timely submission of claims and appeals passed at year end 2024.

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.

TLHIGA submitted a second Early Access Request, and the SDR distributed $1,676,585 to TLHIGA on June 24, 2026. TLHIGA continues to monitor estate recoveries, including a pending reimbursement issue related to administrative expenses from financing costs. The SDR's POC evaluation process also remains ongoing, with thousands of claims still under review. As in prior phases of the receivership, some claims may be referred to the TLHIGA for evaluation, which could require a meaningful commitment of staff resources. No estimated closing data has been established for the receivership.

TLHIGA has completed its active use of the TPA's claims processing platform and no longer requires these services under the Run Out Services Amendment to the Administrative Services Agreement. The only identified ongoing use is limited to read-only access by the SDR for reference purposes when evaluating the Proofs of Claims filed against the receivership estate. This access continues to generate costs of $40,000 per month which is paid by the TLHIGA. Discussions are being held with the SDR for methods to resolve this ongoing expense.

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 May 31, 2026)

Administration Expenses	$	15,415,278
Direct Policy Benefit Payments		27,536,517
Assumption Reinsurance Payments		0
Premium Collections		0
Distributions & Recoveries		(46,456,812)
Net Cost	$	(3,505,017)
Class B Assessments to Date		$ 0

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.

Claims Batches and Remaining Obligations

As of May 31, 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. Claims and appeals processing is complete, with the exception of a demand from a large hospital group. The deadline for the timely submission of claims and appeals passed at year end 2024.

Settlement discussions with the hospital group have resumed following a delay caused by the retirement of their lead counsel. Efforts to schedule a meeting with the new counsel have not been successful. TLHIGA's remaining exposure is limited to the hospital group's August 22, 2025, revised submission requesting approximately $5 million for 1,676 claims. This is a significant reduction from its original 2024 submission involving more than 14,000 claims and approximately $42.3 million.

The TLHIGA is considering other options to force a resolution of this matter. Counsel will discuss these with the Board of Directors during the Executive Session of the August 5th meeting.

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.

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 May 31, 2026)

Administration Expenses	$ 3,498,108
Direct Policy Benefit Payments	0
Reinsurance Payments to LTC Re	117,917,474
Premium Collections	0
Distributions & Recoveries	(19,429,047)
Net Cost	$ 101,986,535
Class B Assessments to Date	$ 123,704,152

Background

Penn Treaty Network America /American Network Insurance Companies ("Penn Treaty/ANIC") were placed into liquidation on March 1, 2017. The companies had been in rehabilitation since January 6, 2009. The TLHIGA, and 46 other guaranty associations, participated in the formation of LTC Reinsurance PCC ("LTC Re"), a District of Columbia captive insurance company, and then 100% coinsured their obligations to LTC Re.

Administration Activities and Metrics

The table below summarizes the collected premiums and benefit payments since entry of the Liquidation Order (March 1, 2017- May 31, 2026). It also provides May 31, 2026, inforce policy and open/pending claims counts. There will be a confidential discussion regarding these remaining Penn Treaty/ANIC covered obligations during the Executive Session of the August 5th Board of Directors meeting.

	All Guaranty Associations (excluding IL, WI & HI)	TLHIGA Only
Collected Premiums	$694,128,655	$38,639,391
Claims Payments	$2,012,363,508	$107,045,385
Cash Buyout Payments	$ 133,102,987	$ 6,489,189
Total Benefits Paid	$2,145,466,495	$113,534,574
Inforce Policies	27,426	1,354
Open/Pending Claims	3,313	217

<u>Item 6</u>

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. Updates on Companies in Rehabilitation (TLHIGA not activated)
C. Discussion of Executive Director retirement and Designate transition
D. Discussion of confidential elements of the Employment and Deferred Compensation Contract for the Executive Director
E. Discussion of confidential matters related to impaired/insolvent member insurers or matters related thereto
F. Any personnel matters – without management present
G. Any personnel matters – with management present
H. Potential and pending litigation
I. Advice from counsel on any legal issues arising out of any agenda item

Item 7

Consideration and possible action on items discussed in Executive Session

Item 8

Quarterly report from Executive Director on TLHIGA activities

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 April 21, 2026, that are not discussed under other agenda items.

