

IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

FILED

SEP 19 2013

COLE COUNTY  
CIRCUIT COURT

JOHN M. HUFF, DIRECTOR )  
DEPARTMENT OF INSURANCE, FINANCIAL )  
INSTITUTIONS AND PROFESSIONAL REGISTRATION, )

Plaintiff, )

v. )

WATKINS LIFE AND BENEFIT )  
ASSOCIATION (“WLBA”), )

Respondent. )

Case No. 11AC-CC00721

**VERIFIED PETITION FOR FINAL JUDGMENT, DECREE  
AND ORDER OF LIQUIDATION OF WATKINS LIFE AND  
BENEFIT ASSOCIATION**

John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (the “Department”), Plaintiff, in his capacity as Rehabilitator, by counsel, and pursuant to § 375.1174, RSMo (2000), hereby petitions the Court for a final judgment, decree and order to liquidate Defendant Watkins Life and Benefit Association (“WLBA”).

In support thereof, Plaintiff states:

1. Watkins Life and Benefit Association (“WLBA”), Defendant, is an assessment plan life insurance company, organized under Chapter 377, RSMo (2000), previously authorized to do business in Missouri only.

2. Plaintiff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration in his capacity as Rehabilitator of WLBA under the Court’s Judgment of Rehabilitation, entered on November 8, 2011.

3. To the best of Plaintiff’s knowledge, information and belief, WLBA’s remaining officers and board members are: Stephen L. Watkins, President, who is a

resident of Dexter, Missouri, and Sarah Watkins-Ferrell, Treasurer, who is a resident of Sikeston, Missouri. However, these board members retain no control over WLBA.

4. WLBA is in such condition that the further attempts to rehabilitate Defendant would substantially increase the risk of loss to creditors, policyholders or the public, or would be futile.

5. WLBA is insolvent.

6. WLBA's board previously consented to rehabilitation and liquidation by board resolution. *See Verified Petition for Rehabilitation, filed November 8, 2011.*

7. WLBA historically issued three different types of contracts or policies, but treated them in the same manner. This has presented numerous challenges to Plaintiff while administering WLBA in rehabilitation. One of the main challenges is the uncertainty that exists when trying to determine which type of contract or policy the insured individual or contract holder has in force. Often, the contract holder or insured individual has lost or misplaced the original document and is unable to produce a copy. Watkins & Sons Funeral Service, Inc. ("Watkins & Sons") also has been unable to produce copies of relevant documents.

- a. One contract resembles an insurance contract and bears the name of "Watkins Life and Benefit Association" at the heading and is identified on the paper as Form 1A. It contains language of insurance and allows for beneficiary designations. A copy of an example of a WLBA insurance contract is attached as Exhibit A and incorporated herein by reference.

- b. A second type of contract is titled Individual Assessment Life Insurance Policy, Form LPI 1/88. It also contains language of insurance and allows for beneficiary designations. A copy of an example of a WLBA insurance contract is attached as Exhibit B and incorporated herein by reference.
- c. The third type of contract bears the heading of “Watkins & Sons Funeral Service Pre-Arranged Burial Contract” and the terms of this document include an arrangement for making advance payments toward burial services exclusively with Watkins & Sons and without any beneficiary language or designations. A copy of an example of a Watkins & Sons Funeral Service Pre-Arranged Burial Contract is attached hereto as Exhibit C and incorporated herein by reference.

All contracts appear to have been used interchangeably over the years and there does not appear to be a pattern in which one particular version was used. WLBA and Watkins & Sons treated the contracts in the same manner and did not allow the contract language to control how the contract was applied. Funds associated with the various contracts also appear to have been comingled.

