

**Board of Directors Meeting
October 27, 2026**

Briefing Material



Board of Directors Meeting Agenda

Tuesday, October 27, 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: 894 7255 1348 Password: 262295

- I. Consideration and possible action on consent agenda items *
 - a. Summary of the official minutes of the August 5, 2026, meeting of the Board of Directors
 - b. Ratification of the payment of NOLHGA's fees and expense billing for 2nd quarter of 2026
- II. Recognition of TLHIGA Executive Director, Bart Boles *
- III. Consideration and possible action on reports and recommendations from the Audit Committee regarding:
 - a. Texas Department of Insurance Examination for 2021-2026
 - b. Discussion regarding the performance of an efficiency audit
 - c. Consideration and possible action regarding the Audit Plan for calendar year 2027*
 - d. Review of TLHIGA's Commercial Insurance Coverages
 - e. Consideration and possible action regarding the Audit Committee Charter*
 - f. Review of TLHIGA's 2027 Operating and Capital Expenditures Budget
- IV. Consideration and possible action regarding any matters presented by the Texas Department of Insurance
- V. Consideration and possible action regarding the following impaired/insolvent member insurers or matters related thereto:
 - a. Estate Summary
 - b. Bankers Life/Colorado Bankers Life Insurance Companies*
 - c. Southland National Insurance Corporation
 - d. Friday Health Insurance Company
 - e. Penn Treaty Network America/American Network Insurance Companies
- VI. Executive Session:
 - a. Confidential report of the Texas Department of Insurance to the Board of Directors on troubled or insolvent insurance companies and related discussion
 - b. Updates on Companies in Rehabilitation (TLHIGA not activated)
 - i. 2024 Class B Assessment Protest
 - ii. Credit Refund Balances
 - iii. BLIC/CBLIC Excess Funds
 - c. Discussion of Executive Director retirement and Designate transition

* 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.

- d. Any personnel matters – without management present
- e. Any personnel matters – with management present
- f. Potential and pending litigation
- g. Advice from counsel on any legal issues arising out of any agenda item
- VII. Consideration and possible action on items discussed in Executive Session*
- VIII. Quarterly report from Executive Director on TLHIGA activities
- IX. Consideration and possible action on corporate governance issues
 - a. Trustee Change for 401(k) Retirement Plan*
 - b. Directors Feedback
- X. Consideration and possible action regarding the following financial and accounting matters:
 - a. Review and acceptance of the current financial statements
- XI. Consideration and possible action regarding the 2027 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.
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Open Meeting Information

Status	Accepted
TRD	2026006182
Submitted Date/Time	10/16/2026 03:16 PM CDT
Agency	Texas Life and Health Insurance Guaranty Association
Meeting Date	10/27/2026
Meeting Time	08:30 AM
Address	1717 West 6th Street
City	Austin
State	TX
Additional Information	Call TLHIGA at (800) 982-6362 or go to www.txlifega.org

Agenda

The Board of Directors meeting will be held as a videoconference/teleconference. Attendees also have the option to attend the meeting in-person at 1717 West 6th Street, Suite 105, Austin, TX 78703.

Teleconference meeting access information:

Dial in Number (Toll Free): 1.346.248.7799

Zoom Meeting ID: 894 7255 1348

Password: 262295

Additionally, to obtain a complete PDF copy of the meeting material please go to www.txlifega.org.

Consideration and possible action on:

- I) Consent agenda;
- II) Recognition of TLHIGA Executive Director, Bart Boles;
- III) Reports and recommendations from the Audit Committee;
- IV) Matters presented by the Texas Department of Insurance;
- V) Impaired/insolvent member insurers;
- VI) Executive Session;
- VII) Items discussed in Executive Session;
- VIII) Quarterly report from Executive Director;
- IX) Corporate governance;
- X) Financial and accounting matters;
- XI) 2027 Calendar of Activities and confirmation of the next meeting date.

Item I

Consideration and possible action on consent agenda items

- a. Summary of the official minutes of the August 5, 2026, meeting of the Board of Directors
- b. Ratification of the payment of NOLHGA's fees and expense billing for 2nd quarter of 2026



October 27, 2026 Board of Directors Meeting

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 August 5, 2026 Board of Directors meeting shown on pages 1-2 through 1-9 and
2. Ratification of the payment of the second 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 August 5, 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 April 1, 2026 through June 30, 2026, totaling \$473,410 as shown in the following list:

Assessment Data Survey	7,133
Global Bankers-Bankers Life Ins Co	47,116
Global Bankers-Colorado Bankers Life Ins Co	16,388
Global Bankers -Southland National Ins Co	23,044
National States Ins Co	2,098
North Carolina Mutual Life Ins Co	2,077
Penn Treaty/ ANIC	1,704
PHL Variable Ins Co	350,805
Senior Health Ins Co of Pennsylvania (SHIP)	22,701
Universal Life/BTW	344
\$	473,410



**SUMMARY OF THE OFFICIAL MINUTES OF THE
August 5, 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 Vice-Chair James Harrison, at 8:34 A.M. Central Time on August 5, 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	James Kennedy

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

Employees: Bart Boles Jan Graeber Jarett Terry Topping Haggerty Brandy Nichols
General Counsel: Dan Price

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

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

Vice-Chair Harrison noted that proper notice of the meeting was filed on July 24, 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 August 5, 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 April 21, 2026, meeting and (2) ratification of the NOLHGA fees and expenses billing for the first quarter of 2026. Director Harrison stated that the minutes show he was in attendance, but he was not in attendance for the April 21, 2026, meeting.

Upon a motion made by Director T. Kennedy and seconded by Director Beaman, amended to remove James Harrison's name from attendance of the meeting shown on the first page of the April 21, 2026, summary minutes, 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 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

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

There was nothing discussed under this item.

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

Personnel Committee Chair David Sommer reported the Committee met on July 22, 2026.

Director Sommer reported on the Committee's review of the health, dental, long-term disability, life, and accidental death & dismemberment coverage renewal quotes. The Committee recommended renewal of all these employee benefit coverages.

Director Sommer reported the Committee considered Mr. Boles' Executive Employment and Deferred Compensation Contract and determined that Mr. Boles had fulfilled the requirements to receive his longevity payment due at the end of December 2026. Mr. Price directed further discussion on this item be conducted in Executive Session.

Director Sommers reported the Committee discussed Ms. Graeber's participation in the TLHIGA's Section 457(b) deferred compensation plan and submitted a recommendation to the Board.

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

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.

Director Sommer reported the Committee discussed adding a Cell Phone stipend to all staff and adding a Commercial Credit Card policy to Employee Handbook.

Ms. Graeber reported, in detail, on management's recommendation to provide staff with a stipend for the required use of their personal cell phones for work purposes. She stated management is recommending September 1, 2026 as the start date to include the stipend in the staff paychecks. Ms. Graeber reported on the proposed language to be added to the Employee Handbook for the Cell Phone Stipend Policy.

Ms. Graeber reported Mr. Boles had been personally guaranteeing the credit cards used by the TLHIGA and with his pending departure the TLHIGA required a new credit card system. She stated management has established a new commercial credit card program with JP Morgan Chase providing the staff with credit cards to be used for TLHIGA purchases and TLHIGA travel only. Ms. Graeber reported on the proposed language to be added to the Employee Handbook for the TLHIGA's Corporate Credit Card Policy.

Ms. Graeber reported, in detail, on the employee benefits' health coverage and long-term disability premium increase. She also reported on the group life and accidental death and dismemberment coverage change to the guaranteed issue amount.

Mr. Boles stated when there is no change to carriers, no substantial change to coverage, and a reasonable increase in premium, it has been considered with the discretion of the Executive Director, in consultation with the Personnel Committee, to continue those coverages; therefore, no Board action is required.

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

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to 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.

Also,

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.

Director Sommer reported the Committee reviewed its Charter and has no changes to recommend.

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

Assessment/Investment Committee Chair James Harrison reported that the Committee met on Monday, July 21, 2026.

Director Harrison stated the Committee reviewed the following items: policy obligations, expenses, and net position for active insolvencies; investments and investment income; the necessity for Class A or Class B assessments/refund in 2026, and potential 2027 assessments. Director Harrison stated that the Committee is not recommending a Class A or Class B assessment or a refund at this time.

Director Harrison reported the Committee also reviewed the current status of the 2024 Class B assessment appeal/protest that had been filed with the Texas Commissioner of Insurance and is still open and pending. Director Harrison directed further discussion on this item be conducted in Executive Session.

