

**GENERAL AMERICAN MUTUAL HOLDING COMPANY
IN LIQUIDATION**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

**GENERAL AMERICAN MUTUAL HOLDING COMPANY
IN LIQUIDATION**

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For the Year Ended December 31, 2008



Mayer Hoffman McCann P.C.

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ACCOUNTANTS' COMPILATION REPORT

To Albert Riederer, Special Deputy Liquidator

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

We have compiled the statement of net assets of General American Mutual Holding Company In Liquidation as of December 31, 2008, and the related statements of changes in net assets, receipts, and disbursements for the year ended December 31, 2008 and the statement of receipts from November 30, 1999 to December 31, 2008, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Missouri Department of Insurance information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements, including related disclosures, are presented in accordance with the requirements of the Missouri Department of Insurance, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Leawood, Kansas
February 19, 2009

Mayer Hoffman McCann P.C.

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2008

ASSETS

Type of Asset	Subtotal Column	Total
Cash		\$ (7,976)
Short-term Obligations		34,707,566
Deposits Held for Other States		-
Bonds:		
U.S. Government, including mortgage backed	\$ 129,591,112	
Industrials, Public Utilities	-	
Municipal/Non-revenue	3,530,000	
Railroad	-	
Banks, Insurance and Other Financial Institutions	-	
Market Value Adjustment on Bonds	360,873	
Total Bonds		133,481,985
Stocks:		
Preferred	-	
Common	-	
MVA	-	
Total Stock		-
Mortgage Loans		-
MVA		-
Real Estate		-
MVA		-
Policy Loans		-
Other Invested Assets:		
Asset 1	-	
Asset 2	-	
Asset 3	-	
Any applicable MVA or adj. for uncollectible	-	
Total of Other Invested Assets		-
Advances to Guaranty Associations		-
Recoverable from Reinsurers:		
Paid Losses	-	
Paid LAE	-	
Known Case Loss Reserves	-	
Known Case LAE Reserves	-	
IBNR Loss Reserves	-	
IBNR LAE Reserves	-	
Unearned Ceded Premiums	-	
Contingent Commissions (If not claims)	-	
MVA	-	
Total Recoverable from Reinsurers		-

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2008

ASSETS

Type of Asset	Subtotal Column	Total
Federal Income Tax Recoverable		\$ -
Other Taxes Recoverable		-
Salvage and Subrogation Recoverables		-
Premiums Due and Accrued		-
Agents' Balances		-
Receivable from Affiliates		-
Accrued Investment Income		159,163
Equipment, Furnishings and Supplies		33,803
Other Fixed Assets		-
Depreciation on Equipment & Other Fixed Assets		(25,668)
Other Assets:		
Asset 1 – Prepaid expenses	\$ -	
Asset 2 –	-	
Asset 3 –	-	
Any applicable MVA or adj. for uncollectible	-	
Total Other Assets	-	-
Total Unrestricted Assets		168,348,873
Restricted Assets		-
Total Assets		<u>\$ 168,348,873</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2008

LIABILITIES

Type of Liability	Subtotal Column	Total
Secured Claims		\$ -
Class 1 Administrative Claims:		
GF	\$ -	
General Administrative Expenses Pending	-	
Total Class 1 Claims	-	-
Class 2 Policy Benefit Claims:		
GF Covered	-	
Ancillary	-	
NGC	-	
Total Class 2 Claims	-	-
Class 3 U.S. Government		-
Class 4 Employee Compensation		-
Class 5 Premium and General Creditor Claims:		
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
Total Class 5 Claims	-	-
Class 6 State & Local Government		-
Class 7 Late Filed		-
Class 8 Surplus Note		-
Class 9 Ownership Related – unpaid distribution checks		<u>10,998,809</u>
Total Liabilities		10,998,809
Excess (Deficiency) of Assets Over Liabilities		<u>157,350,064</u>
Total		<u>\$ 168,348,873</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2008

