Texas Department of Insurance

FOR IMMEDIATE RELEASE
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News Release

FOR MORE INFORMATION
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Texas Department of Insurance and NOLHGA Announce Important Developments in Plan to Protect Insurance Consumers

AUSTIN – The Texas Department of Insurance (TDI), Special Deputy Receiver (SDR), and National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) are finalizing confidential settlement negotiations for a liquidation plan (Plan) to protect consumers with insurance policies issued by Lincoln Memorial Life Insurance Company (Lincoln Memorial) and Memorial Service Life Insurance Company (Memorial Service). The parties have agreed to the material provisions of the Plan and expect to sign it and file it with the Texas receivership court within the next few weeks. Representatives of the affected guaranty associations authorized NOLHGA to proceed with finalizing the Plan last week, and the individual associations will each have the opportunity to participate in the Plan after it is signed.

"We are pleased with the NOLHGA vote that allows this Plan to protect consumers to move forward expeditiously," said Texas Insurance Commissioner Mike Geeslin, who is also the Receiver for the companies. "The financial situation of these companies is such that the Plan provides a viable solution for consumers to realize the benefits of the insurance policies they paid for."

Under the Plan, participating guaranty associations would cover the insurance policy death benefits issued by Lincoln Memorial and Memorial Service. The majority of the affected insurance policies are related to prepaid funeral contracts purchased by consumers through National Prearranged Services, Inc. (NPS), which was placed in receivership along with Lincoln Memorial and Memorial Service. All three companies were affiliated under common ownership.

The Plan provides a mechanism to pay the original insurance policy death benefit to the funeral home or other providers of burial services when burial services are provided, notwithstanding that policy loans, assignments, conversions, and other insurance policy transactions not authorized by the consumer may have taken place. Obligations of prepaid funeral contracts that are not funded by insurance policies (such as inflation growth adjustments) are not paid under the Plan because guaranty associations are prevented by their laws from paying non-insurance obligations.

"Even though the guaranty associations are prohibited from paying the non-insurance prepaid funeral obligations of NPS, the funeral homes benefit from the Plan because they will receive the insurance policy death benefit after providing burial services," explained NOLHGA President Peter Gallanis. The guaranty associations will not be making payments for insurance benefits to NPS.

The SDR and TDI recommend that anyone who was paying premiums for an insurance policy should continue paying premiums when they are due (and pay any past due premiums) to keep the policy in force

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while the Plan is being completed. Not paying these premiums could result in losing the coverage provided by the applicable guaranty association.

"Policyholders need to pay all premiums to keep their policies in force. Allowing a policy to lapse through non-payment of premium would void the protections that the parties to the Plan have worked hard to ensure," urged Commissioner Geeslin.

The Receiver has contracted with Donna Garrett to serve as Special Deputy Receiver (SDR) of Lincoln Memorial, Memorial Service, and NPS.

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About NOLHGA: *The National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) is a voluntary association made up of the life and health insurance guaranty associations of all 50 states, the District of Columbia, and Puerto Rico. State guaranty associations provide coverage (up to the limits set forth in state law) for resident policyholders of insurers licensed to do business in their states. NOLHGA assists its member associations in quickly and cost-effectively providing coverage to policyholders in the event of a multi-state life or health insurer insolvency. http://www.nolhga.com/.*

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