

CAUSE NO. D-1-GV-12-001713

THE STATE OF TEXAS § IN THE DISTRICT COURT OF
VS. § TRAVIS COUNTY, TEXAS
GRAMERCY INSURANCE COMPANY § 53RD JUDICIAL DISTRICT

**APPLICATION TO APPROVE SETTLEMENT AGREEMENT AND
RELEASE OF TRUST FUNDS**

(Companion Property and Casualty Insurance Company and Kemper Cost Management)

TO THE HONORABLE JUDGE OF THE COURT:

Comes now Resolution Oversight Corporation, Special Deputy Receiver for Gramercy Insurance Company (the “SDR” and “Gramercy”, respectively), Companion Property and Casualty Insurance Company (“Companion”), and Kemper Cost Management, Inc. (“KCM”), and files this *Application to Approve Settlement Agreement and Release of Trust Funds* (“Application”), and in support respectfully shows the Court as follows:

I. INTRODUCTION

The SDR requests authority to settle a dispute with Companion related to funds in a reinsurance trust account for which Bank of New York Mellon (“BNYM”) serves as trustee. Pursuant to the settlement, BNYM will release \$1.65 million from the trust account to the SDR, the SDR will pay \$285,000 of that amount to KCM, and BNYM will release the balance of the trust account to Companion.

II. GRAMERCY RECEIVERSHIP

On December 4, 2012, this Court entered an Agreed Order of Rehabilitation and Permanent Injunction in this proceeding, placing Gramercy into rehabilitation and appointing the Texas Commissioner of Insurance as Rehabilitator (“Rehabilitator”). The Rehabilitator appointed Resolution Oversight as Special Deputy Receiver. On August 26, 2013, this Court

entered an *Order Appointing Liquidator and Permanent Injunction*, placing Gramercy into liquidation and appointing the Texas Commissioner of Insurance as Liquidator (the “Liquidator”).

III. AUTHORITY AND JURISDICTION

The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.154(y). This Court has exclusive jurisdiction over the subject matter of this Application pursuant to TEX. INS. CODE § 443.005, and the subject matter of this Application is referred to the Master pursuant to the *Supplemental Order of Reference to Master* entered by this Court on August 26, 2013. The SDR seeks approval of the Compromise Settlement Agreement and Release attached as Exhibit A setting forth the division of trust funds among the parties and providing for mutual releases.

IV. BACKGROUND

In February 2009, Gramercy and Companion entered into a fronting arrangement whereby Gramercy would market, underwrite and issue Companion policies for long-term warranties on solar panels and wind turbines (the “Program”). KCM served as the Claims Administrator of the Program, and was entitled to a percentage of the written premium as its fee. In connection with the Program, Companion ceded 100% of its interests and liabilities under the Program to Gramercy by way of the *General Liability Quota Share Reinsurance Agreement*, dated December 1, 2008 (the “Reinsurance Agreement”). To secure Gramercy’s obligations under the Reinsurance Agreement and to satisfy respective state regulatory requirements, Companion, Gramercy, and BNYM created a trust (the “Trust”), by executing a *Trust Agreement*, dated June 1, 2009 (the “Trust Agreement”), whereby BNYM serves as Trustee. The liquidation order entered on August 26, 2013 cancelled all Gramercy reinsurance agreements.

Companion asserts that the funds in the trust account are its sole property and not the property of the Liquidator, and that the stay does not apply to the trust agreement and thus does not prevent BNYM from releasing the entirety of the trust funds to Companion. The SDR and KCM dispute these assertions and assert individual claims to the funds.

V. PROPOSED SETTLEMENT

After due investigation and deliberation, the SDR and Companion, and the SDR and KCM have entered into respective settlements of past, present and future claims arising under the Program, pursuant to which BNYM will release \$1.65 million from the trust account to the SDR, the SDR will pay \$285,000 of that amount to KCM, and BNYM will release the balance of the trust account to Companion. The SDR represents to the Court that the settlement is in the best interests of the Gramercy estate and its policyholders and creditors. The SDR submits that the settlement will resolve the uncertainty, delays and costs that would be involved in litigating Companion's claims related to the trust funds.

VI. NOTICE

The SDR is providing notice of the filing of this Application to all persons who have requested notice in the receivership estate in accordance with TEX. INS. CODE ANN. § 443.007 and the *Supplemental Order of Reference to Master*. The SDR is also noticing all parties in interest as that term is defined in TEX. INS. CODE ANN. § 443.004(a)(17) and as shown on the certificate of service. The Application will also be posted on the SDR's website.

VII. OFFER OF PROOF AND VERIFICATION

This Application is supported by the affidavit of Ernesto A. Garza, President of Resolution Oversight Corporation, as Special Deputy Receiver of Gramercy, attached hereto and incorporated herein by reference as Exhibit B.

VIII. REQUEST FOR EXPEDITED CONSIDERATION

The SDR requests that this Application be set for expedited consideration with a submission date of December 20, 2013. The investments in the trust consist of bonds, which can be highly volatile under current market conditions. The parties desire to terminate the trust and disburse the assets as quickly as possible to protect their investment value. Further, Companion needs the balance of the trust funds released to it before year end to clarify state regulatory reporting. Companion's motion to obtain the funds and KCM's responses have been on file since June, 2013 and this submission date would give all parties in interest 8 days to consider the terms of the settlement on these claims to the Trust Fund.

IX. PRAYER

WHEREFORE, PREMISES CONSIDERED, the SDR prays that the Court enter an order which approves the Compromise Settlement Agreement and Release among the SDR and Companion, and the SDR and KCM or one in substantially in same the form as Exhibit A.

