

CAUSE NO. GV-204523

COPY

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
	§	
VS.	§	TRAVIS COUNTY, TEXAS
	§	
AMCARE HEALTH PLANS OF TEXAS, INC.	§	
and AMCARE MANAGEMENT, INC.	§	200TH JUDICIAL DISTRICT

**STANDING ORDER REGARDING COMPLIANCE WITH  
TEX. INS. CODE ART. 21.28, §12(b)**

This Standing Order is entered to set out the requirements for complying with TEX. INS. CODE art. 21.28, §12(b) ("Section 12(b)"). Section 12(b) provides that the Special Deputy Receiver ("SDR") appointed by the Commissioner of Insurance ("the Commissioner") shall file an itemized report of the receivership's expenses for the prior calendar month ("the Statement of Expenses") on a monthly basis. The Statement of Expenses is submitted to the Court for approval, and is subject to objection by "parties at interest". In accordance with the Order of Reference entered in this cause, any objections to Statements of Expenses have been referred to the Special Master appointed by this Court.

**I. FILING OF STATEMENT OF EXPENSES**

1.1 On the fifteenth (15th) day of each month, the SDR shall file the Statement of Expenses with the Court. In the event that the fifteenth (15th) day of the month falls on a weekend, or a national or state holiday, the statement shall be filed on the next working day.

1.2 As required by Section 12(b), the Statement of Expenses must be sworn to by the SDR and submitted under oath, and must reflect all expenditures of liquidation for the prior month. No other report or information is to be included with the Statement of Expenses. The Statement of Expenses filed under Section 12(b) is separate and distinct from the reports required by TEX. INS. CODE art. 21.28, §2, which are subject to objection or Court approval.

FILED #2

2003 MAY 2 4 40 PM '03

*Umaria Rodriguez*  
DISTRICT CLERK  
TRAVIS COUNTY, TEXAS

## II. NOTICE OF STATEMENT OF EXPENSES

2.1 Any objection to a statement of expenses must be made by a "party at interest". In accordance with the Order or Reference entered in this proceeding, the Special Master is charged with ensuring that proper notice is given to interested parties.

2.2 The SDR shall deliver a copy of the Statement of Expenses to any "parties at interest" as determined by the Special Master. As Section 12(b) requires that a party at interest file an objection within ten (10) days after the Statement of Expenses is filed, the statement must be served in a timely manner. Therefore, the SDR shall serve the Statement of Expenses on parties at interest on or before the day that it is filed by either hand delivery, facsimile or other electronic transmission, provided that one of such methods is available or feasible. In the event that service by one of such methods is not available or feasible, the SDR shall mail the Statement of Expenses by first class U. S. mail on or before the day that it is filed.

2.3 While it is impractical to provide notice of the Statement of Expenses to all claimants on a monthly basis, such persons should be advised of the process for filing and approving the Statements of Expenses. In order to provide such notice to all known claimants, the SDR shall include information regarding the filing of the statement of expenses with the notice of the receivership's claim filing deadline. Such notice shall be substantially similar to the form attached as Exhibit "A" hereto. The Court finds that this shall constitute sufficient notice of the filing of the statement of expenses to such persons.

## III. OBJECTIONS TO STATEMENT OF EXPENSES

3.1 Within the ten (10) days of the filing of the statement of expenses, any party at interest objecting to the statement of expenses shall file an objection with the Court, and serve a copy of its objection on the Special Master, the SDR, the Commissioner, and any interested parties on the SDR's service list. The objecting party shall promptly request a hearing before the Special Master on the objection, and shall notify the parties on the SDR's service list of the time, date and place of such hearing.