Director Harrison reported on the Committee's review of its Charter and its recommended revisions to the Charter. He stated that under Section III Responsibilities and Duties the Committee recommends changing Item 1 to clarify that the future contractual obligations are referring to insurance policy and annuity obligations and removing Item 5 "Oversee transition of assessment process under amended Association Act" because the Association's Act and Plan of Operation have been amended and the Committee no longer needs to oversee this issue.

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

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 impaired/insolvent member insurers or matters related thereto

Ms. Graeber reviewed the projected policy obligations report and general metrics on claims payments, premium collections, and recoveries. She reviewed the Summary of Communications Activity report and stated the TLHIGA has not received any complaints.

Ms. Graeber summarized the TLHIGA's recent activities since the April 21, 2026 Board meeting for the following eight 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,
- Bright Healthcare Insurance Company of Texas,
- Friday Health Insurance Company, and
- Penn Treaty Network America/American Network Insurance Companies.

James Huckaby joined the meeting in-person during the discussion of this item.

Vice Chair Harrison stated the time to be 9:07 A.M. on August 5, 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 6 Executive Session

CONFIDENTIAL DISCUSSION

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

At 12:11 P.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.

Mr. Price stated the Board's discussion in Executive Session resulted in a resolution for a Personnel Committee recommendation and a resolution for Friday Health Insurance Company HCA claims.

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 (Association) accepts the reports from its Personnel Committee that: (a) Executive Director Bart Boles is due a true-up contribution to his 457(b) Plan to align the Association's contributions to the Plan with the expectations under the Executive Employment and Deferred Compensation Contract (EEDCC), (b) Executive Director Bart Boles has met all the requirements to receive the final longevity incentive payment in the EEDCC, and (c) such true-up contribution and longevity payment will be made to Mr. Boles on December 1, 2026 with the details of the true up contribution to be discussed between the Chairman of the Board and Executive Director Bart Boles.

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

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association (Association) authorizes the Executive Director and General Counsel to take whatever action is necessary to resolve the claims of HCA made to the Association in relation to the Friday Health Insurance Company in Liquidation.

Mr. Price stated that in the second resolution "Executive Director" refers to the then sitting Executive Director and noted the resolution was kept broad on purpose to account for the unknown timing of these claims' resolution.

Item 8 Quarterly report from Executive Director on TLHIGA activities

Ms. Graeber commented on the following items in her written report in the meeting briefing book:

- Director appointed for public member position,
- Executive Director transition,
- Texas State Auditor's Efficiency Audit,
- NOLHGA Legal Seminar and MPC meeting,
- NAIC Summer National Meeting, and
- IAIR Meetings.

Item 9 Consideration and possible action on corporate governance issues

Mr. Boles stated that in advance of the meeting materials being distributed for every regularly scheduled Board meeting, a reminder is sent out 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. Mr. Boles emphasized that any issue or concern 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 that every October meeting of the Board includes a more in-depth discussion about the Board of Directors evaluation topics and corporate governance based on the Corporate Governance Guidelines, irrespective of whether any concerns, issues, or comments are made in advance of the meeting.

Mr. Boles stated this is a mechanism to identify any shortfall in TLHIGA governance practices and he reminded the Board that they may contact Dan Price, TLHIGA's General Counsel, at any time during the year regarding any concerns or issues a Board member may have regarding the TLHIGA.

Mr. Boles reported that there were no issues or concerns submitted for discussion at this meeting.

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

Ms. Graeber reported on the Internal Revenue Service Form 990 for tax year 2025 that was distributed to the Board for review in advance of the meeting. She noted that the form was also reviewed by herself, Mr. Boles, and the CPA. There were no revisions suggested by the Board.

Item 11 Consideration and possible action regarding the following financial and accounting matters

Mr. Terry, Controller, summarized highlights of the financial statements for the months ending March 31, April 30, and May 31, 2026.

Item 12 Consideration and possible action regarding the 2026 Calendar of Activities and confirmation of the next meeting date

The Board confirmed that its next regular quarterly meeting will be held at 8:30 A.M. Central time on Tuesday, October 27, 2026.

Adjourn

There being no further business, Chair Huckaby stated the time to be 12:30 P.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 August 5, 2026, meeting of the Board of Directors, approved by the Board of Directors at its meeting held on October 27, 2026.

James E. Huckaby, Chair

Ted Kennedy, Secretary

Item II

Recognition of TLHIGA Executive Director, Bart Boles



RECOGNITION OF EXECUTIVE DIRECTOR BART BOLES

Bart Boles has served the TLHIGA for 39 years, the last 24 of those years he has led the TLHIGA as the Executive Director.

Mr. Boles began his TLHIGA service in 1987 while still an employee of the Texas Department of Insurance's (TDI) Liquidation Division, when TDI operated the TLHIGA. As a TDI employee, he was the liaison with NOLHGA on behalf of what was then called the Texas Life, Accident, Health and Hospital Service Insurance Guaranty Association and was responsible for tracking TLHIGA responsibilities and issues on multi-state insolvencies. When the legislature privatized the functions of the Liquidation Division, including the operations of the TLHIGA, he became an employee of the TLHIGA in January of 1992.

Mr. Boles served as Vice-President for Foreign Estates from 1992 and by 1994 he had been promoted to Vice President of Estate Administration, which he held until 1997. From 1992 to 1997, the TLHIGA was activated for 31 insolvencies.

In late 1997, the Board of Directors decided the TLHIGA would be better served if managed by a private firm. Mr. Boles, along with two other TLHIGA executives, formed LaShelle, Coffman & Boles, Inc. (LCB), a management services firm and licensed third party administrator. LCB submitted a proposal to manage the TLHIGA in response to a Request for Proposals and was selected to be managing contractor in 1998. Mr. Boles continued to serve the TLHIGA while a founding Partner of LCB, which provided services to many management and policy and claims administration services to multiple clients, including the Texas Health Insurance Risk Pool. The TLHIGA was activated for another 20 insolvencies during LCB's five-year term of managing the TLHIGA, which ended in December 2002.

In January 2003, Mr. Boles was appointed the Executive Director of the TLHIGA when the Board of Directors decided the TLHIGA should revert back to an employee managed structure. During Mr. Boles tenure as Executive Director, the TLHIGA was activated for an additional 27 insolvencies.

In addition to his service to the TLHIGA, Mr. Boles was fully committed to the National Organization of Life & Health Insurance Guaranty Associations' (NOLHGA) mandate to coordinate and assist the member guaranty associations when an insurance company's failure affects policyholders in many states.

For NOLHGA, Mr. Boles served as a member of the Board of Directors from 2006 to 2009 and from 2012 to 2018. He also served on over 50 NOLHGA Insolvency task forces, chairing at least 7 of those task forces. In addition, he served as Members' Participation Council Chair and on a myriad of NOLHGA committees and subgroups such as MPC Executive Committee, Audit



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Committee, GA Banking Practices Subgroup, Security Advisory Committee, Business Continuity Plan Subgroup, GA Best Practices Subgroup, Administrators Education Committee, MPC Insolvency Task Force Guidelines Working Group, Electronic Document Management Subgroup, Coverage/Claims Committee, Coordination & Strategy Committee, etc.

Mr. Boles served on the International Association of Insurance Receivers (IAIR) Board of Directors from 2013 through 2026 including four years as President across two terms, with his current term concluding on December 31, 2026. He is the only guaranty association representative to serve as IAIR President and the only person to serve twice in the role of President. In 2024, Mr. Boles received IAIR's Distinguished Service Award in recognition of his outstanding contributions to IAIR. During his tenure at IAIR he dedicated five years to developing the testing and certification program for IAIR's two new professional designations. Mr. Boles holds IAIR's highest designation, Certified Insurance Resolutions Director.

Mr. Boles contributed to numerous IAIR presentations at Resolution Workshops, Issues Forums, and Technical Development Series programs, and served on the Education, Audit, Ethics, and Website Committees. He strengthened IAIR's educational resources by personally preserving and organizing more than 180 presentations from past IAIR workshops and educational programs that are being built into an online library for IAIR members to reference into the future. And for many years, Mr. Boles provided and personally operated audiovisual equipment for IAIR events to ensure the delivery of quality educational programs while reducing event expenses.

Mr. Boles was remarkable in his tireless commitment to attending every meeting held by NOLHGA, IAIR, NAIC, and the Western State Guaranty Association Administrators year after year.

And for the last 12 years, Mr. Boles presented an annual lecture to an LLM class at the University of Connecticut School of Law on the purpose, history, and structure of the life and health guaranty associations.



