

2023 ANNUAL REPORT  
**CONSERVATION *and* LIQUIDATION  
OFFICE**

## Conservation & Liquidation Office

### Section One – The Conservation & Liquidation Office

	Page
• Background.....	184-185
• Organizational Structure .....	185
• Oversight Board and Audit Committee Meetings .....	186
• 2023 Organizational Goals and Results.....	186-187
• CLO Investment Policy .....	189
• Administrative Expenses.....	189-190
• CLO Compensation .....	191
• Compensation Methodology .....	191-192
• CLO Financial Results .....	193-194
• Estates Open for Longer than Ten Years .....	195-196
• Claims History.....	196
• 2024 Business Goals .....	197

### Section Two – Estate Specific Information

• Conservation or Liquidation Estates Opened and Closed During 2023 .....	199
• Current Year and Cumulative Distributions by Estate .....	199
• Estates in Conservation and/or Liquidation as of December 31, 2023.....	200
• Report on Individual Estates .....	201-221

### Section Three – Cross Reference to California Insurance Code

• 2023 Cross Reference to California Insurance Code.....	222-223
--	---------

## **SECTION ONE – THE CONSERVATION & LIQUIDATION OFFICE**

### **Background**

The California Insurance Commissioner (Commissioner), an elected official of the State of California, acts under the supervision of the Superior Court when conserving and liquidating insurance enterprises. In this statutory capacity, the Commissioner is charged with the responsibility for taking possession and control of the assets and affairs of financially troubled insurance enterprises domiciled in California. An impaired enterprise subject to a conservation or liquidation order is commonly referred to as an estate.

The Commissioner, through the state Attorney General's office, applies to the Superior Court for a conservation order to place the financially troubled enterprise in conservatorship. Under a conservation order, the Commissioner takes possession of the estate's financial records and real and personal property, and conducts the business of the estate until a final disposition regarding the estate is determined. The conservation order allows the Commissioner to begin an investigation to determine, based on the estate's financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public.

If, at the time the conservation order is issued or anytime thereafter, it appears to the Commissioner that it would be futile to proceed with the conservation, the Commissioner will apply for an order to liquidate the estate's business. In response to the Commissioner's application, the Court generally orders the Commissioner to liquidate the estate's business in the most expeditious fashion.

The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the Commissioner with respect to insurance companies domiciled in California.

The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2023, the CLO is responsible for the administration of nine insurance estates.

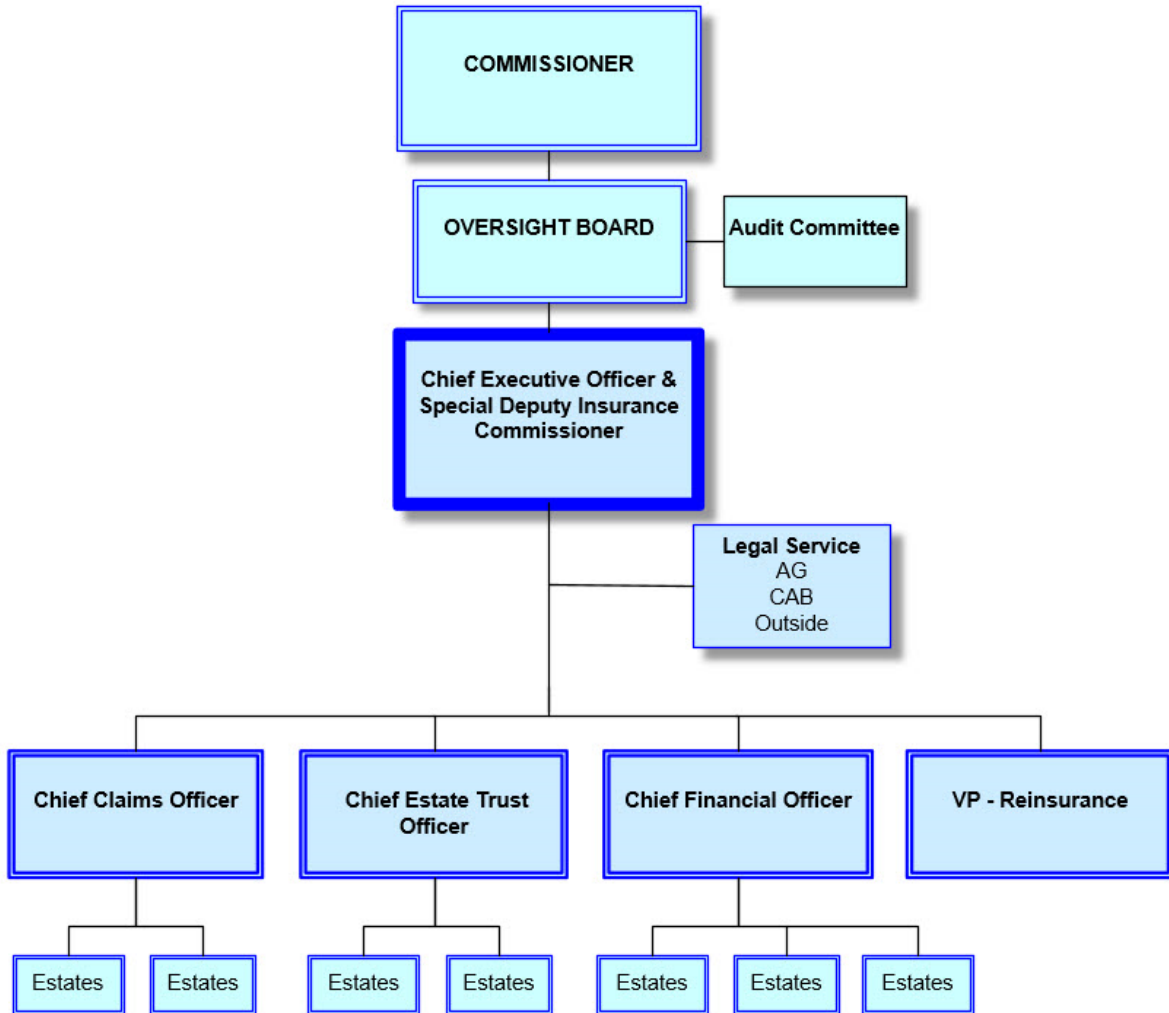
In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2023, the CLO assisted with one such examination.