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</u>
Net Assets at December 31, 2007		\$ 82,725,371
Increases in Net Assets:		
Premium	\$ -	
Commission	-	
Rental Income	-	
Mortgage Receipts (Principal & Interest)	-	
Policy Loan Receipts (Principal & Interest)	-	
Proceeds from Sales of Real Estate	-	
Proceeds from Sales of PP&E	-	
Reinsurance Recoveries on Losses	-	
Reinsurance Recoveries on LAE	-	
Agents Balances Received	-	
Collection of Affiliate Receivables	-	
Salvage and Subrogation Recoveries	-	
Recovery of Taxes Previously Paid	-	
Interest & Dividend Income	2,825,766	
Other Income – 2003 federal income tax refund	6,661	
Other Income – 2004 state income tax refund	33,983	
Other Income – 2006 state income tax refund	1,823	
Other Income – 2007 state income tax refund	16,890	
Other Income – 2007 federal income tax refund	5,000	
Other Income – 2007 state income tax refund	853,513	
Other Income – 2007 state income tax refund	-	
Other Income – Gain on sale of investments	76,659	
Other Income – Refund of interest and penalty expense from the IRS	984	
Other Income – Adjustments to sales price	1,344	
Other Income – Unrealized increase in investments	-	
Proceeds from Settlement of Goldman Sachs Claim	365,260	
	<u>100,005,000</u>	
Total Increase in Net Assets		<u>104,192,883</u>
Decreases in Net Assets:		
Secured Claims		
	-	
Class 1 Administrative Claims:		
Legal fees	(115,845)	
Accounting and actuarial fees	(178,057)	
Special Deputy Liquidator fees	(300,000)	
Consulting fees	-	
Policy holder notification expenses	(1,732,927)	
Salaries	-	
Employee benefits	(27,207)	
Payroll and related taxes	(84,870)	
Rent and related expenses	(28,234)	
Office expenses	(29,878)	
Acquisition of fixed assets	-	
Investment expenses	(182,902)	
Other disbursements – Loss on sale of investments	-	
Other disbursements – Federal and state income tax payments	(3,733,139)	
Other disbursements – Settlement expenses	(21,868,557)	
Other disbursements – Rubenstein defense	<u>(1,286,574)</u>	
Total Class 1 Claims		(29,568,190)

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2008

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</u>
Class 2 Policy Benefit Claims:		
GF Covered Paid Loss	\$ -	
GF Covered Open Loss	-	
GF Covered Paid LAE	-	
GF Covered Open LAE	-	
Ancillary Paid	-	
Ancillary Open	-	
NGC Paid	-	
NGC Open	-	
	<hr/>	
Total Class 2 Claims	-	
	<hr/>	
Class 3 U.S. Government	-	
Class 4 Employee Compensation	-	
	<hr/>	
Class 5 Premium and General Creditor Claims:		
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
	<hr/>	
Total Class 5 Claims	-	
	<hr/>	
Class 6 State & Local Government	-	
Class 7 Late Filed	-	
Class 8 Surplus Note	-	
Class 9 Ownership Related – Liquidating Distributions	-	
Amounts Expensed for Investment Purchases	-	
	<hr/>	
Total decrease in net assets		<hr/> <u>(29,568,190)</u>
Net assets at December 31, 2008		<hr/> <u>\$ 157,350,064</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF RECEIPTS

For the Year Ended December 31, 2008 and the
Period from November 30, 1999 to December 31, 2008

<u>Type of Receipt</u>	<u>Year Ended December 31, 2008</u>	<u>Period from November 30, 1999 to December 31, 2008</u>
Premium Receipts	\$ -	\$ -
Commission Receipts	-	-
Rental Receipts	-	-
Mortgage Receipts:		
Principal	-	-
Interest	-	-
Policy Loan Receipts:		
Principal	-	-
Interest	-	-
Proceeds from Sales:		
Real Estate	-	-
PP&E	-	-
Reinsurance Recoveries	-	-
Agents' Balances Received	-	-
Collection of Affiliate Receivables	-	-
Salvage and Subrogation Recoveries	-	-
Recovery of Taxes Previously Paid	994,529	91,367,831
Interest and Dividend Receipts	2,819,502	275,546,460
Other Receipts:		
Receipt 1 – Advance from GALIC	-	4,985,445
Receipt 2 – Proceeds from sale of GAMHC to MetLife	-	1,201,318,368
Receipt 3 – Deposit from GALIC for expected income tax liability for 2000	-	125,000
Receipt 4 – Proceeds from 1999 income tax refund	-	33,705,000
Receipt 5 – Proceeds from MetLife for 1999 income tax refund	-	33,705,000
Receipt 6 – Proceeds from MetLife for recovery of taxes previously paid	-	43,717,670
Receipt 7 – Legal settlement	-	1,811,808
Receipt 8 – Legal settlement	-	29,500,000
Receipt 9 – Settlement of Article VIII claims with MetLife	-	35,872,550
Receipt 10 – Miscellaneous	-	2,676
Receipt 11 – Lawsuit settlements	100,005,000	213,005,000
Receipt 12 – Refund of interest expense from the IRS	1,344	9,356,637
Receipt 13 – Refund of tax penalties from the IRS	-	139,269
Receipt 14 – Income tax receipts from pre-closing payments	-	32,849,860
Receipt 15 – Gain on sale of investments	984	2,832
Total Before Proceeds from Investment Sales and Maturities	<u>103,821,359</u>	<u>2,007,011,406</u>
Proceeds from Sales and Maturities of:		
Short-term Investments (Net)	5,869,051,038	65,594,898,262
Bonds	207,766,345	44,241,408,635
Stocks	-	-
Total Proceeds from Investment Sales and Maturities	<u>6,076,817,383</u>	<u>109,836,306,897</u>
Total Cash Receipts	<u>\$ 6,180,638,742</u>	<u>\$ 111,843,318,303</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF DISBURSEMENTS

For the Year Ended December 31, 2008 and the
Period from November 30, 1999 to December 31, 2008