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**RESOLUTION REGARDING
BART BOLES SERVICE TO THE TLHIGA**

WHEREAS, in appreciation of Bart Boles thirty-nine years of service to the TLHIGA, and in recognition of his retirement as Executive Director of the TLHIGA Board of Directors on 12/31/2026, it is

RESOLVED, that the Texas Life and Health Insurance Guaranty Association Board of Directors, bestows upon Mr. Boles the honor of “Outstanding Executive Director” and presents him with a memento of its appreciation for his services.

Item III

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

- a. Texas Department of Insurance Examination for 2021-2026
- b. Discussion regarding the performance of an efficiency audit
- c. Consideration and possible action regarding the Audit Plan for calendar year 2027
- d. Review of TLHIGA's Commercial Insurance Coverages
- e. Consideration and possible action regarding the Audit Committee Charter and
- f. Review of TLHIGA's 2027 Operating and Capital Expenditures Budget



REPORT FROM THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association (“TLHIGA”) met on October 12, 2026. Chair Williams will report on the following matters discussed during the meeting and present the Committee’s recommendations for Board consideration, as appropriate.

Texas Department of Insurance Examination for the Five-Year Period Ending December 31, 2026 – The Committee received an update on the upcoming Texas Department of Insurance examination for the five-year period ending December 31, 2026. TLHIGA received notice of the examination on September 10, 2026. The update included an overview of the initial questionnaires, the scope of the requested information, and TLHIGA’s progress in preparing its responses, which are due November 13, 2026. No Committee action was required.

Discussion and Consideration of an Efficiency Audit – The Committee received an update regarding a June 2, 2026, notification that TLHIGA had been included in an efficiency audit under Chapter 327 of the Texas Government Code. TLHIGA, along with other Texas guaranty associations, took the position that it is not subject to Ch 327. Although the auditor subsequently indicated that TLHIGA would not be included in the audit at this time, the original notice has not been formally withdrawn.

In light of these developments, the Committee discussed whether to undertake an efficiency audit as contemplated by 28 TAC §31.204. Although this matter is ordinarily considered at the Committee’s spring meeting, management brought it forward for earlier discussion given the circumstances. The Committee elected to defer further consideration until its April 2027 meeting.

2027 Audit Plan – The TLHIGA is statutorily required to file an annual Audit Plan with the Commissioner of Insurance. The Committee reviewed the draft 2027 Audit Plan shown on pages 3-3 through 3-5 of the meeting materials, and recommends approval by the Board of Directors. The proposed plan includes one minor revision from prior years, moving a provision from the section addressing the Committee’s functions to the section addressing functions of the Committee or its Chair, providing greater flexibility in carrying out those responsibilities. The recommended Board resolution is provided on page 3-11.

Commercial Insurance Coverages – The Executive Director annually provides the Committee with a summary of TLHIGA’s commercial insurance coverages. Chair Williams will report to the Board on the Committee’s review.

Audit Committee Charter – The Committee annually reviews its Charter for any recommended changes. The Committee recommends minor changes to recognize the change in legal counsel and to standardize references to the TLHIGA. The amended Charter is presented beginning on page 3-6 with a recommended resolution on page 3-11.

Development of the TLHIGA’s 2027 Budgets – TLHIGA staff provided an overview of the assumptions underlying the development of the proposed 2027 Operating and Capital Expenditure Budgets. The Committee reviewed the assumptions and Chair Williams will report on that review to the Board.



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AUDIT PLAN

For Calendar Year 2027

The Audit Committee of the Board of Directors for the Texas Life and Health Insurance Guaranty Association ("TLHIGA"), in accordance with 28 TAC §31.205 and its adopted Audit Committee Charter, has developed the following Audit Plan for calendar year 2027.

The Audit Plan consists of elements related to the conduct and review of the financial statements audit for the year ending December 31, 2026 ("2026 Audit"), other audit projects related to the operations of the TLHIGA, plans for and scope of the 2027 annual financial audit, as well as other aspects of the Committee's responsibilities as set forth in the Charter of the Audit Committee. In this Audit Plan, the term "audit" refers to the annual financial audit as well as any additional audits or reviews that may be conducted.

Spring 2027 Audit Committee Functions

The Audit Committee or its delegate shall meet and interface with the independent auditor prior to the commencement of, and during, the audit, as necessary.

The Audit Committee will convene in accordance with its charter prior to the April 2027 meeting of the Board of Directors. At this meeting, the Committee will:

- Meet with the independent auditor to review the audited financial statements for the year ending December 31, 2026, and to discuss with the auditor the Report on Internal Controls and the Report to the Board of Directors,
- Review with the auditor: any significant audit findings by the auditor together with management's response; any problems or difficulties that the auditor may have encountered in the course of the audit work; any restrictions on scope of activities or access to required information; any disagreements with management; any significant changes in the audit plan; and any significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures,
- Review the independent auditor's judgment related to the quality and appropriateness of the TLHIGA's accounting principles as applied in its financial reporting,
- Review the necessity to revise the Audit Plan for Calendar Year 2027,

- Review with the auditor its findings on any reviews or audits conducted in addition to, or as expansions of, the 2026 Audit,
- Make a determination as to the type of audit(s), including, but not limited to, those audit types identified in § 31.204(2)-(4) of Title 28 of the Texas Administration Code (compliance audit or review, economy and efficiency audit or review, effectiveness audit or review, internal controls audit or review), in addition to the annual financial audit to be conducted as of and for the year ending December 31, 2027,
- Consider possible expansion of scope for the year ending December 31, 2027, audit to include specific financial and/or managerial policies and procedures,
- Review the independence and performance of the auditor and recommend to the Board of Directors the appointment or discharge of the independent auditors,
- Review the fees and other significant compensation paid to the independent auditors,
- Review and approve any consulting engagements to be performed by the independent auditor, or other consulting firms, as well as any other engagements undertaken at the request of management that are beyond the scope of the audit engagement,
- Review the necessity to perform and engage, if necessary, a firm to perform a network penetration test,
- Review accounting pronouncements and changes with management, including the potential impact to the financial statements,
- Review with the TLHIGA's general counsel, any legal matters that may have a material impact on the financial statements, the TLHIGA's compliance policies and any material reports or inquiries received from regulators or government agencies, and

The Committee or its Chair shall also:

- Present the 2026 Audit to the Board of Directors at its April 2027 meeting and make any recommendations of the Committee for approval and submission to the Texas Commissioner of Insurance; recommend the engagement of the independent auditor for the 2027 financial audit and other reviews or audits to the Board of Directors.

Fall 2027 Audit Committee Functions:

The Audit Committee will convene in accordance with its Charter prior to the October 2027 meeting of the Board of Directors. At this meeting the Committee will:

- Develop the Audit Plan for Calendar Year 2028, consistent with the rules and regulations of the Texas Department of Insurance, for filing with the Commissioner of Insurance,
- Present the Committee's recommended Audit Plan for Calendar Year 2028 to the Board of Directors for review and consideration at the Board of Director's Fall meeting,

- Assess the adequacy of the Audit Committee's Charter, and
- Assess the adequacy of the TLHIGA's commercial insurance coverages.

The Committee or its Chair shall also:

- Review with the independent auditor the plan for the audit, including: audit scope, staffing, locations, reliance upon management and general audit approach, and
- Ensure that the Audit Plan for Calendar Year 2028 approved by the Board of Directors is filed with the Commissioner of Insurance,
- Meet with the independent auditor prior to the commencement of the audit.



Board of Directors
Charter of the Audit Committee
Amended and Restated ~~October 27, 2026~~ April 18, 2017

I. Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities in respect of audits and internal controls. This Charter does not alter the provisions of the ~~Association~~ TLHIGA's Act, Bylaws, Plan of Operation, Policies and Procedures, the Texas Open Meetings Act, or the Texas Public Information Act. The Audit Committee's primary responsibilities are to:

- Monitor the integrity of the ~~Guaranty~~ Association TLHIGA's financial reporting/accounting process and its financial statements, the effectiveness and efficiency of the internal controls designed to protect the ~~Association~~ TLHIGA's assets, and the ~~Association~~ TLHIGA's compliance with applicable laws, regulations, and internal policies and procedures.
- Monitor the independence and performance of the ~~Guaranty~~ Association TLHIGA's independent financial auditors.
- Make recommendations to the Board of Directors whether to undertake performance or operational audits or reviews in addition to an annual financial audit.
- Provide an avenue of communication among the independent auditors, internal controls consultants, management, and the Board of Directors.

II. Committee Composition and Meetings

The Audit Committee members shall be comprised of three or more directors, each of whom shall be free from any relationship that would interfere with the exercise of his/her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and shall be able to read and understand fundamental financial

statements, and at least one member of the Committee should have accounting or related financial management experience.