In 2014, the CLO's Oversight Board authorized the CLO/Regulatory Services Group (RSG) (name used when doing work other than traditional California conservation and liquidations) to enter an engagement with the Nevada Insurance Commissioner to provide receivership management services. In 2016, the Board authorized engagements with Insurance Commissioners from the states of Colorado, Hawaii,

Oregon, and Wyoming. In 2017, the Board authorized an engagement with the State of Arizona to assist in the Meritas insolvency. In 2020, the Board again authorized an engagement with the State of Nevada to assist in the Physicians Indemnity Risk Retention Group insolvency. In 2023, the Board authorized an engagement with the state of Colorado to assist with the Administrative Supervision of a Colorado domiciled company. By providing professional troubled company and receivership services to other states, the CLO and RSG are able to maintain proven receivership skills and institutional knowledge in California at a time that receiverships/liquidations are declining. These engagements further help to reduce the overall cost to California estates under the management of the CLO.

### Organizational Structure

#### Conservation & Liquidation Office Executive/Board



### **Oversight Board and Audit Committee Meetings**

CLO activities are overseen by an Oversight Board composed of three senior executives of the California Department of Insurance. The Board also serves as the Audit Committee members. During 2023, the Oversight Board and Audit Committee members are the Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner – Financial Surveillance Branch.

During 2023 the Oversight Board and Audit Committee held three regularly scheduled meetings.

### **Mission Statement and 2023 Organizational Goals and Results**

The CLO's Mission Statement is as follows:

The CLO, on behalf of the Insurance Commissioner, rehabilitates and/or liquidates, under Court supervision, troubled insurance enterprises domiciled in the State of California. In addition, the CLO provides Special Examination Services, with Commissioner and Board oversight. As a fiduciary for the benefit of claimants, the CLO handles the property of troubled or failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.

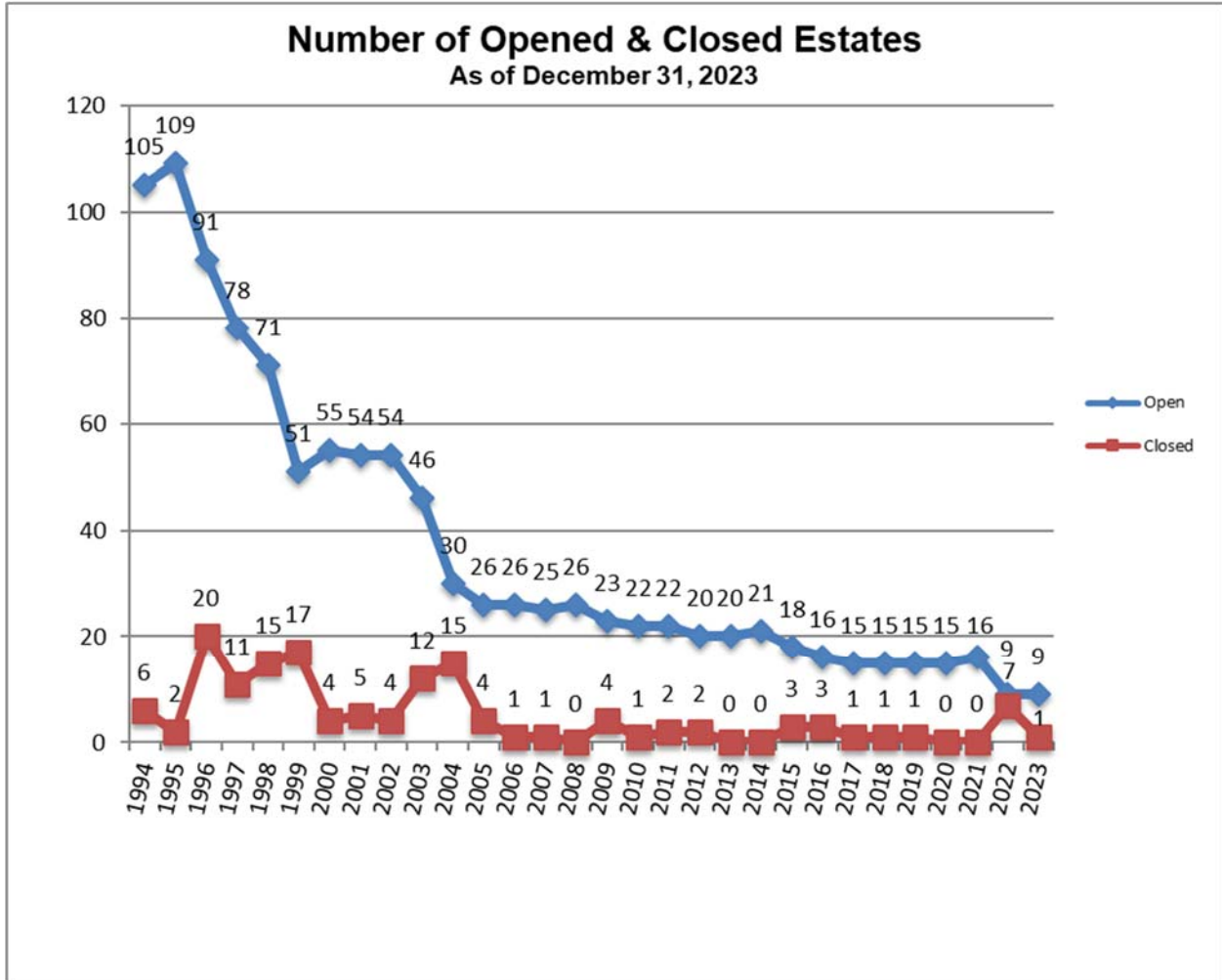
On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval.

The 2023 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2023, there were 9 open estates under management. All open estates are property & casualty estates. The CLO goal in 2023 was to close one estate and distribute \$34.95 million.

1. Closings

GOAL	RESULTS
Close one Estate: 1) Great States Ins. Co.	Great States Ins. Co. closed on December 6, 2023.



Since 1994, there have been approximately 141 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 64 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