Respectfully submitted,

STROUD, MARRERO & WELCH, PLLC
11824 Jollyville Road, Suite 200
Austin, Texas 78759
Telephone: 512/482-9291
Facsimile: 512/482-9211

By: /s/ Rachel Stroud
Rachel Stroud,
rstroud@stroudmarrerowelch.com
State Bar No. 19424700

Mary Searcy Marrero
State Bar No. 13012800

ATTORNEYS FOR THE SPECIAL
DEPUTY RECEIVER

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Amended Order of Reference to Master entered by the District Court in this cause, the *Application to Approve Release and Settlement of Claims to Trust Funds (Companion Property and Casualty Insurance Company and Kemper Cost Management)* is hereby set for written submission before the Special Master, Tom Collins, on **Friday, December 20, 2013.**

The Special Master has established the following rules pursuant to Rule 171 of the Texas Rules of Civil Procedure:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
 - (a) The Special Master's Docket Clerk, Ms. Deona Sokol, at specialmasterclerk@tdi.texas.gov.
 - (b) All interested parties, including the undersigned counsel and those listed on the Applicant's Certificate of Service.
3. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
4. If a matter is set for submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the master's docket clerk [(512) 475-1761] to obtain an oral hearing, unless the master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by a Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Rachel Stroud
Rachel Stroud
rstroud@stroudmarrerowelch.com

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on all interested parties in accordance with the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. § 443.007(d) this 12th of December, 2013.

Mr. Tom Collins, Special Master
Texas Department of Insurance
333 Guadalupe, Tower III, 5th Fl., MC-305-1D
Austin, Texas 78701
Email: specialmasterclerk@tdi.texas.gov

Ms. Linda Sizemore
Delaware Insurance Department
841 Silver Lake Blvd
Dover, DE 19904
Email: Linda.Sizemore@state.de.us

Ms. Kathy Gartner
Ms. Kimberly Hammer
Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714
Email: kathy.gartner@tdi.texas.gov
Email: kimberly.hammer@tdi.texas.gov

Ms. Sha'Ron James, Director
Mr. Bob Elias
Division of Rehabilitation & Liquidation
Florida Department of Financial Services
2020 Capital Circle SE, Alexander Bldg Ste 340
Tallahassee, FL 32301-0110
Email: ShaRon.James@myfloridacfo.com
Email: Bob.Elias@myfloridacfo.com

Ms. H. Melissa Mather, Asst. Attorney General
Attorney General's Office
P.O. Box 12548
Austin, Texas 78711-2548
Email: HMelissa.Mather@texasattorneygeneral.gov

Mr. Mark Ossi, Deputy Division Director
Georgia Insurance Department
2 Martin Luther King, Jr. Dr., Ste 610
Atlanta, GA 30334
Via Email: mossi@oci.ga.gov

Ms. Sharon Williams
Mr. Victor W. Zhao
United States Department of Justice
P.O. Box 875, Ben Franklin Station
Washington, DC 20044-0875
Via Email: sharon.williams@usdoj.gov
Via Email: victor.w.zhao@usdoj.gov

Mr. Jim Armstrong
Iowa Insurance Division
330 Maple St.
Des Moines, IA 50319-0065
Email: Jim.Armstrong@iid.iowa.gov

Ms. Denise Azar, Chief Receiver
Alabama Department of Insurance
P.O. Box 303353
Montgomery, AL 36130-3353
Email: Denise.Azar@insurance.alabama.gov

Ms. Georgia Siehl, Bureau Chief/Chief Examiner
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043
Email: georgia.siehl@doi.idaho.gov

Mr. Steve Uhrynowycz, Deputy Receiver
Arkansas Insurance Department
Arkansas Property & Casualty Guaranty Fund
1023 West Capitol Avenue
Little Rock, AR 72201
Email: Steve.Uhrynowycz@arkansas.gov

Mr. Paul A. Miller, Office of the SDR
Illinois Department of Insurance
222 Merchandise Mart Plaza, Ste 960
Chicago, Illinois 60654
Email: pmiller@osdchi.com

Ms. Leslie R. Hess, Financial Affairs Division
Arizona Department of Insurance
2910 N. 44th St. Suite 210
Phoenix, AZ 85018-7269
Email: lhess@azinsurance.gov

Ms. Elizabeth Lovette
Indiana Department of Insurance
311 West Washington St.
Indianapolis, IN 46204-2787
Email: Liz@in-solv.com

Mr. Scott Lloyd
Colorado Division of Insurance
1560 Broadway, Suite 850
Denver, CO 80202
Email: scott.lloyd@dora.state.co.us

Mr. Ken Abitz, Dir-Financial Surveillance Div
Kansas Department of Insurance
420 SW 9th Street
Topeka, Kansas 66612-1678
Via Email: kabitz@ksinsurance.org

Ms. Sharron Burton, General Counsel
Kentucky Office of Insurance
215 W. Main St.
Frankfort, Kentucky 40601
Email: Sharron.Burton@ky.gov

Mr. Allan Pursnell, Deputy Commissioner
Mr. Barry Karns, Receiver
Louisiana Department of Insurance
P.O. Box 94214
Baton Rouge, LA 70802
Email: apursnell@ldi.state.la.us
Email: barryk@ldi.state.la.us

Lynn Beckner, Chief Financial Analyst
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, MD 21202
Email: lynn.beckner@maryland.gov

Ms. Sue Porter
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
Email: sue.porter@state.mn.us

Ms. Diane Garber
Missouri Department of Insurance
PO Box 690
Jefferson City, MO 65102-0690
Email: Diane.Garber@insurance.mo.gov

Ms. Donna Whitley
Mississippi Department of Insurance
501 North West St
Jackson, MS 39201
Email: donna.whitley@mid.state.ms.us

Mr. Steve Matthews, Insurance Division
Montana State Auditor's Office
840 Helena Ave.
Helena, MT 59601
Email: smatthews@mt.gov

Mr. Raymond Martinez, Sr. Deputy Commissioner
Mr. Rick Kilpatrick, Sr. Regulatory Specialist
North Carolina Department of Insurance
401 Glenwood Avenue
Raleigh, NC 27603
Via Email: ray.martinez@ncdoi.gov
Via Email: rick.kilpatrick@ncdoi.gov

Mr. Edward Moody
North Dakota Insurance Department
1701 South 12th Street
Bismarck, ND 58504
Email: emoody@nd.gov

Ms. Peggy Jasa
Nebraska Department of Insurance
941 "O" Street, Suite 400
Lincoln, NE 68508-3639
Email: peg.jasa@nebraska.gov

