

LAW OFFICES
McGINNIS, LOCHRIDGE & KILGORE, L.L.P.

600 CONGRESS AVENUE
SUITE 2100
AUSTIN, TEXAS 78701

HOUSTON, TEXAS OFFICE
3200 ONE HOUSTON CENTER
1221 MCKINNEY STREET
HOUSTON, TEXAS 77010
(713) 615-8500
FAX (713) 615-8585

AUSTIN, TEXAS OFFICE
(512) 495-6000
FAX (512) 495-6093

WRITER'S DIRECT DIAL NUMBER:

(512) 495-6036
phobbs@mcginnislaw.com
Fax: (512) 505-6336

August 22, 2008

Jean Sustaita
Special Master District Clerk
Texas Department of Insurance
582 Liquidation Oversight
333 Guadalupe, Tower III, 5th Floor, Room 540-A
Austin, Texas 78714-9104

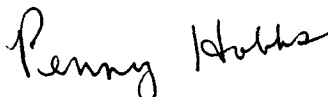
VIA EMAIL AND
HAND DELIVERY

Re: Cause No. D-1-GV-08-000945; *The State of Texas v. Memorial Service Life Insurance Company, et al.*, in the District of Travis County, Texas, 250th Judicial District

Dear Ms. Sustaita:

Enclosed please find the Objections to Application for Order of Liquidation and for Order Approving Plan of Liquidation Henneke Funeral Home, Ltd. for filing in the above-captioned matter.

Sincerely,



Penny Hobbs

OPH/dlm

Enclosure

cc: All Parties of Record

THE STATE OF TEXAS,
Plaintiff,

v.

MEMORIAL SERVICE LIFE INSURANCE
COMPANY, LINCOLN MEMORIAL LIFE
INSURANCE COMPANY, AND
NATIONAL PREARRANGED SERVICES,
INC.,

Defendant.

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

205TH JUDICIAL DISTRICT

OBJECTIONS TO APPLICATION FOR ORDER
OF LIQUIDATION AND FOR ORDER APPROVING
PLAN OF LIQUIDATION

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW Henneke Funeral Home, Ltd. (“Henneke”) and files its objections to the Application for Order of Liquidation and for Order Approving Plan of Liquidation (“Application”) and in support thereof would show the following:

Henneke is a funeral home in Columbus, Texas that has contracts with individuals to provide funeral services. The contracts are supported by insurance policies issued by the Defendant insurance companies. On or about August 11, 2008, the Special Deputy Receiver (“SDR”) in the above-entitled cause, posted notice of her Application on the SDR’s web site. Henneke was not served with the Application. In a separate posted notice, the SDR advised that the deadline for any objections to the Application was August 22, 2008. On or about August 20, 2008, the SDR posted notice of her submission of the proposed order granting the Application. Henneke learned of the Application this week. The Application and Plan of Liquidation (“Plan”) are very detailed and Henneke and its counsel have not had adequate time to determine the effect

on Henneke's interests. Therefore, in an abundance of caution, Henneke makes the following objections to the Plan:

I.

Henneke objects to the Plan to the extent the payments proposed under the Plan are less than the payments the Texas Life, Accident, Health, and Hospital Service Insurance Guaranty Association ("Guaranty Association") is required to make pursuant to Texas Insurance Code Chapter 463, including, but not limited to, section 463.254, which requires the Guaranty Association to ensure payment of benefits identical to the benefits that would have been payable under the policy or contract of the Defendant insurers.

II.

Henneke further objects to the Plan's distinction between "Standard Policies" and "Disputed Policies" to the extent there is no basis in law for such a distinction and for treating such policies differently.

III.

Henneke further objects to the Plan because it is not clear that the Plan takes into consideration that National Prearranged Services, Inc. may have taken actions regarding the policies at issue that varied from the authority granted by the policy holders, insureds, beneficiaries, assigns and other holders of interest in the policies.

Henneke plans to work with the SDR to properly evaluate the effect of the Plan on its interests and if possible, resolve any concerns prior to the hearing scheduled on September 15, 2008. In that event, Henneke will withdraw its objections.

Wherefore, premises considered Henneke requests that the Receivership Court consider its objections in reviewing the SDR's Application for Order of Liquidation and for Order Approving Plan of Liquidation and modify the Plan of Liquidation accordingly.