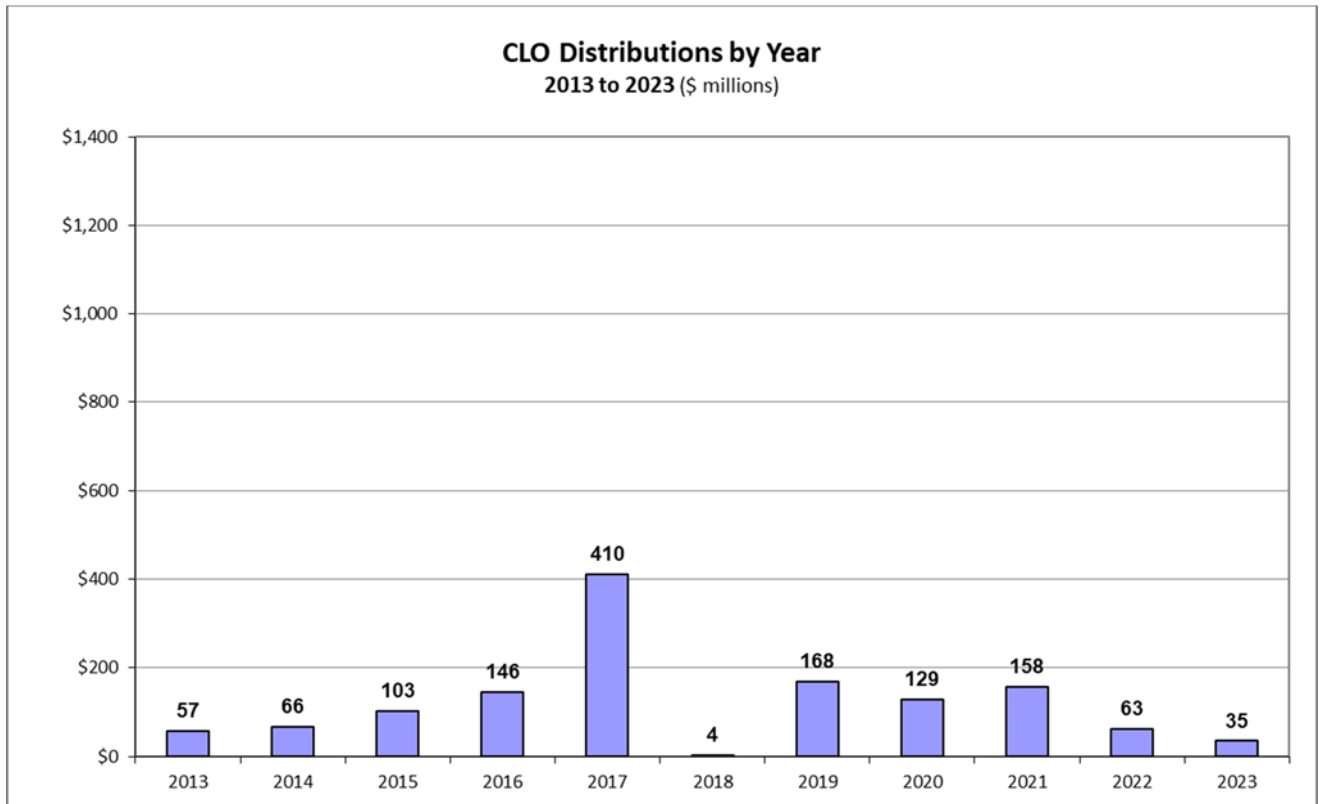
## 2. Distributions

### Early Access Distribution

Estate	2023 Actual (\$ Millions)	2023 Goal (\$ Millions)
CastlePoint National Ins. Co.	\$30.09	30.00
Merced Property and Cas. Co.	3.63	3.60
<b>Sub-total:</b>	<b>\$33.72</b>	<b>\$33.60</b>

### Final Distributions

Estate	2023 Actual (\$ Millions)	2023 Goal (\$ Millions)
HHH America Ins.	\$1.35	\$1.35
<b>Sub-total:</b>	<b>1.35</b>	<b>1.35</b>
<b>TOTAL DISTRIBUTIONS:</b>	<b>\$35.07</b>	<b>\$34.95</b>



## **CLO Investment Policy**

The CLO has a formal investment policy, as approved by its Oversight Board, requiring that investments be investment grade fixed income obligations of any type. These investments may be issued or guaranteed by (1) the U.S. and agencies, instrumentalities, and political sub-divisions of the U.S., and/or (2) U.S. corporations, trusts and special purpose entities. Such securities must be traded on exchanges or in over-the-counter markets in the U.S. None of the portfolio will be invested in fixed income securities rated below investment grade quality by Standard & Poor's, Moody's, or by another nationally recognized statistical rating organization. In addition, the duration must be maintained within +/- 12 months of the Barclays Capital U.S. Government/Credit 1-3 Yr. The average duration was approximately 2 years at December 31, 2023.

The investments are managed in equal parts by two professional money management firms and are warehoused with US Bank.

At December 31, 2023, the CLO had \$195.4 million of estate marketable investment securities under management.

For the year ending December 31, 2023, the average portfolio balance was approximately \$207 million. The portfolio earned an interest yield of 3.2% and a net yield after security gains/losses and mark-to-market adjustments of 5.5%.

## **Administrative Expenses**

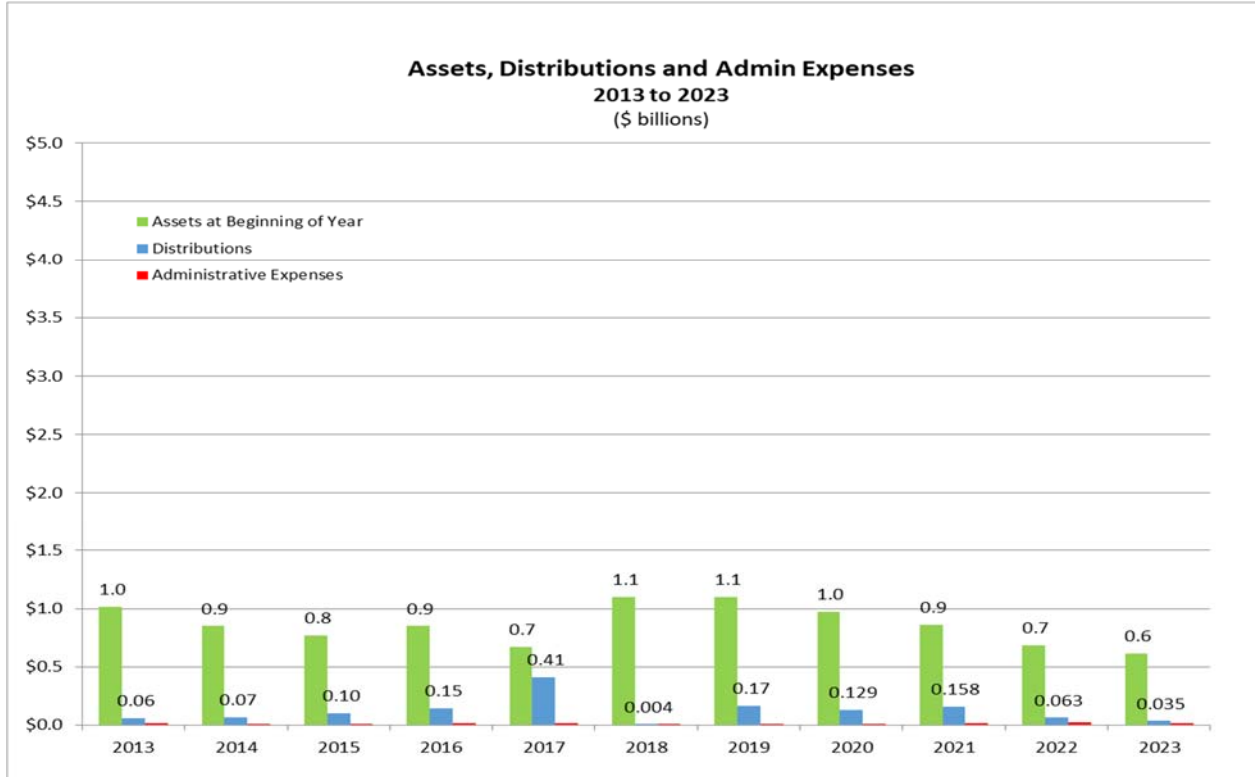
Administrative expenses consist of both direct and indirect expenses. See "CLO Financial Results" section of this report on the budget and actual expenditures for 2023 for direct and indirect expenses.