Mr. Craig Dunbar, Deputy Superintendent
New Mexico Insurance Division
P.O. Box 1269
Santa Fe, NM 87504-1269
Email: craig.dunbar@state.nm.us

Ms. Peggy Willard-Ross, Chief Ins Examiner
Mr. Lin Riipo
Nevada Division of Insurance
1818 E. College Pkwy., Suite 103
Carson City, Nevada 89706
Email: pwillard@doi.nv.gov
Email: lriipi@doi.nv.gov

Mr. Kelley Callahan, Asst. General Counsel
Oklahoma Department of Insurance
2401 N.W. 23rd, Suite 28
Oklahoma City, OK 73152-3408
Via Email: kelley.callahan@oid.ok.gov

Mr. Russell Latham, Manager/Chief Examiner
Oregon Division of Insurance
PO Box 14480
Salem, OR 97309-0405
Email: arussell.latham@state.or.us

Ms. Judith K. Anderson (OR Ancillary Receiver)
Attorney – Dept. of Justice
1162 Court Street NE
Salem, OR 97301-4096
Email: judith.k.anderson@doj.state.or.us

Ms. Laura Slaymaker, Liquidations Project Dir.
Pennsylvania Department of Insurance
901 North 7th Street
Harrisburg, PA 17102
Email: c-lslaymak@state.pa.us

Mr. Lee Hill, Chief Financial Analyst
South Carolina Department of Insurance
1201 Main Street, Suite 1000
Columbia, SC 29201
Via Email: lhill@doi.sc.gov

Ms. Johanna Nickelson
South Dakota Division of Insurance
445 East Capitol Avenue
Pierre, SD 57501
Email: Johanna.Nickelson@state.sd.us

Mr. Bob Ribe, Insurance Division
Tennessee Dept. of Commerce & Insurance
500 James Robertson Pkwy., 4th Fl.
Nashville, TN 37243
Email: Bob.Ribe@tn.gov

Mr. Todd Kiser, Deputy Commissioner
Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114-6901
Email: toddkiser@utah.gov

Mr. Greg Yeatts
Virginia Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218
Email: Gregory.Yeatts@scc.virginia.gov

Mr. James T. Odiorne, Deputy Commissioner
Washington Office-Ins Commissioner
5000 Capitol Boulevard
Tumwater, WA 98501
Email: jimo@oic.wa.gov

Ms. Gina Frank
Wisconsin Office-Ins Commissioner
P.O. Box 7873
Madison, WI 53707-7873
Email: gina.frank@wisconsin.gov

Ms. Leah Cooper
West Virginia Insurance Commission
P.O. Box 50540
Charleston, WV 25305-0540
Email: Leah.Cooper@wvinsurance.gov

Ms. Stephanie B. McGee, Deputy Ins Commissioner
Wyoming Insurance Department
East 122 West 25th Street, 3rd Fl.
Cheyenne, WY 82002
Email: smcgee@state.wy.us

Ms. Barbara Cox
The Nat'l Conference of Insurance Guaranty Funds
300 North Meridian St., Suite 1020
Indianapolis, IN 46204
Via Email: bcox@ncigf.org

Mr. Paul M. Gulko
Guaranty Fund Management Services
One Bowdoin Square
Boston, MA 02114-2916
Email: pgulko@gfms.org

Mr. David C. Edwards
Western Guaranty Fund Services
1720 South Bellaire Street, Suite 408
Denver, CO 80222
Email: dedwards@wgfs.org

Ms. Betty S. Davis, Executive Director
Alabama Insurance Guaranty Association
2020 Canyon Road, Suite 200
Birmingham, AL 35216
Email: aiga01@bellsouth.net

Mr. Michael E. Surguine, Executive Director
Arizona Insurance Guaranty Funds
1110 West Washington, Suite 270
Phoenix, AZ 85007
Email: msurguine@azinsurance.gov

Mr. John J. Falkenbach, Executive Director
Delaware Insurance Guaranty Association
220 Continental Drive, Suite 309
Newark, DE 19713
Email: jfalkenbach@deiga.com

Ms. Sandra J. Robinson
American Guaranty Fund Group
Florida WC Insurance Guaranty Association
Florida Insurance Guaranty Association
P.O. Box 15159
Tallahassee, FL 32317-5159
Email: srobinson@agfgroup.org

Mr. Michael C. Marchman, Executive Director
Georgia Insurers Insolvency Pool
2177 Flintstone Drive, Suite R
Tucker, GA 30084
Email: mmarchman@gaiga.org

Ms. Anne A. Sharp, Executive Director
Illinois Insurance Guaranty Fund
120 South LaSalle Street, Suite 1910
Chicago, IL 60603
Email: Asharp@IIGF.org

Ms. Janis B. Funk, Executive Director
Indiana Insurance Guaranty Association
251 East Ohio Street, Suite 1070
Indianapolis, IN 46204-2143
Email: jfunk@quadassoc.org

Mr. Steven Augspurger, General Counsel
Iowa Insurance Guaranty Association
801 Grand Avenue, Suite 3700
Des Moines, IA 50309-8004
Email: augspurger.steven@bradshawlaw.com

Mr. A. Scott Webster, Executive Director
Kentucky Insurance Guaranty Association
10605 Shelbyville Road, Suite 101
Louisville, KY 40223
Email: scott.webster@kyinsuranceguaranty.com

Mr. John Wells, Director of Operations & Logistics
Louisiana Insurance Guaranty Association
2142 Quail Run Drive
Baton Rouge, LA 70808-4126
Email: jwells@laiga.org

Mr. Joseph R. Petr, Executive Vice President
MD Property & Casualty Ins. Guaranty Corp.
305 Washington Avenue, Suite 600
Towson, MD 21204-4715
Email: jpetr@pcigc.com

Mr. Paul Steffen, Executive Director
Minnesota Insurance Guaranty Association
7600 Parklawn Avenue, Suite 460
Edina, MN 55435
Email: psteffen@popp.net

