Texas Department of Insurance

FOR IMMEDIATE RELEASE
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News Release

FOR MORE INFORMATION
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Texas Court Approves Liquidation Plan for Two Insurance Companies, Pre-Need Funeral Contract Company

AUSTIN – An Order Appointing Liquidator, Approving Liquidation Plan and issuing a Permanent Injunction were signed by the Texas receivership court for Lincoln Memorial Life Insurance Company, Memorial Service Life Insurance Company, and National Prearranged Services, Inc. (NPS) on September 22, 2008. Objections to the liquidation order and plan were previously withdrawn during a court hearing.

The liquidation order states that Lincoln Memorial, Memorial Service, and NPS are insolvent, and that further attempts to rehabilitate the companies would be futile or would increase the risk of loss to creditors, policyholders, or the public. The order approves the liquidation plan developed by the Special Deputy Receiver (SDR). Under the liquidation plan, participating guaranty associations will 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 NPS. The plan will not go into effect until the order is final, which under Texas law takes 30 days.

Claims payments are temporarily on hold until the liquidation plan takes effect. SDR Donna Garrett has continued to process claims and has been working closely with NOLHGA so that claims can be paid as soon as possible, after the Plan is final. Funeral homes and other burial service providers should provide e-mail addresses to the SDR to help expedite processing of claims. Claimants with processed claims could start receiving claim checks from the participating individual guaranty associations as soon as early November when the order approving the Plan becomes final.

This court-approved liquidation plan provides a mechanism to pay the original insurance policy death benefit to the funeral home 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) will not be paid under the liquidation plan because insurance guaranty associations by law cannot pay non-insurance obligations. Persons with pre-need funeral contracts that are not covered under the liquidation plan will have a claim against NPS. The SDR will be providing information at a later date, regarding the method and deadline for filing claims.

Some consumers were paying premiums for a policy issued by Lincoln Memorial. The SDR and TDI recommend that any consumer, or anyone on behalf of a consumer, who was paying premium for a policy should continue paying premiums that are due (and pay any past due premiums) to keep the policy in force until the liquidation plan becomes final. Not paying these premiums would result in losing the coverage provided by the applicable guaranty association.

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On May 14, 2008, Lincoln Memorial, Memorial Service, and NPS consented to be placed in receivership in Texas for purposes of rehabilitation. All three companies were affiliated under common ownership. Texas Insurance Commissioner Mike Geeslin was named Rehabilitator for the companies, and has now been named as Liquidator. The Liquidator has contracted with Donna Garrett to serve as SDR.

More information can be found on TDI's website at http://www.tdi.state.tx.us/life/cpmmemorial.html, or on the SDR's website at http://www.lincolnmemoriallife.com/.

Contact persons:
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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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