OPERATIONAL UPDATES

Director Appointment and Remaining Vacancy – 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 Transition – Transition activities between Bart Boles and Jan Graeber continue as planned. Jan has been added to general NOLHGA communications and designated as an observer for selected task forces. Bart will coordinate with the chairs of non-insolvency NOLHGA committees and working groups on which he serves to facilitate the transition process, as service on those groups does not automatically transfer to his successor. At the end of July, Jan is expected to assume the role of TLHIGA's primary liaison with NOLHGA, including full participation and voting privileges.

Texas State Auditor's Efficiency Audit – On June 2, 2026, Weaver & Tidwell notified TLHIGA and its sister guaranty associations, the Texas Property and Casualty Insurance Guaranty Association (TPCIGA) and the Texas Title Insurance Guaranty Association (TTIGA), that they had been included in an efficiency audit pursuant to Texas Government Code Chapter 327 that was to be conducted of the Texas Department of Insurance's eleven Joint Underwriting and Advisory Organizations.

According to the notice, the audit is intended to evaluate whether participating organizations administer selected resources efficiently and in accordance with applicable requirements and best practices, including the systems and processes that support their operations. The three guaranty associations jointly took the position that they are nonprofit entities created by statute and are not state agencies, regulatory agencies, or Joint Underwriting and Advisory Organizations. A joint letter was drafted for submission to clarify this position. The letter was deemed unnecessary after discussions with the Texas Department of Insurance led to an email acknowledgement that "the audits related to the GAs are not moving forward at this time". This matter will be discussed in detail with the Audit Committee during its October 12, 2026 meeting.

MEETINGS AND ACTIVITIES WITH OTHER ORGANIZATIONS

NOLHGA Legal Seminar and MPC meeting – Jan, Bart and Dan attended NOLHGA's MPC meeting and Legal Seminar July 29-31 in Chicago where insolvency-related legal issues facing the life and health insurance guaranty associations and the insurance industry and regulatory community were discussed. Bart presented on business continuity and transition planning at the State Board Chairs conference on July 28th. Jan presented at the Legal Seminar on the latest developments in the long-term care market, exploring solvency and regulatory implications.

NAIC Meetings – Bart, Jan, and Dan will attend the NAIC's Summer National Meeting that will be held on August 11-14, 2026, in Columbus, Ohio. In addition to several NAIC committee and working group meetings, Bart, Jan, and Dan will attend 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 – In addition to the IAIR presentations and meetings during the Columbus NAIC Summer National meeting, Jan, Dan, Jarett and Bart will attend an IAIR Technical Series Development Workshop in Tempe, AZ on October 6-8, 2026. The workshop will focus on techniques for addressing unique and challenging assets in receiverships and ethical uses of artificial intelligence.

Item 9

Consideration and possible action on corporate governance issues

A. Directors’ feedback

CORPORATE GOVERNANCE ISSUES

<u>BOARD OF DIRECTORS FEEDBACK</u>

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.

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

Item 10

Consideration and possible action on draft Internal Revenue Service Form 990

REVIEW OF INTERNAL REVENUE SERVICE FORM 990

Jarett Terry mailed Form 8868 to the Internal Revenue Service in February to request an automatic six-month extension of the May 15, 2026 due date for filing the TLHIGA's Form 990 – Return of Organization Exempt From Income Tax. The request was granted and the filing will be due by November 15, 2026.

Jarett Terry prepared the Form 990 for tax year 2025, reviewed it with Bart Boles and Jan Graeber, and then forwarded it to the TLHIGA's CPA firm, CliftonLarsonAllen ("CLA"), in May. CLA had minimal revisions. The Form 990 was confidentially provided to the Board and counsel through the portal in advance of the meeting.