Mr. Arthur Russell, Executive Director
Ms. Rhonda Powell
Mississippi Insurance Guaranty Assn.
713 South Pear Orchard Road, Suite 401
Ridgeland, MS 39157-5004
Via Email: arussell@msiga.net
Via Email: rpowell@msiga.net

Mr. Charles F. Renn, Executive Director
Missouri Property & Casualty Ins Guaranty Assoc
Missouri Life & Health Insurance Guaranty Assoc
994 Diamond Ridge, Suite 102
Jefferson City, MO 65109
Email: crenn@mo-iga.org

Mr. L. Dean Fletcher, Administrator
Nebraska Property & Liability Ins Guaranty Assoc
P.O. Box 57006, Station C
Lincoln, NE 68505
Email: ldf3436p@aol.com

Mr. Bruce W. Gilbert, Executive Director
Nevada Insurance Guaranty Association
3821 West Charleston Boulevard, Suite 100
Las Vegas, NV 89102-1859
Email: bgilbert@niga-pc.org

Mr. Gary M. Keenan, Fund Administrator
Ms. Vanessa Ramirez
New Mexico Insurance Guaranty Association
Keenan & Associates, Inc. P.O. Box 14590
Albuquerque, NM 87191-4590
Email: gkeenan@keenan-assoc.com
Email: vramirez@keenan-assoc.com

Mr. Raymond F. Evans, Managing Secretary
Mr. Mike Newton
North Carolina Insurance Guaranty Association
P.O. Box 176010
Raleigh, NC 27619-6010
Email: rfe@ncrb.org
Email: rmn@ncrb.org

Mr. Jeffrey J. Cahill, Managing Secretary
North Dakota Insurance Guaranty Association
P.O. Box 2634
Bismarck, ND 58502-2634
Email: jsc46@bis.midco.net

Mr. Larry W. Fitch, General Manager
OK Property & Casualty Ins. Guaranty Assoc.
2601 Northwest Expressway, Suite 330E
Oklahoma City, OK 73112
Email: lwfitch@opciga.org

Mr. David C. Johnson, Administrator
Oregon Insurance Guaranty Association
10700 Southwest Beaverton Hwy, Suite 426
Beaverton, OR 97005
Email: djohnson.oiga@frontier.com

Mr. Stephen Perrone, Executive Director
PA Property & Casualty Ins Guaranty Assoc
1617 John F. Kennedy Blvd., Suite 1850
Philadelphia, PA 19103
Email: sperrone@ppciga.org

Ms. Laura S. Keller, Claims Manager
Pennsylvania WC Security Fund
Pennsylvania Ins Dept Bureau of Special Funds
901 North 7th Street
Harrisburg, PA 17102
Email: lakeller@state.pa.us

Mr. J. Smith Harrison, Exec. Director/Secretary
SC Property & Casualty Ins Guaranty Assoc
P.O. Box 407
Columbia, SC 29202
Email: smitty@scwind.com

Mr. Edwin F. Evans
SD Property & Casualty Ins Guaranty Assoc
Davenport, Evans, Hurwitz & Smith
P.O. Box 1030
Sioux Falls, SD 57101-1030
Email: eevans@dehs.com

Mr. David Broemel, Executive Secretary
Ms. Ivi Niemann
Tennessee Insurance Guaranty Association
1600 Division Street, Suite 680
Nashville, TN 37203
Email: dbroemel@bakerdonelson.com
Email: iniemann@tiga.net

Ms. Linda Meltzer
Mr. Jessie Bowie
Ms. Teri Rodriguez
Texas Property & Casualty Ins Guaranty Assoc
9120 Burnet Road
Austin, TX 78758
Email: lmeltzer@tpciga.org
Email: jbowie@tpciga.org
Email: trodriguez@tpciga.org

Mr. Allen Muhlestein, Executive Director
Utah Property & Casualty Ins. Guaranty Assoc.
P.O. Box 1626
Sandy, UT 84091-1626
Email: allenm@utgf.org

Mr. Randy Blumer, Executive Director
Wisconsin Insurance Security Fund
2820 Walton Commons West, Suite 135
Madison, WI 53718-6797
Email: randy@wisf-madison.org

Ms. Molly Levinson, Enforcement Atty
State of Georgia
Office of Insurance & Safety Fire Commissioner
Suite 620, West Tower
2 Martin Luther King, Jr. Drive
Atlanta, Georgia 30334
Email: MLevnson@oci.ga.gov

Mr. Jack M. Cleaveland Jr. (Atty for Topdanmark)
Thompson Coe Cousins & Irons, L.L.P.
700 N. Pearl St., 25th Floor
Dallas, TX. 75201
Email: jcleaveland@thompsoncoe.com

Ms. Wendy Pellow, Assistant General Counsel
Texas Department of Licensing and Regulation
920 Colorado
Austin, Texas 78701
Email: wendy.pellow@tdlr.texas.gov

Mr. Rehmat Peerbhai
Atlantis Underwriters
1250 S. Capital of Texas Hwy., Bldg 1, Suite 550
Austin, Texas 78746
Email: ray@amcousa.com

Stonebriar Financial Services Partners, LLC
c/o C T Brandt
3650 Schooner Ridge
Alpharetta, GA 30005
Email: tdnarbmot@gmail.com

Mr. Patrick Burke
Trafalgar Group
P.O. Box 346
Cave Spring, GA 30124
Email: pburke@trafgroup.com

Mr. Clive Seymour (Atty – Peak Acceptance)
Hall Estill
320 S. Boston Ave., Suite 200
Tulsa, OK 74103
Email: Cseymour@HallEstill.com

Ms. Leila Persaud
Insurance Services Office
545 Washington, Blvd., 12th Floor
Jersey City, NJ 07310-1686
Email: LPersaud@iso.com

Ms. Darleen Nicole Sheppard
4224 Canal Street
New Orleans, LA 70119
504-234-4880
Email: sheppardlaw@yahoo.com

Mr. Julius Gernes (Atty for Acuity)
Donna Law Firm, P.C.
7601 France Ave S, Ste 350
Minneapolis, MN 55435
Email: jgernes@donnalaw.com