The chair and members of the Audit Committee shall be appointed by the Board of Directors. If the chair or a committee member is absent from a committee meeting, the Board Chair may appoint a temporary, substitute chair or member in accordance with the Bylaws.

The Committee shall meet at least once annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. Written materials shall be received from management, auditors and others, if appropriate, in advance of meeting dates. Audit Committee members are responsible for reviewing written materials in sufficient depth before a meeting in order to meaningfully participate in Committee dialogue.

The Audit Committee shall have the authority to retain special legal, accounting, or other consultants to advise the Committee. Unless other arrangements are made, the Audit Committee requires [AssociationTLHIGA](#) management ~~and,~~ the [AssociationTLHIGA](#)'s counsel, ~~and Board Counsel~~ to attend all meetings of the Committee. The Committee may request the independent auditors or other professionals to attend a Committee meeting or to meet with any members of, or consultants to, the Committee. The Audit Committee shall report to the Board of Directors after each meeting and shall make recommendations as necessary to the Board of Directors. The Audit Committee only has the power to act on behalf of the Board of Directors with specific prior approval granted in a resolution of the Board.

III. Responsibilities and Duties

Review Procedures

1. Review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval.
2. Review the [AssociationTLHIGA](#)'s annual audited financial statements prior to distribution. The review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments.
3. In consultation with management and the independent auditors, consider the integrity of the [AssociationTLHIGA](#)'s financial reporting and accounting processes and internal controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review

significant findings prepared by the independent auditors together with management's responses.

4. Review systems of internal controls regarding financial risks and legal compliance.
5. Follow-up with the [AssociationTLHIGA](#)'s counsel on any legal matters that may have a material impact on the financial statements, the [AssociationTLHIGA](#)'s compliance policies and any material reports or inquiries received from regulators or governmental agencies.
6. Consistent with the Rules and Regulations of the Texas Department of Insurance, develop an audit plan annually and file such plan with the Commissioner.
7. In addition to the required annual financial audit, consider each year undertaking a compliance audit or review, economy and efficiency audit or review, an effectiveness audit or review, or an internal controls review or audit.
8. On an annual basis, the Committee will review the commercial insurance program of the [AssociationTLHIGA](#) ("the insurance program of the [AssociationTLHIGA](#)") with a view to confirming such program's adequacy to mitigate anticipatable risks efficiently and cost effectively. To perform this review, the Committee will require the Executive Director, in consultation with the [AssociationTLHIGA](#)'s insurance broker, each year to summarize in writing the existing insurance program of the [AssociationTLHIGA](#) and to provide recommendations with respect to such program. After reviewing the Executive Director's annual insurance program report, the Committee shall make any necessary or appropriate recommendations regarding the insurance program of the [AssociationTLHIGA](#) to the Board.
9. At the March or April meeting each year the Committee will review the [AssociationTLHIGA](#)'s actual expenses for the prior year, including the comparison with budgeted expenses, segregation of expenses between fixed and variable expenses, and allocation of expenses to insolvent member companies.
10. At the October meeting each year, the Committee will review the information and assumptions used by management to develop the operating and capital expenditure budgets for the next calendar year.

Independent Auditors

11. Independent auditors are ultimately responsible to the Board of Directors. The Audit Committee shall review the independence and performance of auditors and annually recommend to the Board of Directors the appointment or discharge of the independent auditors.

12. Approve the fees and other significant compensation to be paid to independent auditors.
13. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the [Association TLHIGA](#) that could impair the auditors' independence.
14. Review the independent auditors' audit plan. Discuss and establish the scope, staffing, locations, reliance upon management and general audit approach, along with the interface between the Audit Committee and auditors during the audit.
15. Consider the independent auditors' judgment about the quality and appropriateness of the [Association TLHIGA](#)'s accounting principles as applied in its financial reporting.
15. Review with the independent auditors any problems or difficulties the auditors may have encountered in the course of the audit work, including any restrictions on scope of activities, restrictions to access to required information, disagreements with management, if any, and any significant changes in the audit plan.
17. Review and approve requests for any consulting services to be performed by the independent auditors or other consulting firms and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
18. Issue a Request for Proposal ("RFP") for new independent auditors at least every seven years. Work with [Association TLHIGA](#) management to review, score and recommend new auditors to the Board of Directors for selection. The Committee understands that a "new" audit firm can include the incumbent auditor provided the audit firm can and will designate a different audit partner-in-charge.

Other Responsibilities

19. Perform any other activities consistent with this Charter, the [Association TLHIGA](#)'s bylaws, Plan of Operation and governing law, as the Audit Committee and Board of Directors deem necessary or appropriate.
20. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the [Association TLHIGA](#)'s financial statements are complete and accurate and are in

| accordance with generally accepted accounting principles or that reporting is in accordance with applicable GASB (Governmental Accounting Standards Board) pronouncements and FASB (Financial Accounting Standards Board) statements and interpretations. This is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and independent auditors or to assure compliance with laws and regulations and the [Association TLHIGA](#)'s Plan of Operation.

Draft



October 27, 2026 Board of Directors Meeting

RECOMMENDATION ON ADOPTION OF AUDIT PLAN FOR CALENDAR YEAR 2027

The Audit 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 hereby adopts the Audit Plan for Calendar Year 2027 for the Texas Life and Health Insurance Guaranty Association.

FURTHER RESOLVED, that the Board of Directors authorizes the Senior Accountant to file the Audit Plan for Calendar Year 2027 with the Commissioner of Insurance after final approval by the Chair of the Audit Committee.

RESOLUTION RECOMMENDING THE AMENDMENT OF THE AUDIT COMMITTEE CHARTER

The Audit 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 Audit Committee Charter as presented.

Item IV

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

Item V

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

- a. Estate Summary
- b. Bankers Life/Colorado Bankers Life Insurance Companies
- c. Southland National Insurance Corporation
- d. Friday Health Insurance Company
- e. Penn Treaty Network America/American Network Insurance Companies



October 27, 2026 Board of Directors Meeting

ESTATE ADMINISTRATION SUMMARY

This is a report of general insolvency activities since the August 5, 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 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 three 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 eight months of 2026 totaled approximately \$5.4 million. The projected remaining policy obligations covered by the TLHIGA are approximately \$9.4 million as of August 31, 2026. The Projected Policy Obligations report, which provides the details of the remaining obligations for these 9 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 \$13.5 million in distributions of estate assets from either foreign or Texas domiciled estates, restitution payments, or litigation recoveries in the first eight months of 2026. Premiums collected during the eight months of 2026 totaled \$878,379.

Miscellaneous Reports

The third 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 September 30, 2026)

Status	Estate Name	Reference Number	State of Domicile	Activation Date
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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

3 BEING MONITORED (All FOREIGN)

PHL Variable Ins Co	106	CT	
Senior Health Ins Co of Pennsylvania	098	PA	
Atlantic Coast Life Insurance Company	110	SC	



Projected Policy Obligations (as of August 31, 2026)

Prepared by Jarett Terry September 2, 2026

TX GA REF NO	ESTATE NAME	IMPAIRMENT YEAR	PROJECTED CLAIMS OBLIGATIONS	CURRENT	LONG-TERM	September-26	October-26	November-26	December-26	January-26	February-26
095	CALANTHE MUTUAL LIFE INS CO	2020	732,336	30,000	702,336	2,500	2,500	2,500	2,500	2,500	2,500
100	COLORADO BANKERS LIFE INS CO	2024	499,663	499,663	0	250,000	249,663	0	0	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
101	SOUTHLAND NATIONAL INS CO	2023	220,391	4,000	216,391	0	2,000	0	0	0	0
097	NORTH CAROLINA MUTUAL LIFE INS CO	2022	3,926,054	20,000	3,906,054	0	10,000	0	0	0	0
084	UNIVERSAL LIFE INS CO	2010	333,241	6,000	327,241	0	3,000	0	0	0	0
TOTAL ESTIMATED OBLIGATIONS			9,404,239	2,562,663	6,841,576	252,500	2,268,163	2,500	2,500	2,500	2,500

TX GA REF NO	ESTATE NAME	IMPAIRMENT YEAR	March-27	April-27	May-27	June-27	July-27	August-27	>August 2027
095	CALANTHE MUTUAL LIFE INS CO	2020	2,500	2,500	2,500	2,500	2,500	2,500	702,336
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	0	1,000	0	0	0	0	46,654
090	NATIONAL STATES INS CO	2010	0	1,000	0		0	0	1,622,900
	SOUTHLAND NATIONAL INS CO		0	2,000	0		0	0	216,391
097	NORTH CAROLINA MUTUAL LIFE INS CO	2022	0	10,000	0	0	0	0	3,906,054
084	UNIVERSAL LIFE INS CO	2010	0	3,000	0	0	0	0	327,241
TOTAL ESTIMATED OBLIGATIONS			2,500	19,500	2,500	2,500	2,500	2,500	6,841,576