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, if applicable, office expenses, and depreciation of property and equipment.

Indirect expenses that are not incurred on behalf of a specific estate are allocated using an allocation method based on the ratio of employee hours directly charged to a specific estate to total direct hours charged to all estates. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours were incurred by all estates that specific estate would be allocated 10% (200 hours divided by 2,000 total hours charged to all estates). Indirect expenses include CLO employee compensation, rent, and other facilities charges and office expenses.

In accordance with California Insurance Code Section 1035, the Commissioner may petition funds from a general appropriation of the State of California Insurance Fund if an estate does not have sufficient assets to pay for administrative expenses.





The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2013 to 2023. The table below lists these figures.

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
2013	\$1.0	\$57	\$14
2014	\$0.9	\$66	\$15
2015	\$0.8	\$103	\$16
2016	\$0.9	\$146	\$15
2017	\$0.7	\$410	\$11
2018	\$1.1	\$4	\$9
2019	\$1.1	\$168	\$13
2020	\$1.0	\$129	\$11
2021	\$0.9	\$158	\$15
2022	\$0.7	\$63	\$24
2023	\$0.6	\$35	\$17*

\* This amount includes a 5% contingent legal fee (\$5,530,505) incurred by Colorado HealthOp in 2023 for litigating and collecting \$110 million in risk corridor receivables from the Centers for Medicare and Medicaid Services (“CMS”). If you exclude the Colorado Health expenses for 2023, the total CLO administrative expenses for 2023 were \$11,095,495.

**Compensation Methodology**

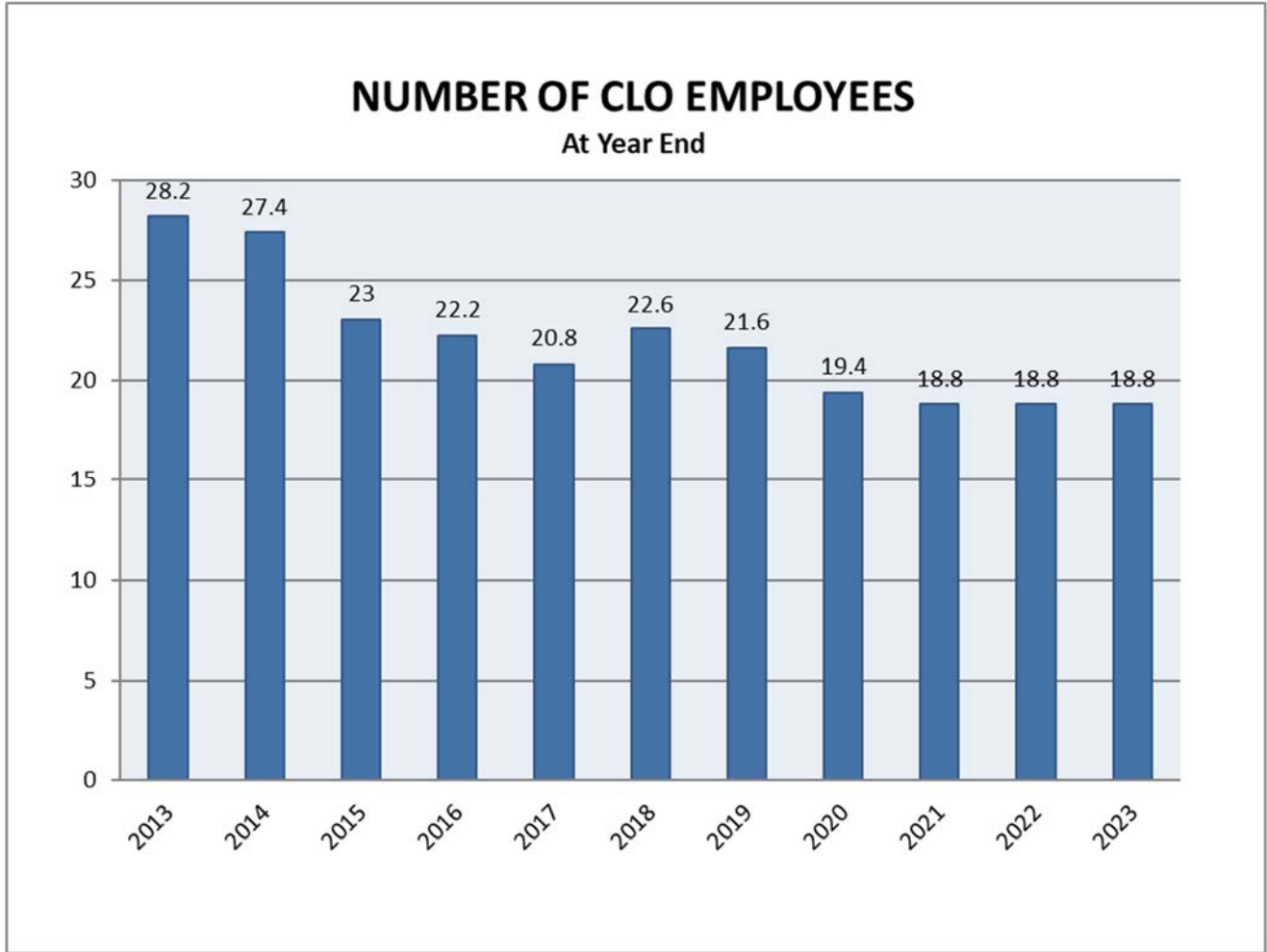
The CLO is not part of the State’s civil service system. All employees are at-will. The CLO does not have a bonus plan or pay incentive compensation. To that end, the CLO has established policies and procedures that are more akin to the private marketplace. The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the CompAnalyst, which is a large survey representing thousands of companies across the U.S. which includes hundreds of jobs. This subscription survey collects marketplace compensation data from many sources and uses mathematical algorithms to predict the pay level of any of its survey jobs in major industries and geographical locations. The data used in this study was the nonprofit industry segment located in San Francisco.