Mr. Scott M. Newmark (Atty for Helen Wilcox)
Carner & Barzakay, LLC
600 S. Andrews Ave., Suite 301
Ft. Lauderdale, FL 33301
Email: smn@carnerbarzakay.com

Mr. Aaron G. Koury
Carpenter & Schumacher, P.C.
Parkway Centre IV
2701 N. Dallas Parkway, Ste. 570
Plano, Texas 75093
Email: akoury@subrogatelaw.com

Ms. Julie Pomerantz
Mitchell, Williams, Selig, Gates
& Woodyard, P.L.L.C.
106 East Sixth Street, Suite 300
Austin, Texas 78701
Email: jpomerantz@mwlaw.com

Ms. Eryn Brasovan
Ms. Jennifer Lang
FIRST Insurance Funding Corp.
450 Skokie Blvd., Suite 1000
Northbrook, IL 60062
Email: eryl.brasovan@firstinsurancefunding.com
Email: jennifer.lang@firstinsurancefunding.com

Mr. Jeffrey S. Hammer
Alvarez Sambol Winthrop
100 S. Orange Ave.
Orlando, FL 32801
Email: jhammer@aswpa.com

Mr. Mitchell L. Ginsburg
Wayne Wright LLP
1524 S. Interstate 35, Suite 100
Austin, Texas 78704
Email: mginsburg@waynewright.com

Mr. Jeff Scriber
324 South Main Street
Jonesboro, AK 72401
Email: scriberfirm@gmail.com

Mr. Frank Medina
Law Offices of Francisco G. Medina
1111 North Loop West, Suite 820
Houston, TX 77008
Email: fgm@medinalaw.net

Ms. Glenda M. August
Glenda M. August & Associates
129 West Pershing Street
New Iberia, LA 70560
Email: gaalaw@aol.com

Mr. R. Sean McEvoy
Casey Gilson P.C.
Six Concourse Parkway, Suite 2200
Atlanta, GA 30328
Email: Rsm@caseygilson.com

Mr. Jason Powers
Law Office of Levin & Clinebell, employees of
Government Employees Insurance Company
50 Briar Hollow Ln., Suite 505W
Houston, TX 77027
Email: CHeds@geico.com

Mr. Robert McCracken
Roush McCracken Guerrero, LLP
1190 East Missouri Avenue, Suiet 190
Phoenix, AZ 85014
Email: bob@rmglaw.com

Mr. Mark D. Bradshaw
The Bradshaw Hogle Firm
1013 South Stapley Dr.
Mesa, AZ 85204
Email: mark@bradshawhogle.com

Romney Player
Knight Transportation
5601 W. Buckeye Rd.
Phoenix, AZ 85043
Email: Romney.Player@knighttrans.com

David Crawford
David Crawford, P.A.
One North Marshall Street
Winston-Salem, NC 27101
Email: drcrawfordpa@aol.com

Maribel Ingram
Monique Raicovich
ETI Financial Corp
P.O. Box 829522
Pembroke Pines, FL 33082-9522
Email: Maribel@etifinance.com
Email: Monique@etifinance.com

Ms. Pam Mims
Assistant General Counsel
AmWINS Group, Inc.
4725 Piedmont Row Dr., Suite 600
Charlotte, NC 28210
Email: Pamela.Mims@amwins.com
Email: Diane.Gibides@amwins.com

Mr. Ian M. Leifer
Mid-Century Ins Co
P.O. Box 268994
Oklahoma City, OK 73126-8994
Email: ian.leifer@hpcs.com

Mr. Robert Duke
The Surety & Fidelity Association of America
1101 Connecticut Ave., NW
Suite 800
Washington, D.C. 20036
Email: RDuke@surety.org

Mr. Anthony Icenogle
Icenogle & Sullivan PLLC
6805 Capital of Texas Hwy., North
Suite 220
Austin, Texas 78731
Email: Aicenogle@icesully.com

Mr. Chester Powell
The Hartford P&C Claim
Central Recovery Operation
P.O. Box 14272
Lexington, KY 40512-4272
Email: chester.powell@thehartford.com

Ms. Michele Barnes
Motors Insurance Corp.
P.O. Box 105706
Atlanta, GA 30348
Email: Michele.Barnes@ally.com

Ms. Dawn Grasso
Lazer Spot
6525 Shiloh Road, Suite 900
Alpharetta, GA 30005
Email: dgrasso@lazerspot.com

Ronald W. Parnell
The Law Office of Ronald W. Parnell, PC
P.O. Box 81085
Conyers, GA 30013
Email: rwparnell@subrogator.com

Edward Michel
David Tippett
Legal Department, Section 47
State of LA Dept of Transportation and Development
P.O. Box 94245
Baton Rouge, LA 70804-9984
Email: Ed.Michael@LA.GOV
Email: David.Tippett@LA.GOV

Sharon A. Lavelle
Georgia Farm Bureau
P.O. Box 7777
Macon, GA 31209-7777
Email: salavelle@gfb.org

Ms. Lisa Chastain
Law Office of Driskell & Wright
105 Decker Drive, Suite 150
Irving, TX 75062-2211
Email: CHASTAL1@nationwide.com

Ms. Kathryn K. Roberts
Mary A. Miller & Associates, LLC
3300 Holcomb Bridge Rd., Suite 100
P.O. Box 1588
Norcross, GA 30091-1588
Email: KRoberts@gasubro.com

Andrew C. Wright
Buck Keenan, LLP
700 Louisiana, Suite 5100
Houston, TX 77002
Email: wright@buckkeen.com

J.D. Smith
Ward Smith, PLLC
1000 Second Avenue, Suite 4050
Seattle, WA 98104-1023
Email: JD@WardSmithLaw.com

Damon A. Vespi
The Vespi Law Firm
547 Union Blvd.
Totowa, NJ 07512
Email: dvespi@vespilegal.com

Jennifer Meinerz
Northland Insurance Company
One Tower Square, MS05A
Hartford, CT 06183
Email: jmeinerz@Northlandins.com

Ms. Linda Maxwell
AmTrust North America
P.O. Box 650767
Dallas, TX 75265-0767
Email: Linda.Maxwell@amtrustgroup.com