Respectfully submitted,

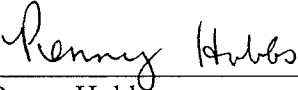
McGINNIS, LOCHRIDGE & KILGORE, L.L.P.
Penny Hobbs
State Bar No. 09738900
Larry F. York
State Bar No. 22164000
600 Congress Avenue
Suite 2100
Austin, Texas 78701
(512) 495-6000
(512) 495-6093 FAX

By: Penny Hobbs
Penny Hobbs
State Bar No. 09738900

ATTORNEYS FOR HENNEKE FUNERAL
HOME, LTD.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was sent to the following in accordance with TEX. INS. CODE ANN § 443.007 and in accordance with the Texas Rules of Civil Procedure on the 2nd day of August, 2008:


Penny Hobbs

Christopher Fuller
4612 Ridge Oak Drive
Austin, TX 78731

VIA EMAIL
cfuller@fullerlaw.org

Leanne Layne
Texas Department of Insurance
Liquidation Oversight - 305-1D
PO Box 149104
Austin, TX 78714-9104

VIA EMAIL
Leanne.Layne@tdi.state.tx.us

Rachel Giani
Texas Department of Insurance
Financial Counsel/Legal Services - 821
PO Box 149104
Austin, Texas 78714-9104

VIA EMAIL
Rachel.Giani@tdi.state.tx.us

James Kennedy
Texas Department of Insurance
872- Legal Services\Liquidation Allocated
110-1A
PO Box 149104
Austin, Texas 78714-9104

VIA EMAIL
James.Kennedy@tdi.state.tx.us

Kathy Gartner
Texas Department of Insurance
582 - Rehabilitation & Liquidation Oversight
305-1C
PO Box 149104
Austin, Texas 78714-9104

VIA EMAIL
Kathy.Gartner@tdi.state.tx.us

Jackie Rixen
The Law Office of Jacqueline Rixen
8500 N. Mopac, Suite 605
Austin, Texas 78759
Counsel to TLAHHSIGA

VIA EMAIL
jrixen@rixenlaw.com

Joel A. Glover
Rothgerber, Johnson & Lyons LLP
One Tabor Center, Suite 3000
1200 Seventeenth Street
Denver, Colorado 80202-5855
Counsel to NOLHGA task force

VIA EMAIL
jglover@rothgerber.com

Hector De Leon
De Leon, Boggins & Icenogle
221 W. 6th Street, Suite 1050
Austin, Texas 78701

VIA EMAIL
hdeleon@dbilaw.com

Jean Sustaita
Texas Department of Insurance
582 Liquidation Oversight
PO Box 149104
Austin, Texas 78714-9104

VIA EMAIL AND HAND DELIVERY
Jean.Sustaita@tdi.state.tx.us

Jennifer Ramsey, P.C.
400 W. 15th St., Suite 200
Austin, Texas 78701-1647

VIA EMAIL
jramsey@jramsey-law.com

Jennifer Jackson
Ass't. Attorney General
PO Box 12548
Austin, TX 78711-2548

VIA EMAIL
jennifer.jackson@oag.state.tx.us

Karen Pettigrew
Ass't. Attorney General
PO Box 12548
Austin, TX 78711-2548

VIA EMAIL
karen.pettigrew@oag.state.tx.us

Douglas Schmidt
Husch Blackwell & Sanders
4801 Main Street #1000
Kansas City, MO 64112

VIA EMAIL
Douglas.schmidt@huschblackwell.com

Mary Keller
Winstead PC
401 Congress Avenue, Suite 2100
Austin, TX 78701

VIA EMAIL
mkeller@winstead.com

J. Hampton Skelton
Skelton & Woody
PO Box 1609

VIA EMAIL
hskelton@skeltonwoody.com

Austin, TX 78767-1609

Edward F. Kaye
Skelton & Woody
PO Box 1609
Austin, TX 78767-1609

VIA EMAIL
ekaye@skeltonwoody.com

MaryBeth Wilkinson
Lovells, LLP
330 N. Wabash Avenue
Suite 1900
Chicago, IL 60611
Counsel for Hannover Life Re

VIA EMAIL
Marybeth.wilkinson@lovells.com

Eric Haab
Lovells, LLP
330 N. Wabash Avenue
Suite 1900
Chicago, IL 60611
Counsel for Hannover Life Re

VIA EMAIL
eric.haab@lovells.com

Kay Wilde
Lovells, LLP
330 N. Wabash Avenue
Suite 1900
Chicago, IL 60611
Counsel for Hannover Life Re

VIA EMAIL
kay.wilde@lovells.com

Kimberly Yelkin
Gardere Wynne Sewell
600 Congress Ave. Suite 3000
Austin, TX 78701-2978

VIA EMAIL
kyelkin@gardere.com

John Werner
Reaud, Morgan & Quinn LLP
801 Laurel Street
PO Box 26005
Beaumont, TX 77720-6005
Counsel for Broussard's Mortuary, Inc.

VIA EMAIL
jwerner@rmqlawfirm.com

Sharon K. Euler
Assistant Attorney General
Fletcher Daniels State Office Bldg.
615 E 13th Street Suite 401
Kansas City MO 64112

VIA EMAIL
sharon.euler@ago.mo.gov

Internal Revenue Service
Special Procedures Branch
P.O. Box 250
300 East 8th Street, Suite 352
Mail Stop 5022AUS
Austin, TX 78701

VIA USPS FIRST CLASS MAIL