A summary of the compensation procedures follows:

- A written job description is developed for each position.
- Salary grades are derived from comparable external market data.
- Salary ranges are identified (low, middle, and high) based on market comparisons obtained by an outside independent compensation consultant.
- Salary ranges are updated periodically.
- The creation of a “new job position” is sent to an outside consultant for external evaluation.
- All employees receive an annual compensation review.

CLO employment on a full-time equivalent basis and total compensation for employees are summarized below:

	<b>2023</b>	<b>2024 (Budget)</b>
Number of CLO full-time equivalent employees at beginning of year	18.8	18.8
Total compensation and benefits for CLO employees	\$4,437,550	\$4,718,793



The chart above shows the number of CLO full-time employee equivalent from 2013 to 2023.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 33% compared to December 31, 2013.

**CLO Financial Results**

For Years Ended December 31, 2023 and December 31, 2022

Cash received	December 31, 2023 Actual	December 31, 2023 Budget	December 31, 2022
Reinsurance recoveries, and miscellaneous income	\$57,217,400	Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.	\$12,202,500
Investment income, net of expenses	15,615,900	Investment income is not budgeted due to the large changes in investment balances that occur throughout the year (due to distributions), as well as changes in investment return rates.	-14,892,500
<b>Total:</b>	<b>\$72,833,300</b>		<b>-\$2,690,000</b>

	December 31, 2023	December 31, 2023	December 31, 2022
	Actual	Budget	
<b>Distributions</b>	<b>\$35,067,300</b>	<b>\$34,950,000</b>	<b>\$62,713,000</b>

**Administrative – Estate Direct Expenses**

Estate Direct Expenses	December 31, 2023	December 31, 2023	December 31, 2022
	Actual	Budget	
Legal expenses	\$6,991,000	\$2,370,500	\$2,445,400
Consultants and contractors	1,709,500	1,087,000	7,698,900
Office expenses	1,527,200	882,300	5,699,100
Compensation and benefits	535,900	627,300	2,534,400
<b>Total:</b>	<b>*\$10,763,600</b>	<b>\$4,967,100</b>	<b>\$18,377,800</b>

\*Direct Estate expenses were approximately \$5.8 million over budget. The Direct Estate expense variance was primarily related to unbudgeted legal expenses for the Colorado HealthOp, a Regulatory Services Group company. This legal expense was a 5% contingent legal fee (\$5,530,505) incurred by Colorado HealthOp in 2023 for litigating and collecting \$110 million in risk corridor receivables from the Centers for Medicare and Medicaid Services (“CMS”).

**Administrative – Estate Direct Expenses (Excluding COOP Legal Expenses)**

Estate Direct Expenses	December 31, 2023	December 31, 2023	December 31, 2022
	Actual	Budget	
Legal expenses	\$1,460,500	\$2,370,500	\$2,445,400
Consultants and contractors	1,709,500	1,087,000	7,698,900
Office expenses	1,527,200	882,300	5,669,100
Compensation and benefits	535,800	627,300	2,534,400
<b>Total:</b>	<b>\$5,233,000</b>	<b>\$4,967,100</b>	<b>\$18,377,800</b>

**Administrative – CLO Overhead Expenses**

CLO overhead expenses	December 31, 2023	December 31, 2023	December 31, 2022
	Actual	Budget	
Compensation and benefits	\$4,437,500	\$4,539,800	\$4,382,500
Office expenses	1,308,000	1,445,900	1,523,700
Consultants and contractors	114,200	92,000	88,700
Legal expenses	2,700	8,000	8,800
<b>Total:</b>	<b>\$5,862,400</b>	<b>\$6,085,700</b>	<b>\$6,003,700</b>
Administrative Totals	December 31, 2023	December 31, 2023	December 31, 2022
	Actual	Budget	
<b>Estate Direct Expense Total</b>	<b>\$10,763,600</b>	<b>\$4,967,100</b>	<b>\$18,377,800</b>
<b>CLO Overhead Expense Total</b>	<b>5,862,400</b>	<b>6,085,700</b>	<b>6,003,700</b>
<b>Total:</b>	<b>\$16,626,000</b>	<b>\$11,052,800</b>	<b>\$24,381,500</b>

## **Estates Open Longer Than Ten Years**

After the entry of an order placing an impaired California insurer into conservation and/or liquidation, the Insurance Commissioner and the CLO have the statutory responsibility to marshal and resolve the assets and liabilities of the failed entity.

The time required to close an insolvency proceeding is largely determined by the amount and complexity of the assets to be monetized and distributed to claimants. In addition, the length of an insolvency is equally affected by the amount of time required to make a final determination of an estate's liability.

Most of the insolvencies that remain open for more than ten years have some combination of on-going litigation, complicated tax exposure, potential collection of additional material assets, and challenges associated with the evaluation of liabilities. Until both sides of the insolvent estate's balance sheet are resolved (assets collected and liabilities fixed), the insolvency proceeding will remain open. In addition, estates are subject to federal tax reporting and escheatment requirements after the final distribution. The estates listed below have been in liquidation for ten years or more.

### ***Fremont Indemnity Company:***

Fremont released a \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019, the distribution paid 43.25% of approved policyholder claims. The Estate completed most all post distribution and closing activities in 2020 including the sale of a subsidiary entity to a third party. The Estate continues to hold certain non-transferrable annuity assets that generate material periodic payments to the estate and will continue to over the next number of years. Together with the FLIC sale proceeds, the liquidation court has authorized the estate to retain the non-transferrable assets to be collected, and to distribute those funds when collections reach a \$5 million threshold. The estate currently anticipates sufficient asset collections to potentially release a distribution in 2025.

### ***Golden Eagle:***

The Estate has been placed in an administrative closure status on the active Superior Court docket subject to the remaining claims run-off plan. Golden Eagle policyholder claims have been 100% reinsured and are being paid timely. The reinsurance program covering the court sanctioned run-off ensures Golden Eagle's ability to pay all policyholder claims when and as they become payable (up to the reinsurer's aggregate limit of liability). As such the Commissioner has not asked the court to take any action that would prematurely cut off any policyholder's right to submit and be paid on a claim covered under a Golden Eagle policy. Golden Eagle and the insurance guaranty associations remain liable to the policyholders in the very unlikely event the reinsurance is not sufficient to satisfy all claim obligations. The reinsurance program is believed to

have sufficient coverage to accommodate all remaining claims exposure, but if the reinsurance protection is ever exhausted (by reaching the reinsurer’s aggregate limit of liability) the Commissioner will take steps to trigger guaranty association protection for Golden Eagle’s policyholders. Until all claims are resolved or paid out, the Estate will continue to honor all remaining claims run-off requirements but will remain in an administratively closed status. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to be sufficient to pay all claims.