Mr. Joe Rayzor
Great West Casualty Company
Attn: Claim G00034
2030 Falling Water Road, Ste 300
Knoxville, TN 37922
Email: j.rayzor@gwccnet.com

Ms. Vanessa Wade
Douglas, Knight & Associates, Inc
File Number: 172771
P.O. Box 10517
Bradenton, FL 34282
Email: vwade@dougknight.com

Mr. John L. Thompson (Atty for Companion)
Munsch Hardt Kopf & Harr, P.C.
3800 Lincoln Plaza
500 N. Akard Street
Dallas, Texas 75201-6659
Email: jthompson@munsch.com

Ms. Monica Bickar
Sedgwick Claims Management Services, Inc.
5700 Lomardo Center
Rock Run North,
Seven Hills, OH 44131
Email: Monica.Bickar@sedgwickcms.com

Ms. Marie Harper
National Subrogation Services, LLC
100 Crossways Park West, Suite 415
Woodbury, NY 11797
Email: mharper@NationalSubrogation.com

Ms. Linda Kuusela
South Atlantic Insurance
Accounting Dept.
7551 Wiles Rd., Suite 201
Coral Springs, FL 33067
Email: linda@satlanticins.com

Ms. Julie Gannon
RIS Insurance Services
5922 NE Win Sivers Dr., Suite 105
Portland, OR 97220
Email: julieg@risnet.com

Ms. Rox-Anne Mulrenin
Ms. Lani Flanigan
Ms. Jacqueline Frost
Ms. Jennifer Pantelakos
CCS Commercial, LLC
P.O. Box 7249
Portsmouth, NH 03802-7249
Email: Rmulrenin@ccsusa.com
Email: LFlanigan@ccsusa.com
Email: JFrost@ccsusa.com
Email: JPantelakos@ccsusa.com

Ms. Elizabeth Weller
Linberger Goggan Blair & Sampson, LLP
2323 Bryan Street, Suite 1600
Dallas, Texas 75201
Email: Dallas.bankruptcy@lgbs.com

Ms. Mary McFaden
Legal Dept – Premium Assignment Corporation (A
Sun Trust Company)
P.O. Box 8800
Tallahassee, FL 32314-8800
Email: mary.mcfaden@suntrust.com

Mr. Bruce P. Mayer
Law Offices of Bruce Phillip Mayer
709 Knox Street
Houston, TX 77007
Email: brucemayer@sbcglobal.net

Mr. Ray Bauso
Pennsylvania Property & Casualty Guaranty Assoc
1617 John F. Kennedy Blvd., Suite 1850
Philadelphia, PA 19103
Email: Rbauso@ppciga.org

Mr. Rob Oliver
Sharpe & Oliver, L.L.P.
550 Westcott Street, Suite 230
Houston, TX 77007-5096
Email: macknife@macknife.net

Mr. Mark Solomon
Mr. Matthew Chaney
The Garner Law Firm
7660 Woodway Drive, Suite 390
Houston, TX 77063
Email: mark.solomon@texassubro.com
Email: matthew.chaney@texassubro.com

Mr. Hector De Leon (Attorney for Party in interest
Kemper Cost Management, Inc.)
De Leon & Washburn, P.C.
901 S. MoPac Expressway
Barton Oaks Plaza V, Suite 230
Austin, TX 78746
Email: hdeleon@dwlawtx.com

Mr. Brent Cole
Pilot Flying J
General Liability Claims Adjuster – Risk Mgmt
5508 Lonas Road
Knoxville, TN 37909
Email: Brent.Cole@pilottravelcenters.com

Mr. Dan Wilson
9307 Broadway, Suite 328
Pearland, TX 77584
Email: dan@hw-lawfirm.com

Mr. Jeff Reddall
Comerica Bank Building
One Sugar Creek Center Blvd., Suite 925
Sugar Land, Texas 77478
Email: jeff@reddall-law.com

Ms. Kaitlyn Graham
Subrogation Division, Inc.
136 South Main Street
Spanish Fork, Utah 84660
Email: Kaitlyn.Graham@subrodiv.com

Mr. Keith Miller
Miller Norman Law Office, Ltd.
403 Center Avenue
Moorhead, MN 56560
Email: klmiller@mnlaw.com

Mr. W. Shane Osborn
Javitch, Block & Rathbone, LLC
275 W. Campbell Road, Suite 450,
Richardson, Texas 75080

Mr. Vincent Carter
Travelers Insurance Company
P.O. Box 2954
Milwaukee, WI 53201-2954
Email: vcarter2@travelers.com

Mr. Dick Crnkovich
Imperial PFS
P.O. Box 220
Puyallup, WA 98371
Email: dick.crnkovich@ipfs.com

/s/ Rachel Stroud
Rachel Stroud
Email: rstroud@stroud-welchlaw.com

EXHIBIT A

COMPROMISE SETTLEMENT AGREEMENT AND RELEASE

A. Parties.

The parties to this **Compromise Settlement Agreement and Release** (the “Agreement”) are **GRAMERCY INSURANCE COMPANY** (“Gramercy”), by and through Resolution Oversight Corporation as Special Deputy Receiver, and **COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY** (“Companion”). Gramercy and Companion are sometimes referred to herein collectively as the “Parties” or individually as a “Party.” Kemper Cost Management, Inc. (“KCM”) joins this Agreement for the limited and sole purpose of acknowledging and agreeing to the terms of Paragraphs B.4 and C.3, 10, and 15 of this Agreement.

B. Recitals.

1. As a part of a fronted insurance program (the “Program”), Gramercy issued Companion policies for long-term warranties on solar panels and wind turbines (the “Policies”). In connection with the Program, Companion ceded 100% of its interests and liabilities under the Program to Gramercy by way of the *General Liability Quota Share Reinsurance Agreement*, dated December 1, 2008 (the “Reinsurance Agreement”). To secure Gramercy’s obligation under the Program and to satisfy respective state regulatory requirements, Companion, Gramercy, and Bank of New York Mellon (“BNYM”) created a trust (the “Trust”), by executing a *Trust Agreement*, dated June 1, 2009 (the “Trust Agreement”), whereby BNYM serves as Trustee. The Trust is currently funded in an amount of approximately \$13,120,440 (the “Trust Assets”) intended to secure Gramercy’s reinsurance obligations to Companion.