Any questions or suggested changes from the Board of Directors will be discussed during its August 5, 2026 meeting in preparation for filing the final version of Form 990 with the IRS on or before November 15, 2026. No action is required is required by the Board.

<u>Item 11</u>

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

A. Review and acceptance of current financial statements

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 11-2 through 11-10 are the TLHIGA's financial statements for the periods ended March 31, April 30, and May 31, 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 May 31, 2026

The TLHIGA requested all BLIC/CBLIC escrow funds to be transferred to the TLHIGA, additional recoveries were received after the transfer

Reduction due primarily to SNIC assumption

Increase from NCM Retained Policies

	Month Ending 03/31/2026	Month Ending 04/30/2026	Month Ending 05/31/2026	Month Ending 05/31/2025
Assets				
Current Assets				
Cash & Cash Equivalents				
Cash & Money Market Funds	57,107,323.13	73,979,489.46	73,915,307.12	51,162,727.34
Treasury Bills	31,337,817.72	38,548,627.72	33,651,048.96	36,927,846.46
Escrow Account	24,063,887.91	10,682,867.65	11,592,908.80	30,315,633.44
Total Cash & Cash Equivalents	112,509,028.76	123,210,984.83	119,159,264.88	118,406,207.24
Receivables				
Billed Assessment, Net of Allowance	4,745.10	4,745.10	4,745.10	4,646.09
Deposits & Other	21,259.69	21,192.38	21,192.38	21,259.90
Accrued Interest	0.00	14,157.50	28,315.00	131,974.90
Proof of Claims, Net of Allowance	0.00	0.00	0.00	0.00
Total Receivables	26,004.79	40,094.98	54,252.48	157,880.89
Pre-Paid Expenses	14,974.06	14,974.06	15,261.98	14,974.06
Total Current Assets	112,550,007.61	123,266,053.87	119,228,779.34	118,579,062.19
Noncurrent Assets				
Unbilled Assessments	11,840,618.65	11,901,617.04	4,133,471.34	15,948,087.18
Investments in Deferred Compensation Plans	272,474.87	308,462.15	317,491.41	225,282.21
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	940,045.72	949,995.26	959,877.03	839,702.64
Total Capital Assets	814,278.73	804,329.19	794,447.42	914,621.81
Total Noncurrent Assets	12,927,372.25	13,014,408.38	5,245,410.17	17,087,991.20
Total Assets	**125,477,379.86**	**136,280,462.25**	**124,474,189.51**	**135,667,053.39**
Liabilities and Net Position				
Liabilites				
Current Liabilities				
Accounts Payable	126,346.81	168,664.72	140,439.15	41,103.23
Accrued Expense	550,191.11	439,941.10	496,302.20	774,921.96
Compensated Absences	88,584.62	91,154.90	108,168.12	69,305.76
Assessment Credit Balance	3,951,258.32	3,951,258.32	3,951,258.32	3,951,258.32
Lease Liabilities-Current Portion	104,047.14	104,476.78	104,907.00	99,782.64
Insurance Contractual Obligations	9,532,916.00	9,493,472.00	2,726,836.00	47,727,840.00
Total Current Liabilities	14,353,344.00	14,248,967.82	7,527,910.79	52,664,211.91
Noncurrent Liabilities				
Insurance Contractual Obligations	2,725,391.00	2,723,575.00	6,637,965.00	2,937,425.00
Deferred Compensation Plan Liabilities	272,474.87	308,462.15	317,491.41	225,282.21
Lease Liabilities-Less Current Portion	807,405.50	798,609.81	789,802.17	894,708.87
Total Noncurrent Liabilities	3,805,271.37	3,830,646.96	7,745,258.58	4,057,416.08
Total Liabilites	18,158,615.37	18,079,614.78	15,273,169.37	56,721,627.99
Net Position				
Unrestricted	107,415,938.40	118,299,604.87	109,301,281.89	79,025,295.11
Net Investment in Capital Assets	(97,173.91)	(98,757.40)	(100,261.75)	(79,869.71)
Total Net Position	107,318,764.49	118,200,847.47	109,201,020.14	78,945,425.40
Total Liabilities and Net Position	**125,477,379.86**	**136,280,462.25**	**124,474,189.51**	**135,667,053.39**