**Mission/Mission National:**

Both Mission Insurance Company and Mission National Insurance Company have paid 100% of all Policyholder claim exposure. In addition to entering into agreements with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Mission estate received material distributions in 2019 and early 2020 from the Receivership estate of Centaur in Illinois. Subsequent to the Centaur collections, the Mission estate completed distributions to creditors totaling \$49.5 million. Mission and Mission National estates will remain open to collect final reinsurance obligations from other insolvent estates.

**Claims History**

**Property and Casualty Estates**

<b>Estate</b>	<b>Liquidation Date</b>	<b>Proof of Claims Filed</b>	<b>Proof of Claims Resolved</b>	<b>Open Proof of Claims</b>
California Ins Co	N/A	TBD	TBD	TBD
CastlePoint National	4/1/2017	1,906	879	1,027
Crusader Ins Co	N/A	TBD	TBD	TBD
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle	2/18/1998		n/a (see below)	
Merced	12/3/2018	450	376	74
Mission (2 estates)	2/24/1987	141,646	141,646	0
Western General	08/05/2021	2,593	814	1,779
	<b>Total:</b>	<b>192,268</b>	<b>189,388</b>	<b>2,880</b>

*Note: Golden Eagle is not subject to a finding of statutory insolvency. All claims are covered under a reinsurance agreement and are being paid by the reinsurer.*

**2024 Business Goals**

The 2024 Business Plan is focusing on estate closings and distributions.

Entering 2024 there are nine open estates under management by the CLO. The open estates consist of nine Property & Casualty Estates. Our goal in 2024 is to distribute \$25.00 million.

Starting 2024, we have 18.8 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2024 Goals are as follows:

- 1. Close 1 Estate  
Merced Property and Cas. Co.

*Note: Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.*

- 2. Early Access and Final Distributions

Interim Distribution:

CastlePoint National Ins. Co. ....20,000,000

Final Distributions:

Merced Ins. Co. ....5,000,000

**\$25,000,000**



**SECTION TWO – ESTATE SPECIFIC INFORMATION**

Conservation or Liquidation Estates Opened and Closed During 2023 ..... 199  
Current Year and Cumulative Distributions by Estate..... 199  
Estates in Conservation and/or Liquidation as of December 31, 2023 .....200  
Report on Individual Estates.....201-221

**Conservation or Liquidation Estates Opened During the Year 2023**

Crusader Ins. Co. – June 7, 2023

**Conservation or Liquidation Estates Closed During the Year 2023**

Great States Ins. Co. – December 6, 2023

**Conservation & Liquidation Office  
Current Year and Cumulative Distributions by Estate**

	Year Ended 12/31/2023				Cumulative to 12/31/2023			
	Federal and State				Federal and State			
	Policyholders	Claims	General Creditors	Total	Policyholders	Claims	General Creditors	Total
*CastlePoint National Ins Co	30,085,159	-	-	30,085,159	342,347,309	-	-	342,347,309
Fremont Indemnity Co	-	-	-	-	1,106,139,443	-	-	1,106,139,443
Merced Property & Casualty Ins	3,630,954	-	-	3,630,954	27,415,029	-	-	27,415,029
Mission Ins Co	-	-	-	-	846,832,560	23,861,132	390,041,525	1,260,735,218
Mission National Ins Co	-	-	-	-	536,482,595	4,850,000	27,077,326	568,409,921
	<u>33,716,113</u>	<u>-</u>	<u>-</u>	<u>33,716,113</u>	<u>2,859,216,937</u>	<u>28,711,132</u>	<u>417,118,851</u>	<u>3,305,046,920</u>

*Note: HIH a closed estate distributed \$1,351,152.69 in 2023*

\*The CastlePoint estate made statutory deposit releases of \$227.6 million (2017), \$4.9 million (2018), and \$19 million (2019) and an early access distribution of \$60.7 million occurred in October of 2022. These statutory deposit releases and prior distributions coupled with the 2023 early access distribution of \$30.1 million give the estate a cumulative distribution total of \$342.3 million.

*Note: Golden Eagle, California Ins. Co., Crusader, and Western General estates are not included as no distributions have occurred.*

**Estates in Conservation and/or Liquidation as of December 31, 2023**

<b>Estate Name</b>	<b>Date Conserved</b>	<b>Date Liquidated</b>
California Insurance Company	11/04/19	*
CastlePoint National Insurance Company	07/28/16	04/01/17
Crusader Insurance Company	06/07/2023	*
Fremont Indemnity Company	06/04/03	07/02/03
Golden Eagle Insurance Company	01/31/97	02/18/98
Merced Property and Casualty Company	**	12/03/18
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
Western General Insurance Company	05/26/2021	08/05/2021

**\*No Liquidation Order obtained**

**\*\*No Conservation Order obtained**

## **Report on Individual Estates**

Each estate has its own unique set of challenges to monetizing assets, valuing the claims, distributing assets and closing. No two estates are the same. The remaining portion of Section 2 provides a brief summary of the 2023 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information. (*See note below*)

In reviewing the financial information, the following must be taken into account:

- The Statement of Assets and Liabilities have been prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets reported on the financial statements are assets that are determined to be collectible. The liabilities may change during the course of the liquidation depending on the types of business written by the company, and as claims are reviewed and adjudicated.
- No estimates for future administrative expenses are included in the liabilities, unless the estate has been approved for final distribution and closure by the Court.
- California Insurance Code Section 1033 prescribes that claims on estate assets are paid according to a priority scheme, except when otherwise provided in a rehabilitation plan. The probability of a claim being paid is dependent on the valuation of the claim, the order of priority of the claim, and the amount of funds remaining after other claims having higher preference have been discharged. Each priority class of claims must be fully paid before any distribution may be made to the next priority class. All members of a class receiving partial payment receive the same pro-rata amount.
- For estates where available assets are insufficient to pay all policyholder claims, the CLO intentionally does not evaluate the lower priority proofs of claims, since to do so would incur unnecessary administrative time and expenses, reducing funds available for distribution to higher-priority claimants.
- Shareholders receive any remaining residual value of the estate's net assets only after the general creditors have been paid.
- Beginning Monetary Assets at takeover represent cash and investment balances at the time of liquidation or, in cases where the estate was first liquidated and managed by other parties, at the time the estate was taken over by the Conservation & Liquidation Office.