Summary of Communications Activity (Third Quarter 2026)

Phone Calls	Active Companies	Not GA Related (referred by TDI)	Insolvencies	Insolvencies (referred by TDI)	Miscellaneous	Totals
July						
1-3	8		3		3	14
6-10	33	2	7	2	5	49
13-17	46	2	1		10	59
20-24	36		6		7	49
27-31	24		9		3	36
Month total	147	4	26	2	28	207
August						
3-7	21	1	4		7	33
10-14	20	1	6		8	35
17-21	29	1	6		5	41
24-28	22	2	16	1	14	55
31	5	1	2		2	10
Month total	97	6	34	1	36	174
September						
1-4	17	2	5	1	8	33
7-11	17		6		6	29
14-18	20		5		9	34
21-25	28	2	6		6	42
28-30	15	1	5	1	7	29
Month total	97	5	27	2	36	167
Totals for 3rd Qtr	341	15	87	5	100	548

	July	August	September	3rd Quarter 2026 Totals
E-Mail/Mail Requests Received	1	2	3	6
Website Visitors	945	969	874	2,788

**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

[illegible]



October 27, 2026 Board of Directors Meeting

BANKERS LIFE INSURANCE COMPANY ("BLIC")

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

Financial Summary (as of August 31, 2026)

Administration Expenses	\$ 1,106,388
Direct Policy Benefit Payments	47,147,397
Assumption Reinsurance Payments	5,101,587
Premium Collections	(0)
Distributions & Recoveries	<u>(27,562,904)</u>
Net Cost	\$ <u>25,792,468</u>

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

*The TLHIGA Board of Directors authorized a \$57.2 million Class B assessment for BLIC during its April 22, 2024 meeting. On October 15, 2024, \$53,962,155 of this amount was called and 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 August 31, 2026)

Administration Expenses	\$ 501,135
Direct Policy Benefit Payments	36,227,023
Assumption Reinsurance Payments	13,314,741
Premium Collections	(843,619)
Distributions & Recoveries	<u>(17,594,234)</u>
Net Cost	\$ <u>\$31,608,046</u>

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

*The TLHIGA Board of Directors authorized a \$45 million Class B assessment for CBLIC during its April 22, 2024 meeting. On October 15, 2024, \$44,537,845 of this amount was called and 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. The TLHIGA Board of Directors authorized participation in this administration agreement during its January 27, 2026 meeting. 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.

Final Funding True-Up

NOLHGA has completed the final accounting to confirm the list of assumed policies and settle any remaining balances.

With respect to the expense reallocation, non-TPA expenses were initially divided equally between the companies as a simplifying assumption. This method has now been replaced with a liquidation-date, exposure-based methodology, which better reflects each company's relative share of covered obligations. Each company's allocated expenses will be distributed to affected guaranty associations using the applicable fixed claim percentages.

TPA expenses will be handled separately and allocated between CBLIC and BLIC based on relative covered reserves and annuity cash values. SNIC expenses will remain allocated 100% to SNIC.

The revised methodology will be applied retroactively from inception through the present, with the resulting reallocation reflected in the third quarter 2026 Class B assessment.

TLHIGA's focus will be on ensuring the final true-ups and expense reallocations are documented and reflected properly in financial reporting.

Return of Escrowed Funds and Withdrawal of Expedited Payment Authorization for BLIC and CBLIC

At its January 28, 2025 meeting, the Board ratified the placement of TLHIGA funds in escrow with NOLHGA to facilitate payment of covered policy obligations associated with the Bankers Life Insurance Company (BLIC) and Colorado Bankers Life Insurance Company (CBLIC) insolvencies. The Board also authorized the Executive Director and Controller to approve and release these funds without additional Board-level approval to expedite claims payments.

Since that time, TLHIGA's covered policy obligations have been assumed by or are now administered by Continental General Insurance Company (CGIC). As a result, the escrowed funds and expedited payment approval process are no longer necessary.

A resolution authorizing the withdrawal of the expedited payment authority previously granted to the Executive Director and Controller and authorizing them to recover any remaining TLHIGA funds held in escrow by NOLHGA for BLIC and CBLIC is found on page 5-9 of the meeting materials.

Obligations Paid to Date

The following table displays the claims and assumption costs paid by the TLHIGA and all affected guaranty associations as of August 31, 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



**RESOLUTION FOR RETURN FROM NOLHGA OF TLHIGA FUNDS
HELD IN ESCROW TO FUND CLAIMS BATCHES FOR BANKERS LIFE
INSURANCE COMPANY AND COLORADO BANKERS LIFE INSURANCE
AND WITHDRAWAL OF EXPEDITED PAYMENT AUTHORIZATION**

WHEREAS, by resolution dated January 28, 2025, the Texas Life and Health Insurance Guaranty Association (“TLHIGA”) Board of Directors, ratified the provision in escrow to the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) funds to pay policy obligations of covered claims of Bankers Life Insurance Company (“BLIC”) and Colorado Bankers Life Insurance Company (“CBLIC”) processed by the third party administrator (“TPA”),

WHEREAS, also by resolution dated January 28, 2025, the TLHIGA Board of Directors authorized the Executive Director and the Controller to conduct the review, approval, and release of the funds from the NOLHGA escrow accounts without obtaining additional approval from the Chair of the Board of Directors or another director, which was necessary to provide expedited payment of the TLHIGA covered policy obligations;

WHEREAS, the TLHIGA covered policy obligations of BLIC and CBLIC have been assumed or are now administered by Continental General Insurance Company (“CGIC”), the TPA no longer requires the TLHIGA funds pay the TLHIGA covered policy obligations of BLIC and CBLIC, and there is no longer a need for an expedited payment approval process by the Executive Director and the Controller,

RESOLVED, effective as of the date of this resolution, the TLHIGA Board of Directors withdraws the authorization provided to the Executive Director and the Controller which granted them authority to conduct the review, approval, and release of the funds from the NOLHGA escrow accounts without obtaining additional approval from the Chair of the Board of Directors or another director; and

FURTHER RESOLVED, the TLHIGA authorizes the TLHIGA Executive Director and Controller to recover from NOLHGA any TLHIGA funds remaining in the NOLHGA escrow accounts provided by TLHIGA to fund the BLIC and CBLIC covered policy obligations.



October 27, 2026 Board of Directors Meeting

SOUTHLAND NATIONAL INSURANCE CORPORATION (“SNIC”)

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

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

Financial Summary (as of August 31, 2026)

Administration Expenses	\$	\$402,896
Direct Policy Benefit Payments		\$2,143,487
Assumption Reinsurance Payments		\$4,939,400
Premium Collections		(38,952)
Distributions & Recoveries		<u>(701,431)</u>
Net Cost	\$	<u>6,745,400</u>

Class B Assessments to Date \$ 0

Background

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

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 will be completed later this year.

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	\$ 2,066,567
Cash Surrenders	73,920
Policy Loans	3,000
Assumption Reinsurance Funding	4,939,400
Total Paid for Covered Policy Benefits	\$ 7,082,887



October 27, 2026 Board of Directors Meeting

FRIDAY HEALTH INSURANCE COMPANY, INC. ("FHIC")

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

Financial Summary (as of August 31, 2026)

Administration Expenses	\$	15,437,024
Direct Policy Benefit Payments		27,544,755
Assumption Reinsurance Payments		0
Premium Collections		0
Distributions & Recoveries		<u>(46,456,812)</u>
Net Cost	\$	<u><u>(3,475,033)</u></u>

Class B Assessments to Date	\$ 0
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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 August 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 \$27.54 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 October meeting.