Texas Life and Health Insurance Guaranty Association
Statement of Activities and Changes in Net Position
As of May 31, 2026

BLIC/CBLIC Early Access and premium distributions

	Month Ending 03/31/2026	Month Ending 04/30/2026	Month Ending 05/31/2026	Year To Date 05/31/2026
Change in Net Positon				
Operating Income (Loss)				
Operating Revenues				
Assessment	0.00	0.00	0.00	0.00
Changes in Unbilled Assessment	1,660,742.88	60,998.39	(7,768,145.70)	(6,749,221.66)
Estate Recoveries	28,202.78	10,683,282.40	1,097.66	11,826,646.60
Premium Net of Refunds	4,747.07	4,737.04	848,030.72	865,597.14
Total Operating Revenues	1,693,692.73	10,749,017.83	(6,919,017.32)	5,943,022.08
Operating Expenses				
Claims Expenses				
Changes in Insurance Contractual Obligations	1,410,585.00	(41,260.00)	(2,852,246.00)	(1,454,252.00)
Refunds of Prior Year's Assessment	0.00	0.00	0.00	0.00
Claims Paid	42,092.53	(97,684.51)	66,304.66	352,402.20
Assumption Reinsurance Agreements	0.00	0.00	4,939,400.00	4,842,440.70
Third Party Administrative Operations	40,326.35	40,325.00	42,313.46	416,465.56
National Task Force	111,026.33	83,333.33	83,333.33	444,359.65
Total Claims Expenses	1,604,030.21	(15,286.18)	2,279,105.45	4,601,416.11
Administrative Expenses				
Legal & Professional	14,374.75	15,530.22	34,264.00	78,654.28
Salaries & Benefits	76,453.64	128,477.73	116,443.91	500,176.82
Building & Equipment Expenses	6,756.15	11,423.26	6,349.50	37,227.91
Depreciation & Amortization	9,976.62	9,949.54	9,881.77	49,761.17
Other	23,878.82	51,048.84	28,835.45	246,216.76
Total Administrative Expenses	131,439.98	216,429.59	195,774.63	912,036.94
Total Operating Expenses	1,735,470.19	201,143.41	2,474,880.08	5,513,453.05
Total Operating Income (Loss)	(41,777.46)	10,547,874.42	(9,393,897.40)	429,569.03
Nonoperating Revenues (Expenses)				
Interest Income	214,558.57	242,424.82	298,140.67	1,298,376.27
Unrealized Gain/Loss-US Treasury	112,085.20	98,821.91	102,421.24	473,333.21
Interest Expense	6,163.29	7,038.17	6,491.84	31,013.86
Total Nonoperating Revenues (Expenses)	320,480.48	334,208.56	394,070.07	1,740,695.62
Total Change in Net Position	**278,703.02**	**10,882,082.98**	**(8,999,827.33)**	**2,170,264.65**

TEXAS LIFE AND HEALTH INSURANCE
GUARANTY ASSOCIATION
Statement of Cash Flows
For the Year-to-Date Ended May 31, 2026