<u>Disbursement Category</u>	<u>Year Ended December 31, 2008</u>	<u>Period from November 30, 1999 to December 31, 2008</u>
Disbursements:		
Loss/Benefit Payments	\$ -	\$ -
LAE Payments	-	-
Reinsurance Payments	-	-
Legal Fees	115,845	10,738,675
Accounting & Actuarial Fees	178,057	8,304,210
Special Deputy Receiver Fees	300,000	2,700,000
Consulting Fees	-	35,852
Policy Holder Notification Expenses	1,732,927	10,521,487
Employee Benefits	27,207	213,232
Payroll and Related Taxes	84,870	1,079,285
Rent and Related Expenses	28,234	174,295
Office Expenses	26,838	272,124
Additions to fixed assets	309	41,068
Investment Expenses	182,902	9,574,806
Other Disbursements:		
Disbursement 1 – Repayment of GALIC note, plus accrued interest	-	3,600,616
Disbursement 2 – Purchased interest	136,324	42,726,329
Disbursement 3 – Federal and state income tax payments	3,733,139	193,397,606
Disbursement 4 – Repayment of 1999 income tax refund to GALIC	-	33,705,000
Disbursement 5 – Repayment of amended income tax refund to GALIC	-	43,717,670
Disbursement 6 – Interest Expense	-	9,208
Disbursement 7 – Legal fees associated with legal settlement	23,049,385	67,988,602
Disbursement 8 – MetLife Article 10 indemnification claims	-	39,484,455
Disbursement 9 – Expenses associated with MetLife indemnification claims	-	2,003,146
Total Disbursements Before Distributions And Investment Purchases	<u>29,596,037</u>	<u>470,287,666</u>
Distributions:		
Early access distributions	-	-
Interim or final distributions	<u>46,805,236</u>	<u>1,370,887,128</u>
Total Distributions	<u>46,805,236</u>	<u>1,370,887,128</u>
Total Disbursements and Distributions Before Investment Purchases	<u>76,401,273</u>	<u>1,841,174,794</u>
Investment Purchases:		
Short-term Investments	5,819,785,821	65,635,718,799
Bonds	284,742,021	44,366,432,686
Stocks	-	-
Total Investment Purchase Transactions	<u>6,104,527,842</u>	<u>110,002,151,485</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF DISBURSEMENTS

For the Year Ended December 31, 2008 and the
Period from November 30, 1999 to December 31, 2008

<u>Disbursement Category</u>	<u>Year Ended December 31, 2008</u>	<u>Period from November 30, 1999 to December 31, 2008</u>
Total Disbursements, Distributions, And Investment Purchases	<u>\$ 6,180,929,115</u>	<u>\$ 111,843,326,279</u>
Change in Cash	(290,373)	(7,976)
Cash at Beginning of Period	<u>282,397</u>	<u>-</u>
Cash at End of Period	<u>\$ (7,976)</u>	<u>\$ (7,976)</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

NOTE TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies**

Notes to Financial Statements are not a requirement under the prescribed format of the Missouri Department of Insurance. The accompanying disclosures include selected information that is not intended to be all-inclusive.

Organization – GAMHC entered into a \$1,200,000,000 stock purchase agreement with Metropolitan Life Insurance Company (MetLife) on August 26, 1999 to sell the common stock of GenAmerica Corporation. In accordance with this stock purchase agreement, the funds, once received, are to be held in an account and used to indemnify MetLife with respect to outstanding claims and losses set forth in the purchase agreement, and to pay certain taxes and expenses of GAMHC, including those associated with the Liquidation. The purchase agreement was closed on January 6, 2000.

Principles of accounting – These financial statements represent an accounting for the assets and liabilities of General American Mutual Holding Company (GAMHC) from the point in time the respective assets and liabilities were transferred to the control of the Special Deputy Liquidator (initially the Special Deputy Receiver) until such time as the assets and liabilities are liquidated or the control of these items are transferred from the Special Deputy Liquidator to another party. Included in these financial statements are the accounts of General American Mutual Holding Company in Liquidation (GAMHCIL) and two Qualified Settlement Funds established to hold proceeds from legal settlements for the benefit of members.

Income taxes – Income taxes have consistently been recorded on a cash basis by the receivership. The receivership has federal and state income taxes payable of approximately \$23.2 million at December 31, 2008. In addition, the receivership has federal and state income tax refund receivables of approximately \$4.7 million at December 31, 2008. Another \$9.5 million of federal and state income tax refund claims have been filed; however the collection of this amount is uncertain.

Investments – Investments which are classified as available-for-sale are recorded at their aggregate fair value. Unrealized holding gains and losses are included as a separate component of receivership corpus until ultimately realized. Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Premiums and discounts are recognized using the interest method over the period to maturity.

Claims payable – No filed or pending claims have been reflected in the financial statements. The filed or pending claims could have a material impact on the financial statements.

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

NOTE TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Accrued expenses – Liabilities incurred but not paid as of December 31, 2008 have not been reflected in the financial statements. The accrued liabilities could have a material impact on the financial statements.

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