

# RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

January 31, 2025

## R-559 Access Insurance Company

<b>Special Deputy Receiver:</b>	CANTILO & BENNETT, L.L.P.	<b>TX Guaranty Assoc.:</b>	TPCIGA
<b>SDR Responsible Person:</b>	Susan E. Salch	<b>Receiver's Counsel:</b>	Shawn Martin
<b>SDR's Counsel:</b>	Christopher Fuller	<b>Est'd Closing Date:</b>	Q3/Q4 2026

### SPECIFIC ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE

- Negotiated commutation terms with Allianz, the largest reinsurer.
- After Court approval, sent first batches of notice letters to potential claimants for deemed deductible claims.
- Recovered Arkansas statutory deposit; approved and paid the Arkansas guaranty association POC.
- Began work on request for federal statutory priority liability release.

### SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- Complete Allianz commutation and pursue additional commutations.
- Submit request for federal statutory priority liability release.
- Complete adjudication of guaranty association POCs.

## Receivership Background

- Date of Permanent Injunction (Liquidation): March 13, 2018
- Date of Appointment of SDR: March 14, 2018
- Claim Filing Deadline: September 13, 2019
- States Where Licensed: TX, AL, AZ, AR, CA, DE, TN, FL, GA, IN, KY, LA, MS, MO, MT, NV, NM, NC, OK, OR, PA, SC
- Line of Business: Non-standard auto
- Early Access Distributions: \$138,771,196

## Statement of Assets and Liabilities as of December 31, 2024

Total Assets:	\$239,445,510
Cash & Invested Assets:	\$ 55,504,174
Non-Cash Assets:	\$183,941,336
Total Liabilities:	\$418,668,474
Negative Equity:	(\$179,242,964)

## Asset Recovery through December 31, 2024

Premium Collected:	\$ 10,792,951
Subrogation/Salvage:	\$ 925,626
Reinsurance Collected:	\$106,453,653
CDs Sold/Matured:	\$ 25,749,715
IOLTA Funds Recovered:	\$ 639,736
Litigation/Settlement Recovery:	\$ 16,600,000

## Asset Recovery Activity

**Reinsurance:** Collections total \$106,453,653 from inception through December 31, 2024.

**SDR v. John Paul Fuchs:** The SDR has reached an agreement with Mr. Fuchs to pay approximately 50% of the judgment over the next 15 months.

## Claims Activity

**Proofs of Claim (“POCs”):** As of December 31, 2024, the SDR has received 9,461 POCs, an increase of one since the last report. Pursuant to the Receivership Court’s POC Order, there is no deadline for the timely filing of subrogation claims. The Court ordered the SDR to cut off late claims as of March 31, 2025.

The SDR has approved claims for \$37,479,895. As of December 31, 2024, the SDR has approved 323 Class 1 claims for \$38,765 arising from POCs filed by AIC defense counsel for post-receivership work expressly authorized by the SDR (some of the defense counsel POCs include both pre-receivership Class 5 claims and post-receivership Class 1 claims). In addition, the SDR has approved 49 non-guaranty association Class 2 claims for \$181,474, largely consisting of uncovered unearned premium (“UEP”) and 15 non-covered

loss claims; the Arkansas guaranty association POC was approved (and paid) for a \$16,330 Class 1 claim and a \$4,334 Class 2 claim; 6,086 Class 5 subrogation claims for \$35,478,143; 845 Class 5 AIC defense counsel claims for pre-receivership fees and expenses for \$909,694; 453 Class 5 vendor claims for \$458,085; and 9 Class 6 claims for \$78,676, which are claims submitted by state or municipal governments. One POC has been withdrawn, and 1,626 have been denied (disallowed).

The SDR plans to adjudicate the POCs filed by the guaranty associations, which consist of Class 1 and Class 2 claims. The Arkansas guaranty association POC was approved and paid in full.

**Deemed Deductible POC Project:** The Receivership Court approved the SDR's plan to deem statutory deductible claims. The proposed plan will require consumers to confirm their current address and will set a \$25 de minimis floor for approved claims. All deemed deductible claims will have a Class 2 priority. The project is underway.

## **Guaranty Associations**

**Early Access:** To date, the SDR has made \$138,771,196 in early access distributions to the guaranty associations (including the payment to the Arkansas association in December). All Class 1 and Class 2 claims for the associations, including UEP claims, have been funded through May 31, 2024.

Total guaranty association loss reserves decreased in the last quarter to \$505,705 from \$550,149.

## **General Administrative Matters**

**Financial Statements:** The SDR has continued to update the estate's financial reporting to include current information regarding the amounts approved on POCs and their classification, along with the amounts potentially available for distribution. The financial statements are intended to provide approved creditors of the estate with sufficient information for them to accurately estimate their potential distribution while at the same time securing the historic financial reporting for NOL calculations and tax filings.

**Federal Claims Release Submission:** The SDR expects to submit the request for the release of federal claims in the next quarter.

**Estimated Closing Date of Receivership:** The SDR estimates that the estate could close in mid-to late 2026.

## **Factors Affecting Closing Date and Final Distribution:**

- Reinsurance commutations
- Federal release of claims