

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
 STATE OF OKLAHOMA FILED IN DISTRICT COURT  
 OKLAHOMA COUNTY

STATE OF OKLAHOMA, ex rel.  
 GLEN MULREADY, in his capacity as  
 Insurance Commissioner and as Receiver for  
 Heritage National Insurance Company,

Plaintiff,

v.

HERITAGE NATIONAL INSURANCE COMPANY,  
 a licensed domestic Insurer in the State of Oklahoma

Defendant.

JUL - 8 2021

RICK WARREN  
 COURT CLERK

73 \_\_\_\_\_

Case No. CJ-2002-1614

*Judge Anthony L. Bonner*

**ORDER APPROVING RECEIVER'S MOTION TO DISTRIBUTE ASSETS,  
CLOSING ESTATE, AND DISCHARGING RECEIVER**

On the 8<sup>th</sup> day of July 2021, the Receiver's Motion to Distribute Assets, Close Estate and Request for Discharge came for hearing. Heritage National Insurance Company, in Liquidation appeared at the hearing through legal counsel for the Receiver. No one appears in opposition and no objections have been filed. The Court, having reviewed the Receiver's Motion, and submission during the hearing, finds and orders as follows:

The Court finds that the Receiver's request for approval of Class 1 expenditures incurred after March 31, 2021 for direct administrative fees and expenses in the amount of \$87.68 and expenses allocated by the Oklahoma Receivership Office, Inc. ("ORO") of \$13,154.40 for common expenses and \$5.96 for separate expenses are approved.

The Court finds that the Receiver's request for approval of compensation for the Assistant Receiver's time expended on the Estate in the amount of \$298.65 plus applicable payroll taxes are approved.

The Court further finds that the supplemental Class 2 Claims filed by the Oklahoma Life & Health Insurance Guaranty Association ("OLHIGA") in the amount of \$86,949.22 and the Texas Life and Health Insurance Guaranty Association ("TLHIGA") in the amount of \$3,168.24 are approved.

The Court further finds that the Class 3 claims filed by the OLHIGA in the amount of \$13,505,115.19 and the TLHIGA in the amount of \$5,542,037.60 are approved.

The Court further finds that the post-closing tasks as detailed shall be performed by ORO and that the Closing Budget for post-closing fees and expenses in the amount of \$77,267.86 and distribution of such funds not expended be distributed to the Class 2 approved claimants is approved.

The Court further finds that the Receiver has authority to negotiate and execute a release agreement with the United States.

The Court further finds that the Receiver has authority to destroy estate records upon receipt of United States release agreement subject to the terms therein.

The Court further finds that the Receiver's request for return of early access distributions as needed to fund the Class 1 expenses not to exceed the post-closing budget by 25% is approved.

The Court further finds that the Receiver and TLHIGA's agreement that if recoveries exceed their Class 2 claim, TLHIGA will distribute a pro-rata Class 3 distribution to the non-guaranty association Class 3 Texas resident claimant subject to a minimum distribution of \$50.00 is approved.

The Court further finds that the Receiver has performed all responsibilities as Receiver, that the Receiver, Assistant Receiver, and all other agents of the Receiver shall be discharged and released upon filing of a Post-Closing Report without further notice, hearing or Order of this Court.

The Court further finds that all injunctions and stays entered by the Court, including those in the liquidation order, are to remain in full force and effect permanently and that this Court retains exclusive jurisdiction of the enforcement thereof.

The Court further finds that all claims against HNIC, the Receiver, the Assistant Receiver, retained counsel, and any other employee or personnel of the Receiver or Assistant Receiver are barred.

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that the Class 1 expenses incurred after March 31, 2021 for direct administrative fees and expenses in the amount of \$87.68 and expenses allocated by the Oklahoma Receivership Office, Inc. of \$13,154.40 for common expenses and \$5.96 for separate expenses are approved.

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that the Receiver's request for approval of compensation for the Assistant Receiver's time expended on the Estate in the amount of \$298.65 plus applicable payroll taxes are approved.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** the Receiver distribute to ORO the sum of \$77,267.86 for post-closing fees and expenses.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the supplemental Class 2 Claims filed by the OLHIGA in the amount of \$86,949.22 and the TLHIGA in the amount of \$3,168.24 are approved.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Class 3 claims filed by the OLHIGA in the amount of \$13,505,115.19 and the TLHIGA in the amount of \$5,542,037.60 are approved.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that ORO shall perform all Post-Closing Tasks.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Receiver's request for return of early access distributions as needed to fund the Class 1 expenses not to exceed the post-closing budget by 25% is approved

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Receiver's request for a final Class 2 distribution after the performance of other post-closing tasks of any funds not required for Post-Closing Tasks to the OLHIGA and THLIGA is approved.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Receiver has authority to negotiate and execute a release agreement with the United States.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Receiver has authority to destroy estate records upon receipt of United States release agreement subject to the terms therein.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Receiver and TLHIGA's agreement that if recoveries exceed their Class 2 claim, TLHIGA will distribute a pro-rata Class 3 distribution to the non-guaranty association Class 3 Texas resident claimant subject to a minimum distribution of \$50.00 is approved.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that all injunctions and stays entered by the Court, including those in the Liquidation Order; are to permanently remain in full force and effect and that this Court retains exclusive jurisdiction of the enforcement thereof.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that all claims against Heritage National Insurance Company, the HNIC Estate, the Receiver, Assistant Receiver, and all other agents of the Receiver or Assistant Receiver are barred.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Receiver, Assistant Receiver, and all other agents of the Receiver with any responsibilities and liabilities in

relation to Heritage National Insurance Company and the HNIC Estate are discharged and released without further notice, hearing or order of this Court effective upon the filing of a Post-Closing Report certifying that the appropriate post-closing ministerial tasks related to the HNIC Estate have been completed.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Heritage National Insurance Company is dissolved.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the HNIC Estate is closed and this proceeding is hereby terminated.

**ANTHONY L. BONNER JR.**

JUDGE OF THE DISTRICT COURT

**APPROVED BY:**



George M. Emerson, OBA No. 13159  
RIGGS, ABNEY, NEAL, TURPEN,  
ORBISON & LEWIS  
528 NW 12th  
Oklahoma City, Oklahoma 73103  
Telephone: (405) 843-9909  
gemerson@riggsabney.com  
ATTORNEY FOR PLAINTIFF  
STATE OF OKLAHOMA, EX REL.  
GLEN MULREADY, INSURANCE COMMISSIONER  
AS RECEIVER OF HERITAGE NATIONAL  
INSURANCE COMPANY

**CERTIFIED COPY**  
AS FILED OF RECORD  
IN DISTRICT COURT

JUL - 8 2021

**RICK WARREN** COURT CLERK  
Oklahoma County



**CERTIFICATE OF MAILING**

I hereby certify that on the 7th day of July, 2021, mailed a true and correct copy of the foregoing instrument postage paid and/or electronic mail with written consent, to:

OKLAHOMA RECEIVERSHIP OFFICE, INC.  
DCROWE@OKARO.ORG

James W. Rhodes  
KERR, IRVINE, RHODES & ABLES  
201 Robert S. Kerr Ave., Suite 600  
Oklahoma City, OK 73102-4267

RIGGS, ABNEY, NEAL, TURPEN, ORBISON &  
LEWIS  
528 N.W. 12TH STREET  
OKLAHOMA CITY, OK 73103

Oklahoma Insurance Department  
Bo.Debose@oid.ok.gov

  
George M. Emerson