	May 31, 2026	Prior Year May 31, 2025
Cash Flows from Operating Activities:		
Excess of Revenues Over (Under) Expenses	$ 2,170,265	$ 5,947,750
Adjustments to Reconcile Excess of Revenue Over (Under) Expenses to Net Cash Provided by Operating Activities:		
Allowance for Assessments Receivable		
Depreciation & Amortization	49,761	50,642
Change in Assets and Liabilities:		
(Increase) Decrease in Unbilled Assessments Receivable	6,749,222	28,722,496
(Increase) Decrease in Assessments Receivable	-	7,934,934
(Increase) Decrease in Pre-Paid Rent	(288)	(279)
(Increase) Decrease in Other Receivables	(8)	(51)
Increase (Decrease) in Accounts Payable	(18,501,993)	35,904
Increase (Decrease) in Compensated Absences	35,361	11,286
Increase (Decrease) in Accrued Expenses	(119,963)	308,619
Increase (Decrease) in Insurance Contractual Obligations	(1,454,252)	(64,633,714)
TOTAL ADJUSTMENTS	(13,242,160)	(27,570,163)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(11,071,895)	(21,622,413)
Cash Flows from Financing Activities:		
Inter Account Loans (Net)	165,248	(18,007,452)
Inter Account Borrowing (Net)	(165,248)	18,007,452
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	-	-
Cash Flows from Investing Activities:		
(Increase) Decrease - Investment in Long Term Investments	2,016,273	(1,173,228)
(Increase) Decrease - Accrued Interest	130,433	71,922
Purchase/Sale of Furniture & Equipment, net of accumulated depreciation	-	(7,958)
Capital Lease Payments	(41,774)	(39,709)
Increase in Allowance for Uncollectible POC and Loans	5,153,228	31,955,177
Proofs of Claim Filed	(5,153,228)	(31,955,177)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	2,104,933	(1,148,973)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,966,962)	(22,771,386)
Cash and Cash Equivalents at Beginning of Year	94,475,178	104,249,747
Cash and Cash Equivalents at May 31	$ 85,508,216	$ 81,478,361

TEXAS LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

May 31, 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. <u>Membership Assessments</u>

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 May 31, 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 $4,133,471.34 as of May 31, 2026, 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 May 31, 2026, proofs of claim totaled $522,071,394.26.

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 May 31, 2026, was $522,071,394.26.

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 May 31, 2026, the following had occurred:

Balance January 1, 2026	**Borrowings**	**Repayments**	**Balance May 31, 2026**
$1,606,600.85	$165,248.11	-	$1,771,848.96

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 May 31, 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 12

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

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 12-2 through 12-8 is the TLHIGA 2026 Calendar of Activities with meeting dates, activities, and agenda items. These 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, October 27, 2026**.

TLHIGA

2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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: - 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** - 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** - Consideration of prior meeting's minutes - Review the TLHIGA's cash flow projections - Review the TLHIGA's investments - Review the net cash available/needs position of all insolvencies - Consider the necessity for a Class A and/or a Class B Assessment and/or refund in 2026	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

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2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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
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: - 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: - 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
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

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2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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
20	BOD	CH	3/31/26	**BOD CHAIR** will conduct the following in preparation for the April 21, 2026 Board of Directors meeting: - 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 reponses - Conduct the annaul 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
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

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2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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
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	4/21/26
27	ED		4/22/26	**EXECUTIVE DIRECTOR** will notify selected audit firm of the Board of Directors' engagement decision	4/21/26
28	ED		4/29/26	**EXECUTIVE DIRECTOR** will file the 2025 Annual Report with the Commissioner of Insurance	4/29/26
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.	4/30/26
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.	7/2/26
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.	7/7/26
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.	7/14/26
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.	7/15/26
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	7/21/26

2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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
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 Employee Handbook for cell phone stipend and commercial credit/debit card use - Meet in Executive Session for the Committee to discuss confidential personnel matters and receive advice from counsel - Review of the Committee's Charter	7/22/26
36	ED		7/24/26	**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.	7/24/26
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	7/28-31/26
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	

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2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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 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 nework 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 fo 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.	

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2026

2026 Calendar of Activities (MASTER COMPILATION) updated as of 7/31/26

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
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.	