#### IV. APPROVAL OF STATEMENT OF EXPENSES

4.1 Section 12(b) provides that the statement of expenses shall be approved by the court unless an objection is filed thereto within ten (10) days after the presentation of the account. Therefore, unless an objection is timely filed by a party at interest, the approval of statement of expenses by the Court is mandatory. Accordingly, if no objection is filed by a party at interest within ten (10) days following filing of the account, the Statement of Expenses is deemed approved by the Court at the expiration of the ten (10) day period. No separate order approving each Statement of Expenses shall be required. If an objection is filed within the ten (10) days of the filing of the Statement of Expenses, then the Statement of Expenses will not be deemed as approved, and the objection will be set down for hearing.

#### V. AUTHORITY OF COMMISSIONER REGARDING EXPENSES

5.1 The Commissioner is vested with certain statutory rights with respect to the SDR's expenses. TEX. INS. CODE art. 21.28, §2 provides that the Commissioner shall have oversight authority over the SDR, and Section 12(b) provides that the Commissioner shall determine the SDR's compensation. In addition, the Commissioner may have additional contractual rights in connection with the SDR's expenses. As the Commissioner's authority in these matters is not subject to Court approval, the Court finds that the approval of expenses under Section 12(b) does not operate to waive the Commissioner's statutory and contractual rights to control, limit or disallow the SDR's expenses.

5.2 If any expenses of the SDR are disallowed by the Commissioner pursuant to the Commissioner's statutory powers or contractual rights, the SDR shall file a statement of such disallowed expenses in the receivership proceeding.

SIGNED at Austin, Texas this 2 day of May, 2003

SUBMITTED  
NO HEARING REQUIRED.

RECOMMENDED th  
SIGNED ON 29 DAY OF April 2003

Tom Collins  
TOM COLLINS, RECEIVERSHIP SPECIAL MASTER

MARGARET A. COOPER  
DISTRICT JUDGE PRESIDING

**THIS NOTICE IS FOR YOUR INFORMATION ONLY  
IT IS NOT RELATED TO ANY CLAIM THAT YOU MIGHT HAVE**

**NOTICE REGARDING REPORTING OF EXPENSES**

In accordance with Texas Insurance Code, Article 21.28, §12(b), a statement of expenses incurred in the \_\_\_\_\_ receivership is filed each month in Cause No. \_\_\_\_\_ in the \_\_\_\_ Judicial District Court of Travis County, Texas. In accordance with *Standing Order Regarding Compliance With Tex. Ins. Code Art. 21.28, §12(b)*, the statement is filed on the 15th day of the month, or the next working day in the event that the 15th day of the month falls on a weekend, or a national or state holiday. The statement is available at the Travis County Courthouse, 1000 Guadalupe, Austin, Texas. The statement is intended to provide interested persons with information about the receivership's expenses, and is available for review at the courthouse. You have no obligation to review the statement of expenses, or to take any action regarding the statement.

If you have a specific objection to the expense report, you must file such objection with the court in the receivership proceeding within the ten (10) days of the filing of the statement of expenses. A copy of the objection must be provided to the following at the time the objection is filed:

1. Receivership Special Master c/o Jean Sustaita, MC 305-1D, P. O. Box 149104, Austin, Texas 78714-9104
2. \_\_\_\_\_, counsel for the Special Deputy Receiver of \_\_\_\_\_ at \_\_\_\_\_
3. \_\_\_\_\_, counsel for the Receiver of \_\_\_\_\_, MC 110-1A, P. O. Box 149104, Austin, Texas 78714-9104
4. \_\_\_\_\_, Liquidation Oversight Analyst, MC 305-1D P.O. Box 149104, Austin, Texas 78714-9104.
5. Any other party on the certificate of service for the Statement of Expenses

Any person filing an objection must contact the Receivership Special Master's Docket Clerk, Jean Sustaita, MC 305-1D, P. O. Box 149104, Austin, Texas 78714-9104, and obtain a hearing date before the Receivership Special Master in Austin, Texas. A person filing an objection must also notify the parties listed above of the time, date and place of such hearing.

**You need to follow these procedures only if you are objecting to expenses. If you have any questions about this notice, please call Jean G. Johnson at (214) 339-2438.**

**EXHIBIT "A"**