8. Plaintiff prays for an order directing Plaintiff to liquidate WLBA and appointing Plaintiff as Liquidator of WLBA. Plaintiff further prays the Court issue orders and injunctions as follows:

- a. Directing all persons to refrain from:

- i. instituting, and further prosecuting, any actions or proceedings against WLBA, the Rehabilitator or the Liquidator;
- ii. transferring any property of WLBA except to the Liquidator;
- iii. interfering with the Liquidator or with any proceeding commenced under §§ 375.1150-375.1246 RSMo;
- iv. wasting the assets of WLBA;
- v. obtaining preferences, judgments, attachments, garnishments or liens against WLBA, its assets or its policyholders;
- vi. levying execution against WLBA, its assets or its policyholders;
- vii. making any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of WLBA;
- viii. withholding from the Liquidator any books, accounts, documents, or other records relating to the books, accounts, documents, or other records relating to the business of WLBA; and
- ix. refraining from any other threatened or contemplated action that might lessen the value of the insurer's assets or prejudice the rights of the policyholders, creditors or shareholders or the administration of this proceeding or any other proceeding

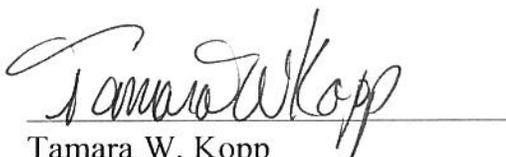
concerning WLBA commenced under §§ 375.1150-375.1246  
RSMo.

- b. Directing Plaintiff to publish notice of the proposed Order of Liquidation directing interested parties to file any objections with the Court by October 24, 2013.
- c. Terminating all WLBA contracts as of November 30, 2013.
- d. Barring death claims after December 31, 2013.
- e. Claims
  - i. Directing Plaintiff to pay claims on all WLBA contracts (Exhibits A, B, and C) in the same manner -- that is, by issuing a check payment rather than providing funeral services.
  - ii. Directing Plaintiff to pay death benefits to designated beneficiaries, or their assignees where Plaintiff can ascertain eligibility for benefits for timely filed claims.
  - iii. Directing Plaintiff to withhold from any claim payments premium amounts due to bring the contract current and to refund unearned premium.
- f. Directing the Plaintiff, upon Liquidation, to pay WLBA insureds a percentage of the face value of policies that increases with the duration of policy or contract, less any amount owed to bring the

policies or contracts current to the termination date, or increased by any unearned premium.

PETITIONER FURTHER PRAYS for such additional orders as the Court deems just and proper.

Respectfully submitted,



Tamara W. Kopp

Missouri Bar # 59020

Receivership Counsel

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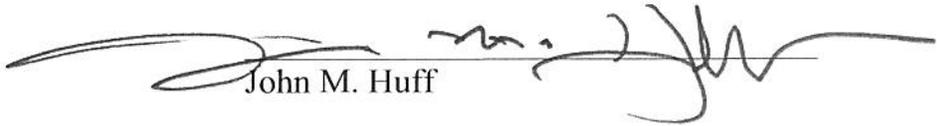
E-mail: [tamara.kopp@insurance.mo.gov](mailto:tamara.kopp@insurance.mo.gov)

**ATTORNEY FOR JOHN M. HUFF,  
REHABILITATOR OF WLBA AND  
DIRECTOR, MISSOURI DEPARTMENT  
OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL  
REGISTRATION**

**VERIFICATION**

STATE OF MISSOURI            )  
  ) ss.  
COUNTY OF COLE            )

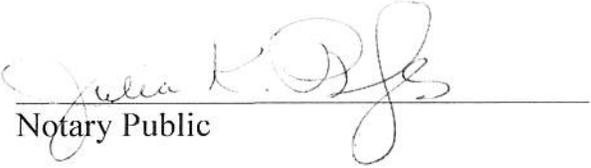
I, the undersigned John M. Huff, swear on my oath that I am the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration and that I have authorized the filing of this verified petition, and that the facts stated in this verified petition are true and accurate to the best of my knowledge, information, and belief.

  
John M. Huff

Sworn to and subscribed before me this 12<sup>th</sup> day of September, 2013.



JULIA K. PHELPS  
My Commission Expires  
March 20, 2014  
Cole County  
Commission #10529898

  
Notary Public