Assignment for the Benefit of Creditors Proceeding

- The Special Deputy Receiver (SDR) continues to pursue reinsurance recoveries from AXA France Vie (AXA), a reinsurance counterparty. The dispute concerns the amount of reinsurance recoveries ultimately available to the FHIC estate. AXA asserts that FHIC engaged in fraud, negligent misrepresentation, and breaches of contract, and argues those allegations either eliminate or reduce any amounts owed to the estate. A successful recovery from AXA could increase estate assets, while a successful AXA defense or counterclaim could reduce recoveries available to the estate.
- The SDR's position is that AXA is seeking affirmative relief, not merely a reduction of the SDR's claim, and therefore should not be permitted to pursue those claims in arbitration without court approval.
- The Special Master has requested additional briefing regarding how Texas receivership law treats potential offsets and counterclaims in arbitration. No decision has been made on the merits of the parties' underlying allegations.
- TLHIGA will continue monitoring the matter because the outcome could affect the level of reinsurance recoveries available to the FHIC estate.
- AXA has asserted a proof of claim of at least \$136.5 million, while the SDR contends AXA owes the FHIC estate approximately \$246.2 million, including interest through July 31, 2026.
- The SDR filed its First Report of Claims seeking court approval of claim determinations that were final as of June 30, 2026. The report covers uncontested and resolved claims only, includes approximately \$4.37 million of approved Class 2 over-the-cap claims, and does not address TLHIGA's own proof of claim. Counsel recommended, and TLHIGA filed, an acknowledgment and waiver of objection because the filing does not appear to affect TLHIGA's claim position.
- The SDR also obtained court approval of a settlement with US Renal Care. US Renal Care asserted an approximately \$1.0 million claim, while the SDR asserted approximately \$10.3 million in overpayments. The settlement uses an offset and is expected to result in approximately \$9.3 million being paid to the FHIC estate in three installments. TLHIGA waived objection, the court approved the settlement, and no further TLHIGA action is required.



October 27, 2026 Board of Directors Meeting

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

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

AMERICAN NETWORK INSURANCE COMPANY (“ANIC”)

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

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

Financial Summary (as of August 31, 2026)

Administration Expenses	\$ 3,517,467
Direct Policy Benefit Payments	0
Reinsurance Payments to LTC Re	117,917,474
Premium Collections	0
Distributions & Recoveries	<u>(19,437,526)</u>
Net Cost	\$ <u>101,997,415</u>
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- August 31, 2026). It also provides August 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	\$705,532,779	\$39,177,778
Claims Payments	\$2,060,276,390	\$109,099,553
Cash Buyout Payments	\$ 133,102,987	\$ 6,489,189
Total Benefits Paid	\$2,193,379,377	\$115,588,742
Inforce Policies	26,985	1,326
Open/Pending Claims	3,249	214

The NOLHGA Penn Treaty Task Force continues to pursue a possible assumption reinsurance transaction that would transfer the remaining covered long-term care policy obligations to an assuming reinsurer. The Board should expect future updates if any proposal advances.

Item VI

Executive Session:

- a. Confidential report of the Texas Department of Insurance to the Board of Directors on troubled or insolvent insurance companies and related discussion
- b. Updates on Companies in Rehabilitation (TLHIGA not activated)
 - i. 2024 Class B Assessment Protest
 - ii. Credit Refund Balances
 - iii. BLIC/CBLIC Excess Funds
- c. Discussion of Executive Director retirement and Designate transition
- d. Any personnel matters – without management present
- e. Any personnel matters – with management present
- f. Potential and pending litigation
- g. Advice from counsel on any legal issues arising out of any agenda item

Item VII

Consideration and possible action on items discussed in Executive Session

Item VIII

Quarterly report from Executive Director on TLHIGA activities



October 27, 2026 Board of Directors Meeting

EXECUTIVE DIRECTOR'S QUARTERLY REPORT

The following provides an update on the activities taken on behalf of the TLHIGA since the Board of Directors meeting held on August 5, 2026, that are not discussed under other agenda items.

OPERATIONAL UPDATES

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

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

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

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

NOLHGA posted the guidance to the Assessable Premium Exhibit Resources page on NOLHGAs website. Additionally, the guidance was sent to the top-85 annuity writers and any company taking the applicable deduction within the NAIC Assessable Premium Exhibit.

NOLHGA has completed a follow-up survey of 85 companies representing 97% of assessable premium. Based on the responses, NOLHGA staff and Strohm Ballweg recommend contacting nine companies with material exceptions to confirm that they applied the clarified Stable Value Contract guidance in their 2024 and 2025 filings and to obtain amended premium figures where appropriate. TLHIGA supports this follow-up.

The 2025 assessable premium figures were released on October 15, 2026. TLHIGA cannot change premiums reported by member companies, but will review the available data for significant changes in annuity assessable premium and the potential effect on assessment capacity.

TDI Exam of the TLHIGA – TDI has notified TLHIGA that it will conduct a comprehensive statutory financial examination as of December 31, 2026, covering the period since the last examination, which ended December 31, 2021. Examination work is expected in 2027 or 2028, with a more specific timetable to be provided later.

TDI has requested six planning questionnaires and supporting materials by November 13, 2026. The requests cover financial and operational matters, Board governance, audit, IT, cybersecurity, actuarial matters, and AI use. TLHIGA has begun gathering the materials and coordinating its responses. We will keep the Board informed as the examination progresses.

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

MEETINGS AND ACTIVITIES WITH OTHER ORGANIZATIONS

- IAIR Activities – Jan, Bart, Jarett and Dan attended 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.

- Western States GA Administrator Meeting – Jan, Bart, and Jarett attended the Western States GA Administrator Meeting on October 14th in Austin.
- NOLHGA Annual and MPC Meeting in Santa Fe, NM – Jan, Bart, Jarett and Dan attended NOLHGA’s 2026 Annual Meeting & MPC Meeting October 20-22 in Santa Fe, NM.
- NAIC Meetings – Jan, Bart and Dan will attend the NAIC’s Fall National Meeting Nov. 14–17, 2026, in Dallas, TX.

Item IX

Consideration and possible action on corporate governance issues

- a. Trustee Change for 401(k) Retirement Plan
- b. Directors Feedback



October 27, 2026 Board of Directors Meeting

CORPORATE GOVERNANCE ISSUES

Director's Feedback

As part of our upcoming October 27th Board meeting, we will be discussing corporate governance and Board performance, consistent with the process adopted by the Board in April 2023 as an alternative to the annual Board self-evaluation.

This process provides two opportunities for directors to offer feedback:

- **Director's Feedback:** Directors are encouraged to raise any issues, concerns, or suggestions regarding Board governance practices or processes in advance of each Board meeting. If you have an item you would like the Board to consider, please contact the Board Chair, General Counsel, or me before the meeting. This will allow us to determine whether the matter should be addressed in Open or Executive Session.
- **Annual Discussion of Board Performance:** At our October meeting, the Board will also conduct its annual discussion of Board performance and corporate governance, regardless of whether any specific concerns have been raised.

Change in Trustee of the TLHIGA 401(k) Plan

TLHIGA sponsors a 401(k) retirement plan for its employees. Bart Boles currently serves as Trustee of the Plan. In connection with Mr. Boles' retirement as Executive Director effective December 31, 2026, Jan Graeber will be appointed as his successor Trustee.

TLHIGA has consulted with representatives of Empower, the Plan's recordkeeper, and the Plan's Registered Investment Advisor regarding the process for changing the Trustee. Empower has indicated that the change can be accomplished by submitting its Change of Trustee Form. Although Empower does not require a formal Board resolution, Section 8.04 of the Plan provides the Board of Directors with the authority to remove and replace the Trustee.

To formally document the change and maintain appropriate corporate records, a proposed Board resolution has been prepared to remove Mr. Boles as Trustee and appoint Ms. Graeber as his successor, effective December 31, 2026. The resolution is included on page 9-2 of the meeting materials authorizing the execution of any necessary documents and other administrative actions to effectuate the transition.



October 27, 2026 Board of Directors Meeting

RESOLUTION TO CHANGE TRUSTEE OF THE TLHIGA 401(k)

WHEREAS, the Texas Life and Health Insurance Guaranty Association (“TLHIGA”) sponsors the TLHIGA 401(k) Plan (the “Plan”), the assets of which are held in a trust agreement identified as the TLHIGA 401(k) Trust as amended and restated effective April 14, 2021 (the “Trust”);

WHEREAS, pursuant to Section 8.04 of the Plan, the Board of Directors of TLHIGA has the authority to remove and replace the Trustee of the Plan;

WHEREAS, Bart Boles, who currently serves as Trustee of the Plan, will retire from his position as Executive Director of TLHIGA effective December 31, 2026, and will be succeeded as Executive Director by Jan Graeber; and

WHEREAS, the Board desires to remove Mr. Boles as Trustee and to appoint Ms. Graeber as his successor effective upon Mr. Boles’ retirement;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of TLHIGA hereby removes Bart Boles as Trustee of the Plan and appoints Jan Graeber as Trustee of the Plan, in each case effective as of December 31, 2026, to serve until her successor is duly appointed and qualified;

FURTHER RESOLVED, that the Chairman of the Board of Directors and Ms. Graeber are authorized and directed to execute and deliver such documents and take such actions as may be necessary for Ms. Graeber to accept the appointment and assume the duties of Trustee effective December 31, 2026;

FURTHER RESOLVED, that the TLHIGA is authorized and directed to take all actions necessary or appropriate to effectuate the foregoing, including giving written notice of the change to Mr. Boles, Ms. Graeber, the Plan’s recordkeeper, custodian, and trust institution; executing any amendment to the Plan or Trust required to reflect the change of Trustee; and updating signature authorities, banking records, and fiduciary bonds or insurance; and

FURTHER RESOLVED, that all actions taken prior to December 31, 2026 by Mr. Boles as Trustee are hereby ratified, approved, and confirmed.

