

IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

JOHN M. HUFF, DIRECTOR)	
DEPARTMENT OF INSURANCE, FINANCIAL)	
INSTITUTIONS AND PROFESSIONAL REGISTRATION,)	
)	
Plaintiff,)	
)	Case No. 11AC-CC00721
v.)	
)	
WATKINS LIFE AND BENEFIT)	
ASSOCIATION (“WLBA”),)	
)	
Respondent.)	

LIQUIDATOR’S DISTRIBUTION PLAN

John M. Huff, Liquidator of WLBA (“Liquidator”) and Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (“Department”), appears in his capacity as Liquidator, by counsel, and tenders his proposal to distribute the assets remaining in the WLBA estate in accordance with the Liquidation Order entered on October 31, 2013 and the Insurers Supervision Rehabilitation and Liquidation Act, §§ 375.115-375.1246, RSMo. All details of claims paid, denied, and payments proposed are included in Exhibit A, filed simultaneously with this Distribution Plan and filed under seal.

1. On October 31, 2013, the Court entered a Judgment, Decree, and Order of Liquidation (“Liquidation Order”) concerning WLBA, superseding its Judgment of Rehabilitation entered November 8, 2011. Pursuant to the Liquidation Order, WLBA life insurance policies terminated on November 30, 2013. Claims for life insurance benefits, or otherwise, were due to the Liquidator by December 31, 2013.

2. Claims are broken down by class whereby the next class cannot be paid until the immediately preceding class is paid in full. § 375.1218, RSMo.

3. Class 1 administrative claims have been paid or reserved. Class 1 administrative claims include Department staff time and other resources expended in managing the rehabilitation and subsequent liquidation. The Department waives any

claim it might have to additional administrative fees beyond those previously paid or reserved.

4. Liquidator has adjudicated all Class 2 claims pursuant to WLBA life insurance policies. Liquidator has denied certain claims, but no appeals have been brought to this Court.

5. **Unclaimed Property.** 54 Class 2 policy claims remain where the insured failed to designate a beneficiary. Exhibit A, filed under seal simultaneously with this Distribution Plan, details those individuals who were insured by WLBA, died while the policy was in effect, but failed to designate beneficiaries. In some instances, someone filed a claim, but failed to provide documentation authorizing payment, such as a refusal of letters order in accordance with § 473.090, RSMo. In other instances, Liquidator is aware that the insured passed away, but never received a claim from anyone. Liquidator proposes to distribute \$48,361.15 to Unclaimed Property in accordance with § 375.1224 and Exhibit A, filed under seal, in the name of Estate of Named Insured.

6. Liquidator received no Class 3, 4, 5, or 6 claims.

7. Liquidator received and paid 6 late-filed Class 7 claims totaling \$4,400.00.

8. Remaining creditors include individuals previously insured by WLBA whose policies terminated on November 30, 2013 in accordance with the Liquidation Order. As assessment plan policyholders, these individual are Class 8 claimants and entitled to a refund of premium to the extent available. After Liquidator reserves for administrative expenses, pays claimants in Classes 2-7, or transfers fund to Unclaimed Property as proposed in paragraph 4, above, \$85,098.17 remains to be distributed to Class 8 claimants.

9. **Class 8 Distribution Formula.** The distribution formula pays insureds who held their policies for the longest period of time four times more than those who held their policies for the shortest time. Liquidator proposes to distribute WLBA's remaining assets to WLBA's former insureds as Class 8 claimants, as follows:

- a. Insureds whose policy initiated between January 1, 1950 and December 31, 1959 shall be entitled to liquidation proceeds equal to 7.88 % of the

face value of the policy less any premium owed or increased by any unearned premium paid for coverage beyond November 30, 2013.

- b. Insureds whose policy initiated between January 1, 1960 and December 31, 1969 shall be entitled to liquidation proceeds equal to 5.91 % of the face value of the policy less any premium owed or increased by any unearned premium paid for coverage beyond November 30, 2013.
- c. Insureds whose policy initiated between January 1, 1970 and December 31, 1989 shall be entitled to liquidation proceeds equal to 3.94 % of the face value of the policy less any premium owed or increased by any unearned premium paid for coverage beyond November 30, 2013.
- d. Insureds whose policy initiated between January 1, 1990 and today shall be entitled to liquidation proceeds equal to 1.97 % of the face value of the policy less any premium owed or increased by any unearned premium paid for coverage beyond November 30, 2013.

10. **Payment to Insureds Rather Than Policyholder.** Liquidator proposes to pay insureds rather than policyholders who may have paid assessments and who may not be the same party as the insured because WLBA records do not always indicate who paid assessments.

11. **Minors.** 30 Class 8 claimants are minors. Liquidator proposes to distribute minor insureds' share of the liquidation proceeds payable to "Named Insured or Legal Guardian of Named Insured."

12. **Checks Void After 60 Days.** Liquidator proposes that distribution checks be void 60 days after issuance. Liquidator proposes to transfer to Unclaimed Property in accordance with § 375.1224 any proceeds attributed to distribution checks remaining uncashed after 60 days.

13. **De minimis Liquidation Proceeds.** For insureds who, under the above formula, would receive less than \$10.00 in liquidation proceeds, Liquidator requests permission to return those funds to the WLBA estate to be distributed to other Class 8 claimants. The above distribution formula incorporates the \$10.00 de minimis factor.

14. **Notice to Insureds.** Liquidator proposes to include a notification explaining the WLBA liquidation with all distribution checks. Liquidator's proposed notification is filed simultaneously with this Distribution Plan as Exhibit B.

15. **Asset Abandonment.** During rehabilitation and subsequent liquidation, Liquidator did not send assessment notices or lapse policies for unpaid assessments. Instead, Liquidator deducted unpaid assessments from policy proceeds when paying claims. Insureds received life insurance coverage during rehabilitation and liquidation until November 30, 2013 whether or not they paid assessments. 220 Class 8 claimants owe a total of \$16,649.95 to WLBA for assessments for insurance provided during the time WLBA was in rehabilitation and liquidation. It is the Liquidator's opinion that further efforts to collect remaining funds owed WLBA by the 220 Class 8 claimants would be unprofitable and abandonment is fair and reasonable. Abandonment is authorized by § 375.1182 RSMo, which provides, in part, "The liquidator shall have the power . . . to . . . abandon or otherwise deal with, any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable." Liquidator, through this Distribution Plan, respectfully requests this Court's authorization to abandon the \$16,649.95 receivable.

WHEREFORE, Liquidator respectfully requests this Court's authorization to proceed with this Liquidation Plan to distribute WLBA's remaining assets.

Respectfully submitted,

/s/ Tamara W. Kopp

Tamara W. Kopp

Missouri Bar # 59020

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ATTORNEY FOR LIQUIDATOR

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing, including all attachments, was sent by first class mail, postage prepaid on this 26th day of June, 2014, to:

Stephen Watkins
Watkins & Sons Funeral Service, Inc.
PO Box 96
301 N. Walnut
Dexter, MO 63841

/s/ Tamara W. Kopp