2. On December 4, 2012, the State of Texas filed *Plaintiff’s Original Petition, Application for Order Appointing Rehabilitator and Request for Injunctive Relief* (“Petition”), in Cause No. D-1-GV-12-001713, pending in the 53rd Judicial District Court, Travis County, Texas

(respectively, the "Receivership Proceeding" and "Receivership Court, "). On that same date, the Receivership Court entered an Order placing Gramercy into rehabilitation and appointing the Texas Commissioner of Insurance as Rehabilitator ("Rehabilitator"). Rehabilitator designated Resolution Oversight Corporation as Special Deputy Receiver. Thereafter, on August 26, 2013, the Receivership Court entered its *Order Appointing Liquidator and Permanent Injunction* ("Liquidation Order"), placing Gramercy into liquidation and appointing the Texas Commissioner of Insurance as Liquidator ("Liquidator"). Resolution Oversight Corporation continued as Special Deputy Receiver on behalf of Liquidator.

3. A dispute has arisen in the Receivership Proceeding regarding the current and future respective rights of Gramercy and Companion to access and utilize Trust Assets, as well as with regard to other alleged rights and liabilities between Gramercy and Companion arising from and relating to the Program and the Trust.

4. The Parties contracted with KCM to function as the Claims Administrator of the Program, and as a result, KCM was entitled to receive from Gramercy payment for its services. KCM claims it is entitled to certain payments from the Trust and the Parties pursuant to its agreements with them (the "KCM Payment Claims").

5. In an effort to compromise and resolve their disputes, Gramercy and Companion have agreed to settle and release, on the terms set forth in this Agreement, all claims against one another, including all matters relating to the Program, the Policies, and the Trust Assets.

C. Covenants, Terms, and Releases.

For and in consideration of the mutual covenants, terms, and releases contained herein and the other good and valuable consideration stated herein, the Parties agree as follows:

1. This agreement is subject to and contingent upon approval of the Receivership Court. Gramercy shall present to the Receivership Court an application for approval of the terms of this Agreement and distribution of the Trust Assets as set forth herein ("Application").

2. Upon the Receivership Court's approval of the Application, Gramercy shall be entitled to immediately withdraw from the Trust the sum of one million, six hundred and fifty thousand dollars (\$1,650,000) (the "Gramercy Distribution") and Companion shall be entitled to immediately withdraw from the Trust all Trust Assets in excess of one million, six hundred and fifty thousand dollars (\$1,650,000) (the "Companion Distribution"). After completion of the Gramercy Distribution and the Companion Distribution, the Trust shall be terminated. The Parties agree to promptly execute any additional documentation necessary to effectuate the foregoing distributions and termination of the Trust. The Parties acknowledge that the Gramercy Distribution and the Companion Distribution represent the only monetary considerations for the settlement underlying this Agreement.

3. Gramercy and KCM have agreed that KCM will receive \$285,000 in full and final settlement of the KCM Payment Claims from the Gramercy Distribution. Gramercy will indemnify and hold Companion harmless from the KCM Payment Claims arising by, through, or under Gramercy with respect to any claims that exist prior to the execution of this agreement. KCM will indemnify and hold Companion harmless from the KCM Payment Claims arising by, through, or under KCM. KCM agrees that Companion is an express third-party beneficiary of Gramercy's resolution of the KCM Payment Claims.

4. Gramercy hereby releases, acquits, and forever discharges Companion (together with its past and present officers, directors, shareholders, parent corporations, subsidiaries, affiliates, reinsurers, employees, and attorneys) of and from all claims, actions, causes of action, suits, disputes, demands, or liabilities of any kind, nature, description, or character, whether in tort or contract, or by virtue of common law, statute, or regulation, that are in any way based upon facts presently existing, whether now known or unknown, and including, without limitation, any claim that relates to or arises from the Program, the Policies, the Trust, and/or the Trust Assets to be released to Companion pursuant to the terms of this Agreement.

5. Companion hereby releases, acquits, and forever discharges Gramercy (together with its past and present officers, directors, shareholders, parent corporations, subsidiaries, affiliates, reinsurers, employees, receivers, liquidators, and attorneys) of and from all claims, actions, causes of action, suits, disputes, demands, or liabilities of any kind, nature, description, or character, whether in tort or contract, or by virtue of common law, statute, or regulation, that are in any way based upon facts presently existing, whether now known or unknown, and including, without limitation, any claim that relates to or arises from the Program, the Policies, the Trust, and/or the Trust Assets to be released to Gramercy pursuant to the terms of this Agreement; provided, however, that this release does not apply to the obligations undertaken by Gramercy in Sections C.1 and C.3 of this Agreement.

6. The Parties expressly agree that, except as provided for in this Agreement, they shall have no further obligations to one another arising from or relating to the Program (including as otherwise set forth in the Reinsurance Agreement, the Administrative Agreement, and/or the Trust Agreement).

7. Gramercy and Companion are responsible for the attorneys' fees and expenses they respectively incurred in connection with the Receivership Proceeding and the dispute which gave rise to this Agreement. Accordingly, Gramercy is not responsible for any attorneys' fees or expenses incurred by Companion, and Companion is not responsible for any attorneys' fees or expenses incurred by Gramercy.

8. The settlement memorialized in this Agreement is entered into by the Parties as a compromise of disputed claims. No Party admits any liability, fault, or wrongdoing. Rather, each Party expressly denies any liability, fault, or wrongdoing and this Agreement does not constitute, and shall not be construed as, an admission of liability, fault, or wrongdoing for any purpose.

9. The Parties respectively warrant and represent that they are the sole owners and holders of all claims they have released by means of this Agreement, that they have not

previously assigned or conveyed such claims, and that they are disposing of all claims released by means of this Agreement at this time.

10. This Agreement is binding on and shall inure to the benefit of the Parties and KCM and their respective successors and permitted assigns, if any.