Item X

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

- a. Review and acceptance of the current financial statements



October 27, 2026 Board of Directors Meeting

FINANCIAL AND ACCOUNTING MATTERS

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

REVIEW AND ACCEPTANCE OF CURRENT FINANCIAL STATEMENTS

On pages 10-2 through 10-10 are the TLHIGA's financial statements for the periods ended June 30, July 31, and August 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.

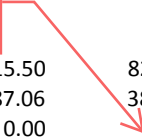
Texas Life and Health Insurance Guaranty Association

Statement of Net Position

As of August 31, 2026

	Month Ending 06/30/2026	Month Ending 07/31/2026	Month Ending 08/31/2026	Month Ending 08/31/2025
Assets				
Current Assets				
Cash & Cash Equivalents				
Cash & Money Market Funds	70,367,189.00	82,015,115.50	82,079,744.39	55,597,341.98
Treasury Bills	38,645,825.96	38,635,587.06	38,628,122.56	32,602,562.15
Escrow Account	11,622,051.01	0.00	24,653.54	14,871,921.32
Total Cash & Cash Equivalents	120,635,065.97	120,650,702.56	120,732,520.49	103,071,825.45
Receivables				
Billed Assessment, Net of Allowance	4,745.10	4,745.10	4,745.10	4,646.09
Deposits & Other	21,192.38	21,192.38	21,192.38	21,184.39
Accrued Interest	149,041.06	281,076.12	413,110.18	356,299.44
Proof of Claims, Net of Allowance	0.00	0.00	0.00	0.00
Total Receivables	174,978.54	307,013.60	439,047.66	382,129.92
Pre-Paid Expenses	15,261.98	15,261.98	15,261.98	14,974.06
Total Current Assets	120,825,306.49	120,972,978.14	121,186,830.13	103,468,929.43
Noncurrent Assets				
Unbilled Assessments	4,289,579.64	4,806,511.15	4,809,117.61	16,177,708.99
Investments in Deferred Compensation Plans	324,884.04	320,783.62	324,466.59	241,483.32
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	969,433.96	978,990.89	988,547.82	870,163.41
Total Capital Assets	784,890.49	775,333.56	765,776.63	884,161.04
Total Noncurrent Assets	5,399,354.17	5,902,628.33	5,899,360.83	17,303,353.35
Total Assets	126,224,660.66	126,875,606.47	127,086,190.96	120,772,282.78
Liabilities and Net Position				
Liabilities				
Current Liabilities				
Accounts Payable	138,749.63	139,144.77	140,561.97	135,472.86
Accrued Expense	336,052.19	425,802.18	515,552.17	706,624.86
Compensated Absences	107,522.34	115,388.46	121,654.75	74,515.02
Assessment Credit Balance	3,951,258.32	3,951,258.32	3,951,258.32	3,951,258.32
Lease Liabilities-Current Portion	105,347.03	105,787.66	106,228.89	101,055.91
Insurance Contractual Obligations	2,726,836.00	2,589,654.00	2,562,663.00	18,800,028.00
Total Current Liabilities	7,365,765.51	7,327,035.39	7,397,919.10	23,768,954.97
Noncurrent Liabilities				
Insurance Contractual Obligations	6,639,463.00	6,842,216.00	6,841,576.00	21,073,913.00
Deferred Compensation Plan Liabilities	324,884.04	320,783.62	324,466.59	241,483.32
Lease Liabilities-Less Current Portion	780,685.03	771,555.51	762,413.59	868,642.18
Total Noncurrent Liabilities	7,745,032.07	7,934,555.13	7,928,456.18	22,184,038.50
Total Liabilities	15,110,797.58	15,261,590.52	15,326,375.28	45,952,993.47
Net Position				
Unrestricted	111,215,004.65	111,716,025.56	111,862,681.53	74,904,826.37
Net Investment in Capital Assets	(101,141.57)	(102,009.61)	(102,865.85)	(85,537.06)
Total Net Position	111,113,863.08	111,614,015.95	111,759,815.68	74,819,289.31
Total Liabilities and Net Position	126,224,660.66	126,875,606.47	127,086,190.96	120,772,282.78

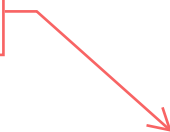
The TLHIGA continues to work with NOLHGA to close the escrow account.



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

	Month Ending 06/30/2026	Month Ending 07/31/2026	Month Ending 08/31/2026	Year To Date 08/31/2026
Change in Net Position				
Operating Income (Loss)				
Operating Revenues				
Assessment	0.00	0.00	0.00	0.00
Changes in Unbilled Assessment	156,108.30	516,931.51	2,606.46	(6,073,575.39)
Estate Recoveries	1,676,584.64	8,716.89	0.00	13,511,948.13
Premium Net of Refunds	2,743.89	3,635.75	6,401.78	878,378.56
Total Operating Revenues	1,835,436.83	529,284.15	9,008.24	8,316,751.30
Operating Expenses				
Claims Expenses				
Changes in Insurance Contractual Obligations	1,498.00	65,571.00	(27,631.00)	(1,414,814.00)
Refunds of Prior Year's Assessment	0.00	0.00	0.00	0.00
Claims Paid	0.00	15,953.21	9,368.55	377,723.96
Assumption Reinsurance Agreements	0.00	0.00	0.00	4,842,440.70
Third Party Administrative Operations	45,300.00	40,200.00	40,000.00	541,965.56
National Task Force	71,499.33	83,333.33	83,333.33	682,525.64
Total Claims Expenses	118,297.33	205,057.54	105,070.88	5,029,841.86
Administrative Expenses				
Legal & Professional	12,231.85	12,662.31	14,524.87	118,073.31
Salaries & Benefits	96,338.04	104,045.39	101,308.95	801,869.20
Building & Equipment Expenses	6,726.21	6,349.50	6,349.50	56,653.12
Depreciation & Amortization	9,556.93	9,556.93	9,556.93	78,431.96
Other	20,293.92	68,877.93	25,110.14	360,498.75
Total Administrative Expenses	145,146.95	201,492.06	156,850.39	1,415,526.34
Total Operating Expenses	263,444.28	406,549.60	261,921.27	6,445,368.20
Total Operating Income (Loss)	1,571,992.55	122,734.55	(252,913.03)	1,871,383.10
Nonoperating Revenues (Expenses)				
Interest Income	349,022.88	389,465.42	408,120.18	2,444,984.75
Unrealized Gain/Loss-US Treasury	21,764.59	(10,238.90)	(7,464.50)	477,394.40
Interest Expense	29,937.08	1,808.20	1,942.92	64,702.06
Total Nonoperating Revenues (Expenses)	340,850.39	377,418.32	398,712.76	2,857,677.09
Total Change in Net Position	1,912,842.94	500,152.87	145,799.73	4,729,060.19

BHICOT early access distribution



The TLHIGA continues to earn substantial interest income that mitigates the need for a Class A assessment



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

	August 31, 2026	Prior Year August 31, 2025
Cash Flows from Operating Activities:		
Excess of Revenues Over (Under) Expenses	\$ 4,729,060	\$ 1,821,614
Adjustments to Reconcile Excess of Revenue Over (Under)		
Expenses to Net Cash Provided by Operating Activities:		
Allowance for Assessments Receivable		
Depreciation & Amortization	78,432	81,103
Change in Assets and Liabilities:		
(Increase) Decrease in Unbilled Assessments Receivable	6,073,575	28,492,874
(Increase) Decrease in Assessments Receivable	-	7,934,934
(Increase) Decrease in Pre-Paid Rent	(288)	(279)
(Increase) Decrease in Other Receivables	(8)	25
Increase (Decrease) in Accounts Payable	(18,501,870)	130,273
Increase (Decrease) in Compensated Absences	48,848	16,495
Increase (Decrease) in Accrued Expenses	(100,713)	240,322
Increase (Decrease) in Insurance Contractual Obligations	(1,414,814)	(75,425,038)
TOTAL ADJUSTMENTS	(13,816,838)	(38,529,291)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(9,087,777)	(36,707,677)
Cash Flows from Financing Activities:		
Inter Account Loans (Net)	(1,384,060)	(17,820,865)
Inter Account Borrowing (Net)	1,384,060	1,782,086
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	-	-
Cash Flows from Investing Activities:		
(Increase) Decrease - Investment in Long Term Investments	(2,960,801)	3,152,056
(Increase) Decrease - Accrued Interest	(254,362)	(152,403)
Purchase/Sale of Furniture & Equipment, net of accumulated depreciation	-	(7,958)
Capital Lease Payments	(67,840)	(64,502)
Increase in Allowance for Uncollectible POC and Loans	(6,734,454)	48,320,897
Proofs of Claim Filed	6,734,454	(48,320,897)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(3,283,003)	2,927,193
Net Increase (Decrease) in Cash and Cash Equivalents	(12,370,780)	(33,780,483)
Cash and Cash Equivalents at Beginning of Year	94,475,178	104,249,747
Cash and Cash Equivalents at August 31	\$ 82,104,398	\$ 70,469,264

