CAUSE NO: D-1-GV-08-000945

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
	§	
V.	§	
	§	
MEMORIAL SERVICE LIFE	§	TRAVIS COUNTY, TEXAS
INSURANCE COMPAY,	§	
LINCOLN MEMORIAL LIFE	§	
INSURANCE COMPANY	§	
AND NATIONAL PREARRANGED	§	
SERVICES, INC.	§	250th JUDICIAL DISTRICT

OBJECTION PLAN FOR LIQUIDATION

TO THE HONORABLE JUDGE OF SAID COURT:

Come Now, Kerrville Funeral Home, Grimes Funeral Chapels, Inc. Vaughan's Funeral Home and Pioneer Group Inc. d/b/a Shaffer Funeral Home and Shaffer Nichols Funeral Home Inc. and present this their objections to the proposed plan of liquidation and in support thereof would respectfully show the following:

1. The Movants are funeral home operators located in the State of Texas.
2. They have filed suit on their own behalf and on behalf of all other Texas Funeral Home operators as a proposed class against various entities other then NPS, Lincoln and Memorial Service for the implosion of the NPs pre need business. A copy of this suit is attached hereto.
3. The Movants and the purported class have thousands of contracts with NPS and Lincoln and Memorial with face amounts of approximately $159 million dollars.
4. In addition to the face amount, these Movants and class members have millions of dollars in accumulated growth.

5. The liquidation plan purportedly only covers claims for the face amount of the insurance policies in question and provides that no growth or any amounts over the face amount will be paid. Sec. 5.4.2, 5.4.3, 5.4.11.
6. However, the full face amount of the policies may not be paid. It is subject to being reduced by the failure to pay premiums (Plan Art. 5 per paragraph 5.6 of the application) or debts owed to the companies by any payee (Sec. 9.4 of the plan).
7. The plan further provides that it in no way relieves a funeral home operator of an obligation to provide contractual funeral/ burial services in accordance with the pre-need contract. Sec. 10.3.
8. The plan further provides that in order for the funeral home provider to get paid the funeral home must assign all rights it has to the Participating Associations, including all causes of actions arising from the policy. Sec. 9.1, Sec. 9.2. The effect of which is to purportedly assign to the Associations all causes of action that the funeral homes, as payees, have arising from the Policies, even if those causes of action are not directly against the Companies.
9. This gets worse when you review the form of the release attached as Form 2.12 to the service agreement. This form calls for the funeral home as the "Releasor" to assign to the Participating Association "all past, present and future claims, demands, actions, rights and causes of action Releasor may have against the Insurer and any other persons or entities related in any way to the Policy and or any losses arising under, resulting from, or otherwise relating to the policy." It further provides that the Association shall have the right to pursue all claims and settle them in the name of the Releasor.

10. This service agreement also calls for an assignment of all rights and causes of action beyond the statutory subrogation provisions of Section 463.261(a).
11. The ultimate result of this plan is to require the funeral homes to provide for all of the contracted for services at their own cost and then in order to receive the death benefits under the policies to give up their rights to pursue claims for their losses from any third party.
12. The Movants object to the plan to the extent that it prevents them from pursuing claims against parties other then the Companies, to give up rights they have to pursue these claims, to assign these claims to the Associations, to allow the Associations to require them to assign claims in excess of the death benefits received and the statutory subrogation rights, and to allow the Associations to require an assignment of claims to include the authority to settle these claims in the name of the Releasor.
13. Movants hereby request that the plan be modified to specifically provide that any claims they have against parties other then the Companies (even co-conspirators with the Companies), including but not limited to any claim for unpaid death benefits and growth as provided in their agreements with NPS, are preserved by the Plan in the name of the Movant funeral homes, and that these claims are not in any way affected by the Plan, are not assigned to the Associations, are not required to be released or assigned to the Associations to receive death benefits and that the Associations have no right to litigate or settle these claims. Movants agree that the Associations, to the extent that they pay death benefits, have a right of subrogation, however the Plan goes beyond that right and effects the Movants

claims beyond the potential death benefits paid. It needs to be modified accordingly to preserve these rights in the name of the Movants.

WHEREFORE PREMISES considered, Movants respectfully request that the objections contained herein be granted and that the liquidation plan be modified to resolve these objections and for such other and further relief at law or in equity to which these Movants may show themselves to be justly entitled.

RESPECTFULLY SUBMITTED,

/s/ Robert P. Wilson
Robert P. Wilson
SBN: 21718575
Law Offices of Robert P. Wilson
26545 IH-10 Suite 150
Boerne, Texas 78006
(210)-698-1933 Phone
(210)-698-1944 Fax

Howard E. Davis
SBN: 05497500
Law Offices of Howard E. Davis
6655 First Park Ten, Suite 250
San Antonio, Texas 78213
(210) 738-8080 Phone
(210) 738-8088 Fax

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was sent to eh following in accordance with the Rule 21 TRCP and Tex. Ins. Code ANN. § 443.007 on the 20th day of August 2008:

Ms. Jean Sustaita
Special Master's Docket Clerk
Texas Department of Insurance
582 Liquidation Oversight
333 Guadalupe
Hobby Tower III, 5th Floor, Rm 540-A
P.O. Box 149104
Austin, Texas 78714-9104

VIA EMAIL
Jean.Sustaita@tdi.state.tx.us

Christopher Fuller
4612 Ridge Oak Drive
Austin, Texas 78731
Counsel for the SDR

VIA EMAIL
cfuller@fullerlaw.org

Leanne Layne
Texas Department of Insurance
Liquidation Oversight – 305 – 1D
P.O. 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
P.O. Box 149104
Austin, TX 78714-9104

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

James Kennedy
Texas Department of Insurance
872-Legal Services/Liquidation Allocated
110-1A
P.O. Box 149104
Austin, TX 78714-9104

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

Kathy Gartner
Texas Department of Insurance
582 – Rehabilitation & Liquidation Oversight
305-1C
P.O. Box 149104
Austin, TX 78714-9104

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

Jackie Rixen
The Law Office of Jacqueline Rixen
8500 N. Mopac, Suite 605
Austin, TX 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, TX 78701

VIA EMAIL
hdeleon@dbilaw.com

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

VIA EMAIL
jramsey@jramsey-law.com

Jennifer Jackson
Assistant Attorney General
P.O. Box 12548
Austin, TX 78711-2548

VIA EMAIL
Jennifer.Jackson@oag.state.tx.us

Karen Pettigrew
Assistant Attorney General
P.O. 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@hushblackwell.com

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

VIA EMAIL
mkeller@winstead.com

J. Hampton Skelton
Skelton & Woody
P.O. Box 1609
Austin, TX 78767-1609

VIA EMAIL
hskelton@skeltonwoody.com

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

VIA EMAIL
ekaye@skeltonwoody.com

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

VIA EMAIL
Marybeth.Wilkinson@lovells.com

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

VIA EMAIL
eric.haab@lovells.com

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

VIA EMAIL
kay.wilde@lovells.com

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

VIA EMAIL
kyelkin@gardere.com

John Werner
Reaud, Morgan & quinn, LLP
801 Laurel Street
P.O. 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

/s/ Robert P. Wilson
Robert P. Wilson