11. This Agreement, when executed and delivered, is the only agreement between Gramercy and Companion relative to the settlement of the matters that are the subject of this Agreement. There are no oral agreements or side agreements that relate to or affect the settlement provided in this Agreement.

12. This Agreement is the result of substantial negotiations between the Parties and their respective attorneys. Accordingly, the fact that counsel for one Party or another may have drafted this Agreement is immaterial, and this Agreement shall not be strictly construed against any Party.

13. Each Party, through its respective authorized representative, is fully authorized to execute this Agreement and to bind the Party for which it has executed this Agreement.

14. Each Party, through its respective authorized representative, has read this Agreement, understands its terms, and has voluntarily entered into this Agreement after consulting with legal counsel of its choice.

15. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one Agreement. A copy of the fully executed Agreement shall have the full force and effect of the Agreement bearing original signatures.

16. This Agreement is governed by and shall be construed in accordance with Texas law. If at any time, any part of this Agreement is found to be or held to be invalid, then such finding or holding shall not affect the validity of the remainder hereof.

SIGNED on the date(s) indicated below.

(signatures on the pages that follow)

**GRAMERCY INSURANCE COMPANY, by
and through RESOLUTION OVERSIGHT
CORPORATION as Special Deputy
Receiver**

ERNESTO A. GARZA
**President, Resolution Oversight
Corporation**

Date Signed: _____

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared **ERNESTO A. GARZA, President of Resolution Oversight Corporation as Special Deputy Receiver for GRAMERCY INSURANCE COMPANY**, known to me to be the person whose name is subscribed on the foregoing instrument, and acknowledged to me that the same was executed for the purposes and considerations therein expressed and in the capacity therein stated.

WITNESS my hand and seal of office on this ____ day of _____, 20__.

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

(SEAL)

My Commission Expires: _____

(Print or Type Name of Notary)

**COMPANION PROPERTY AND
CASUALTY INSURANCE COMPANY**

BY: _____

ITS: _____

Date Signed: _____

ACKNOWLEDGMENT

**THE STATE OF SOUTH CAROLINA §
 §
COUNTY OF _____ §**

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of **COMPANION PROPERTY AND CASUALTY INSURANCE COMPANY**, known to me to be the person whose name is subscribed on the foregoing instrument, and acknowledged to me that the same was executed for the purposes and considerations therein expressed and in the capacity therein stated.

WITNESS my hand and seal of office on this ___ day of _____, 20__.

NOTARY PUBLIC IN AND FOR
THE STATE OF SOUTH CAROLINA

My Commission Expires: _____

(SEAL)

(Print or Type Name of Notary)

AGREED AS TO THE TERMS OF PARAGRAPHS B.4 and C.3, 10, and 15 ONLY

KEMPER COST MANAGEMENT, INC.

BY: _____

ITS: _____

Date Signed: _____

ACKNOWLEDGMENT

THE STATE OF OKLAHOMA §
 §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of KEMPER COST MANAGEMENT, INC. known to me to be the person whose name is subscribed on the foregoing instrument, and acknowledged to me that the same was executed for the purposes and considerations therein expressed and in the capacity therein stated.

WITNESS my hand and seal of office on this ___ day of _____, 20__.

NOTARY PUBLIC IN AND FOR
THE STATE OF OKLAHOMA

(SEAL)

My Commission Expires: _____

(Print or Type Name of Notary)

APPROVED BY COUNSEL:

STROUD, MARRERO & WELCH, PLLC

By: _____
Rachel J. Stroud
Texas Bar No. 19424700

11824 Jollyville Road, Suite 200
Austin, Texas 78759
Tel: (512) 482-9291
Fax: (512) 482-9211

ATTORNEYS FOR RESOLUTION OVERSIGHT
CORPORATION, as Special Deputy Receiver for
GRAMERCY INSURANCE COMPANY

MUNSCH HARDT KOPF & HARR, P.C.

By: _____
John L. Thompson
Texas Bar No. 90001820

500 N. Akard Street, Suite 3800
Dallas, Texas 75201-6659
Tel: (214) 855-7512
Fax: (214) 855-7584

ATTORNEYS FOR COMPANION PROPERTY
AND CASUALTY INSURANCE COMPANY

DE LEON & WASHBURN, P.C.

By: _____
Hector De Leon
Texas Bar No. 05650800

901 South Mopac Expressway
Barton Oaks Plaza V, Suite 230
Austin Texas 78746
Tel: (512) 478-5308
Fax: (512) 482-8628

ATTORNEYS FOR KEMPER COST MANAGEMENT, INC.

STATE OF TEXAS

§
§
§

COUNTY OF BEXAR

AFFIDAVIT OF ERNESTO A. GARZA IN SUPPORT OF APPLICATION TO APPROVE SETTLEMENT AGREEMENT AND RELEASE OF TRUST FUNDS
(Companion Property and Casualty Insurance Company and Kemper Cost Management)

BEFORE ME, the undersigned notary, on this day personally appeared Ernesto A. Garza, who being duly sworn, states the following under oath:

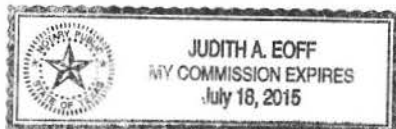
1. “My name is Ernesto A. Garza. I am competent to make this affidavit. I am the President of Resolution Oversight Corporation, the Special Deputy Receiver of Gramercy Insurance Company. I have personal knowledge of the facts to which I attest.

2. I have read the statements contained in the attached *Application to Approve Settlement Agreement and Release of Trust Funds (Companion Property and Casualty Insurance Company and Kemper Cost Management)* and they are true and correct based on my personal knowledge, my review of estate records and my consultation with my staff and sub-contractors.”

Original Signed by

Ernesto A. Garza, President
Resolution Oversight Corporation
Special Deputy Receiver of Gramercy
Insurance Company

SWORN TO, SUBSCRIBED, and ACKNOWLEDGED BEFORE ME by Ernesto A. Garza, President of Resolution Oversight Corporation, on this the 12 day of December, 2013.



Original Signed by

Notary Public – State of Texas