**TEXAS LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

August 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. Membership Assessments

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

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

Assessments are levied based on a member company's "market share" (ratio of assessable premiums by line-of-business to total assessable premiums by line-of-business) as a percentage of the total assessment need by line-of-business. The annual total for all Class B assessments levied against a member insurer for each line-of-business account (life, accident and health, and annuity) may not exceed two percent of the company's premiums on the policies covered by the line-of-business account during the three calendar years preceding the year of impairment. The most recent assessable premium data available is for calendar years 2023, 2024 and 2025.

Line of Business	Premium Base Average Annual Premium 2023-2025	2% Annual Assessment Limit
Life	\$15,268,514,404	\$305,370,288
Accident & Health	51,576,092,539	1,031,521,851
Annuity	31,169,000,477	623,380,010
Total	\$98,013,607,420	\$1,960,272,149

The TLHIGA received updated numbers in October. The previous reported limit for 2022-2024 was \$1,779,272,865 an increase of \$180,999,284

Net Assessments Receivable, as of August 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 \$4,809,117.61 as of August 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 August 31, 2026, proofs of claim totaled \$510,183,712.85.

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 August 31, 2026, was \$510,183,712.85.

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 August 31, 2026, the following had occurred:

Balance January 1, 2026	Borrowings	Repayments	Balance August 31, 2026
\$1,606,600.85	\$292,524.52	\$1,676,584.64	\$222,540.73

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 August 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 XI

Consideration and possible action regarding the 2027 Calendar of Activities
and confirmation of the next meeting date



October 27, 2026 Board of Directors Meeting

CALENDAR OF ACTIVITIES AND NEXT MEETING DATE

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

11. Meeting Schedule; Planning

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

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

On pages 11-2 through 11-6 is the TLHIGA 2027 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, January 26, 2026.**



2027

2027 Calendar of Activities (MASTER COMPILATION) updated as of 10/21/2026

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
1	ED		1/8/27	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the January 19, 2027 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	
3	BOD	CH	1/12/27	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.	
4	PER	CH	1/19/27 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	
5	A-I	CH	1/19/27 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 2027	
6	ED		1/18/26	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the January 26, 2027 Board of Director meeting with the Texas Secretary of State's office.	
8	BOD A-I PER	CH CH CH	1/26/27 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 governance comments - Review the compilation of evaluations of General Counsel - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Adoption of 2027 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 2027 PERS COMM CHAIR will report on the Committee's discussion regarding: - Review of benefits, compensation and training components in 2027 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	



2027

2027 Calendar of Activities (MASTER COMPILATION) updated as of 10/21/2026

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
9	ED		2/1/27	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, 2027.	
10	BOD		2/9/27	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.	
11	ED		2/12/27	RESPONSES DUE TO TEC – The Executive Director will send the Director's contact information to the Texas Ethics Commission.	
12	ED		2/26/27	EXECUTIVE DIRECTOR (or staff) will distribute the 2026 Conflict of Interest Policy/Questionnaires and the 2027 Antitrust Policy/Certifications of Compliance for 2026 activities with responses from all Directors by March 31, 2027.	
13	AUD	CH	3/24/27	AUD COMM CHAIR will review the draft agenda for the April 6, 2027 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.	
14	BOD		3/31/27	RESPONSES DUE FROM BOD – The completed 2027 Conflict of Interest Questionnaires and 2026 Antitrust Certifications of Compliance for 2026 activities are due back from all Directors to the Executive Director.	
15	BOD	CH	3/31/27	BOD CHAIR will conduct the following in preparation for the April 20, 2027 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 responses - Conduct the annual review of the BOD Corporate Governance Guidelines	
16	ED		3/30/27	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the April 6, 2027 Audit Committee meeting with the Texas Secretary of State's office.	
17	AUD	CH	4/5/2027	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 2027 Audit Plan.	

2027 Calendar of Activities (MASTER COMPILATION) updated as of 10/21/2026

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
18	AUD	CH	4/6/27 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 2027 (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, 2027 - 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, 2027 - 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	
19	AUD	CH	4/9/27	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 20, 2027 Board of Directors meeting	
20	BOD AUD	CH CH	4/20/27 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, 2027 - 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	
21	ED		4/21/27	EXECUTIVE DIRECTOR will notify selected audit firm of the Board of Directors' engagement decision	
22	ED		4/28/27	EXECUTIVE DIRECTOR will file the 2026 Annual Report with the Commissioner of Insurance	
23	BOD		4/30/27	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.	
24	A-I	CH	7/6/27	A-I COMM CHAIR and counsel will be provided the draft agenda for the July 20, 2027 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.	
25	PER	CH	7/6/27	PERS COMM CHAIR and counsel will be provided the draft agenda for the July 21, 2027 Committee meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	



2027

2027 Calendar of Activities (MASTER COMPILATION) updated as of 10/21/2026

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	ED		7/12/27	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the July 20, 2027 A-I Committee meeting and the July 22, 2026 Personnel Committee meeting with the Texas Secretary of State's office.	
27	BOD	CH	7/6/27	BOD CHAIR and counsel will be provided the draft agenda for the July 27, 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.	
28	A-I	CH	7/20/27 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 2026 - Review of the Committee's Charter	
29	PER	CH	7/21/27 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 - Meet in Executive Session for the Committee to discuss confidential personnel matters and receive advice from counsel - Review of the Committee's Charter	
30	ED		7/16/27	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the 7/27/2027 Board of Directors meeting with the Texas Secretary of State's office.	
31	BOD A-I PER	CH CH CH	07/27/2027 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 2027 - 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.)	
32	AUD	CH	9/30/27	AUD COMM CHAIR will review the draft agenda for the October 12, 2027 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.	
33	BOD	CH	10/5/27	BOD CHAIR will review the draft agenda for the October 26, 2027 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.	

2027 Calendar of Activities (MASTER COMPILATION) updated as of 10/21/2026

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
34	AUD AUD	CH	10/12/27 9:00 AM virtual	Audit Committee Meeting - Develop the 2028 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 2028 budgets that will be presented to the Board of Directors at its January 25, 2028 meeting - Annual review of the Committee's Charter	
35	ED		10/15/27	EXECUTIVE DIRECTOR (or staff) will file the final agenda for the October 26, 2027 Board of Directors meeting with the Texas Secretary of State's office.	
36	BOD AUD	CH CH	10/26/27 8:30 AM	Board of Directors Meeting - Action to engage an auditor to conduct the annual financial audit as of YE 2027 - Action to adopt the 2028 Audit Plan and to file it with the Commissioner of Insurance - Action to select a firm to conduct network penetration testing - Executive Session confidential discussion of financially troubled member insurance companies - Consider revisions to Board of Directors Corporate Governance Guidelines - Review and possible actions on various active member company receiverships - Report on governance issues regarding Directors' feedback and BOD performance - Executive Director's report on operations - Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)	
37	ED		10/29/27	EXECUTIVE DIRECTOR will distribute the Guidelines for Nomination and Election of Officers of the Board of Directors to all directors via email in preparation for the January 25, 2028 Board of Directors meeting	
38	ED		12/6/27	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 4, 2028.	
39	BOD		12/8-12/27	RESPONSES DUE FROM BOD - Nominations from the Directors for the four officer positions on the Board of Directors are due to the Executive Director	
40	PER	CH	1/4/28	PERS COMM CHAIR will review the draft agenda for the January 18, 2028 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
41	A-I	CH	1/4/28	A-I COMM CHAIR will review the draft agenda for the January 18, 2028 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
42	BOD	CH	1/4/28	BOD CHAIR and counsel will be provided the draft agenda for the January 25, 2028 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.	