*Note: Each estate under management of the CLO has an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the [CLO webpage](#). Annual audits or reviews are waived for estates with little or no assets or activity*

## **ESTATE SPECIFIC INFORMATION**

### **California Insurance Company**

Conservation Order: November 4, 2019

#### **2023 Report**

California Insurance Company ("CIC") was placed into Conservation on November 4, 2019 by the California Superior Court for the County of San Mateo. The Conservator was appointed to address and resolve certain regulatory concerns related to CIC's recent attempt to exit the California market without the necessary prior approval to do so. The Conservator developed and seeks court approval of a comprehensive rehabilitation plan to address the issues with CIC and their desire to re-domesticate outside California. The Conservator has argued his rehabilitation plan before the San Mateo Superior Court, and has received a favorable ruling approving the rehabilitation plan subject to CIC's appellate rights and opposition. Subject to any timely filed writ the Conservator will plan to implement the terms of the plan in 2024.

California Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$1,180,598,939	\$1,213,785,263
Other assets	227,790,309	336,940,998
<b>Total assets</b>	<b>\$1,408,389,248</b>	<b>\$1,550,726,261</b>
<b>Liabilities</b>		
Claims against policies	\$490,480,468	\$562,670,900
All other claims	272,431,321	356,171,954
<b>Total liabilities</b>	<b>762,911,789</b>	<b>918,842,854</b>
<b>Net assets (deficiency)</b>	<b>\$645,477,459</b>	<b>\$631,883,407</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Net premium income	\$348,534,526	\$501,177,607
Investment income	8,091,285	23,525,497
Other income	44,603,120	(44,562,867)
<b>Total income</b>	<b>\$401,228,931</b>	<b>\$480,140,237</b>
<b>Expenses</b>		
Loss and claims expense	\$399,023,052	\$472,390,038
Federal Income Tax expense	6,389,031	5,507,680
<b>Total expenses</b>	<b>405,412,083</b>	<b>477,897,718</b>
<b>Net income (loss)</b>	<b>(\$4,183,152)</b>	<b>\$2,242,519</b>

## **CastlePoint National Insurance Company**

Conservation Order: July 28, 2016

Liquidation Order: April 1, 2017

### **2023 Report**

CastlePoint National Insurance Company (CastlePoint) was a California domiciled property and casualty insurer that was placed into Conservation on July 28, 2016 and Liquidation effective April 1, 2017 by the San Francisco Superior Court.

CastlePoint is the successor by merger with the following companies prior to Conservation:

- Tower Insurance Company of New York
- Tower National Insurance Company
- CastlePoint Florida Insurance Company
- Massachusetts Homeland Insurance Company
- York Insurance Company of Maine
- Hermitage Insurance Company
- North East Insurance Company
- Preserver Insurance Company
- CastlePoint Insurance Company

A Conservation and Liquidation Plan approved by the Court allowed CastlePoint to deconsolidate from its parent and from the consolidated taxpayer group. In addition, it allowed the Receiver to commute stop loss reinsurance treaties in return for a cash payment of \$200 million which enabled CastlePoint to continue to make claim payments while the claim files were being prepared for the transfer to the 47 affected guaranty associations. A total of 5,977 claim files were transferred through this process.

Since the order of liquidation, the Receiver has opened and/or re-opened approximately 3,225 claim files for the various guaranty associations. All timely received POCs are being reviewed and processed in conformity with the creditor-priority statutes established in California Insurance Code, Section 1033. The estate continues to address all the normal issues of long-tail liquidation and remains primarily focused on collecting assets, updating and managing legacy and standalone systems to efficiently bill and collect reinsurance assets. In addition to data management for asset collections the estate will rely on legacy information and documentation to properly analyze priority and or complex policy claims received through the POC process. CastlePoint has also collected in excess of \$50 million in miscellaneous assets and \$78 million in reinsurance recoveries.

An addendum to an administrative services agreement between CastlePoint and AmTrust/National General was executed to continue to support the claims, IT and accounting functions of the insolvency through December 31, 2024.

CastlePoint received court approval and completed its first early access distribution in the amount of \$60 million in October 2022. The estate completed a second early access distribution in the amount of \$30 million in November 2023, and received approval of its annual procedural filings (2022 Status and Fee Application).



**CastlePoint National Ins Co**

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$269,288,700	\$252,164,400
Recoverable from reinsurers	208,420,600	200,772,200
Other assets	18,437,200	17,492,100
<b>Total assets</b>	<b>496,146,500</b>	<b>470,428,700</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	7,119,000	7,119,000
Claims against policies, before distributions	1,071,223,100	1,103,874,200
Less distributions to policyholders	(312,262,100)	(342,347,300)
All other claims	64,312,500	63,651,300
<b>Total liabilities</b>	<b>830,392,500</b>	<b>832,297,200</b>
<b>Net assets (deficiency)</b>	<b>(334,246,000)</b>	<b>(361,868,500)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2022 and 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Investment income	(\$13,779,500)	\$12,982,900
Salvage and other recoveries	1,147,400	877,700
<b>Total income</b>	<b>(12,632,100)</b>	<b>13,860,600</b>
<b>Expenses</b>		
Loss and claims expenses	38,286,200	37,685,300
Administrative expenses	3,929,500	3,819,400
<b>Total expenses</b>	<b>42,215,700</b>	<b>41,504,700</b>
<b>Net income (loss)</b>	<b>(\$54,847,800)</b>	<b>(27,644,100)</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$519,264,000
Recoveries, net of expenses .....	75,247,700
Distributions .....	(342,347,300)
<b>Monetary assets available for distribution .....</b>	<b>\$252,164,400</b>

## **Crusader Insurance Company**

Conservation Order: June 7, 2023

### **2023 Report**

Crusader Insurance Company was placed into Conservation on June 7, 2023 after being found to be operating in hazardous financial condition. The Conservator has established daily oversight and control of the estate's operations in Calabasas, and is working to complete the final transition of all systems and assets (in accordance with the Conservation Order) and provided notices of the Conservation to all claimants, vendors and potential creditors. The Conservator has provided retention agreements to 8 employees to preserve a knowledgeable workforce throughout the Conservation. In addition, the Conservator obtained a lease extension in its current space through December 31, 2024.

On March 1, 2024 Crusader filed their December 31, 2023 annual statement and reported policyholders' surplus of \$5.35 million. After two quarters of adverse development of prior losses to start the year, the last two quarters of 2023 have reflected considerable improvement in claim emergence. While the estate continues to receive a few new claims each month, the total claim count has been reduced to 184 open claims as of March 1st. Milliman as well as CDI actuaries have reviewed the year-end 2023 reserves and believe that they are fairly stated. Crusader will continue to focus on an efficient claims run-off, but most remaining open claims are in some phase of litigation and continue to generate high legal expenses.

