

Special Master's Status Letter Update
October 27, 2020
Calanthe Mutual Life Insurance Company
(Formerly Grand Court Order of Calanthe) (Calanthe) in Receivership # 560

Special Deputy Receiver (SDR): Resolution Oversight Corporation

Primary Responsible Person: Ernesto A. Garza

Estate Counsel: Rachel Stroud

Receiver's Counsel: David Wheelus

RLO Analyst: Moses Chao

Background on Calanthe:

- Date of Permanent Injunction: May 31, 2018
- Date of Appointment of SDR: June 4, 2018
- State Licensed: Texas
- Lines of Business: Whole Life and Term Insurance
Pre-need Policies

Calanthe is a Texas domiciled fraternal benefit society that had been in existence for 120 years. The company was only licensed in Texas and had no affiliates or investments in subsidiaries, partnerships or other companies. The SDR filed an application with the Commissioner to convert Calanthe from a fraternal benefit society to a mutual life insurance. The application was approved and Calanthe was converted to a mutual life insurance company on August 25, 2020.

Statement of Assets and Liabilities September 30, 2020:

- Total Assets \$ 635,280
 - Cash Assets \$635,308
 - Non cash Assets \$ (28)
- Total liabilities \$(1,234,981)
- Negative equity \$ (599,701)

Status and Activity since last status conference:

Asset Recovery:

1. The SDR continued collection of outstanding premiums. The total collected for the third quarter of 2020 was \$3,112.
2. The SDR staff prepared and mailed premium billings for the fourth quarter of 2020 on October 2, 2020.

Claims:

1. The SDR staff processed six cash surrender requests and ten death claims in the third quarter of 2020 for total distributions of \$13,646.92.

2. The SDR staff updated the QL policy and claim system with premiums collected, surrenders and death claims paid, and change of address requests.
3. The number of open policies in the QL system as of September 30, 2020 was 2,392 with a face value of \$2,625,643 and a reserve value of \$902,109.

General Legal Activities:

The Application for Order of Liquidation was filed with the Receivership Court on September 14, 2020 and the Liquidation Order was signed on October 9, 2020. The SDR staff is coordinating with TLHIGA on the liquidation as required by Tex. Insurance Code Sec. 443.105. The required newspaper publication notices were placed in October by the SDR staff. The required notices and new policy forms are being mailed to the policyholders by TLHIGA.

Conclusions:

- Major Achievements since last Status Conference:
 1. The premium billings for the third quarter of 2020 were prepared and mailed to the policyholders.
 2. Payment of death and cash surrender claims submitted in the third quarter of 2020 were processed and mailed.
 3. Commissioner's order converting Calanthe to a mutual life insurance company *via* assignment of a charter of another mutual life company was signed on August 25, 2020.
 4. The Application for Order of Liquidation was approved by the Receivership Court on October 9, 2020.
 5. The 2017, 2018, and 2019 tax returns were filed with IRS in August 2020.
- Estate Team Goals for the next quarter:
 1. Collect premiums and surrender and death claim correspondence received by the SDR and forward to TLHIGA to address and process.
 2. The SDR will coordinate the liquidation with TLHIGA on the transfer of all records requested by TLHIGA and on the joint notice to the policyholders of the Order of Liquidation.
 3. Prepare and file a termination application to close the receivership estate.
 4. Work with TDI regarding required records to be converted to electronic format for retention after closing. Conclude distributions and estate closing functions required to terminate the receivership estate.
 5. Prepare the final receivership estate tax return.
- Estimated Closing Date of Receivership: January 2021
- Identification of Factors Affecting Closing Date and Final Distribution:
 1. Potential proof of claim requirements.
 2. Final termination requirements.