The Crusader estate has worked to separate as much of the estate's operational reliance on its parent company systems and services. Most all required support systems and staffing for the run-off have been effectively retained directly by the conservation estate with little remaining operational dependency between the two entities. Certain insurance contracts continue to be handled on a shared/prorated basis with the parent as there were no alternatives to secure or retain the service independently. The estate is actively working to secure and maintain legacy payroll records electronically and has recently completed all discrimination testing and reporting for the Unico/Crusader 401K Profit Sharing Plan.

Crusader Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023

<b>Assets</b>	<b>12/31/2023</b>
Cash and investments	\$30,701,390
Other assets	965,830
<b>Total assets</b>	<b>\$31,667,220</b>
<b>Liabilities</b>	
Claims against policies	\$26,255,000
All other claims	63,960
<b>Total liabilities</b>	<b>26,318,960</b>
<b>Net assets (deficiency)</b>	<b>\$5,348,260</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2023

<b>Income</b>	<b>2023</b>
Net premium income	\$0
Investment income	1,741,290
Other income	(218,984)
<b>Total income</b>	<b>\$1,522,306</b>
<b>Expenses</b>	
Loss and claims expense	\$8,918,240
Federal Income Tax expense	-
<b>Total expenses</b>	<b>8,918,240</b>
<b>Net income (loss)</b>	<b>(\$7,395,934)</b>

## **Fremont Indemnity Company**

Conservation Order: June 04, 2003

Liquidation Order: July 02, 2003

### **2023 Report**

Fremont released an \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019. The distribution paid 43.25% of approved policyholder claims. The estate completed all customary post distribution and closing activities in 2020. The estate remains administratively closed before the Court, but in accordance with its 2019 closing order the dormant estate has been granted leave to continue to collect periodic annuity payments which, when coupled with other recent recoveries, will lead to a further distribution, possibly in 2025. The estate seeks to accumulate approximately \$5 million of available funds prior to scheduling a distribution.

Fremont Indemnity Co

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$5,433,300	\$6,561,400
Recoverable from reinsurers	518,200	44,200
Other assets	67,200	67,300
<b>Total assets</b>	<b>6,018,700</b>	<b>6,672,900</b>
<b>Liabilities</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Secured claims and accrued expenses	32,300	32,300
Claims against policies, before distributions	2,532,388,200	2,532,388,200
Less distributions to policyholders	(1,106,139,400)	(1,106,139,400)
All other claims	221,395,500	221,395,500
<b>Total liabilities</b>	<b>1,647,676,600</b>	<b>1,647,676,600</b>
<b>Net assets (deficiency)</b>	<b>(\$1,641,657,900)</b>	<b>(\$1,641,003,700)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2022 and 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Investment income	(\$147,700)	\$337,900
Salvage and other recoveries	346,400	451,100
<b>Total income</b>	<b>198,700</b>	<b>789,000</b>
<b>Expenses</b>	<b>2022</b>	<b>2023</b>
Federal Income Tax Expense	-	26,000
Administrative expenses	112,000	108,700
<b>Total expenses</b>	<b>112,000</b>	<b>134,700</b>
<b>Net income (loss)</b>	<b>\$86,700</b>	<b>654,300</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$434,855,900
Recoveries, net of expenses .....	677,844,900
Distributions .....	(1,106,139,400)
<b>Monetary assets available for distribution .....</b>	<b>\$6,561,400</b>

## **Golden Eagle Insurance Company**

Conservation Order: January 31, 1997

Rehab/Liquidation Plan Approved: August 4, 1997

Liquidation Order: February 18, 1998

### **2023 Report**

Golden Eagle Insurance Company (Golden Eagle) is the subject of a Plan of Rehabilitation and Liquidation (Plan) approved by the Superior Court in 1997. The Plan provides for an orderly “run-off” of claims under Golden Eagle’s pre-1997 insurance policies, a process which is ongoing.

As part of the process to run off the remainder of the Golden Eagle estate, additional reinsurance coverage was purchased from Liberty Mutual affiliates to cover all the remaining covered insurance policy exposures. Golden Eagle’s insurance liabilities are fully funded under the Plan eliminating the need for a formal finding of insolvency, and thus have not triggered the claim payment obligations of the Insurance Guaranty Associations (IGAs). Under the court approved Plan these claims will continue to be received, adjusted, and paid in the ordinary course of the run-off of Golden Eagle’s policyholder liabilities. The IGAs remain as a back-up, in the unlikely event that the claims payment assets available under the Plan are exhausted prior to the final policyholder claim payment.

All remaining policyholder claims continue to be administered and paid under the Plan’s indemnity reinsurance and excess of loss reinsurance agreements all within the range of expected cost and reinsurance coverage. The Plan agreements will remain in full force and effect until the entire remaining exposure is paid, assumed, or novated. Currently the legal proceeding is administratively closed on the active court docket, yet the Golden Eagle Estate must remain open to monitor the long-term claim run-off and to give policyholders access to appeal rights through the OSC process that is incorporated into the Plan.

The only assets that remain in the Estate consist of a reserve to fund the administrative expenses that the CLO will incur while monitoring the duration of the run off process.

Golden Eagle Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$1,243,500	\$1,284,300
Total assets	1,243,500	1,284,300
<b>Liabilities</b>		
Total liabilities	-	-
Net assets (deficiency)	\$1,243,500	\$1,284,300

**INCOME AND EXPENSES**

For Year Ended December 31, 2022 and 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Investment income	(\$46,000)	\$69,500
Total income	(46,000)	69,500
<b>Expenses</b>		
Administrative expenses	19,300	28,700
Total expenses	19,300	28,700
Net income (loss)	(\$65,300)	\$40,800

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover <sup>9</sup> .....	\$2,029,000
Recoveries, net of expenses .....	(744,700)
Monetary assets available for distribution .....	\$1,284,300

<sup>9</sup> As of December 31, 2006, when Golden Eagle's estate accounting was transferred to the CLO.

## **Merced Property & Casualty Company**

Liquidation Order: December 3, 2018

### **2023 Report**

Merced Property & Casualty Company (“Merced”) located in Atwater, California is a wholly owned subsidiary of United Heritage Financial Group, and was licensed and authorized to transact homeowners insurance including fire, surety, plate glass, liability, burglary and automobile in California.

Merced was placed into liquidation by the Merced County Superior Court on December 3, 2018. In late November 2018 at the time of the Commissioner’s urgent filing for an insolvency order, Merced reported approximately \$23 million in admitted assets and \$63 million in total estimated liabilities resulting in a reported negative surplus of \$40 million. Merced’s negative surplus position violates the minimum capital and surplus requirements as set forth in Insurance Code sections 700.01, 700.02 & 700.025.

Upon entry of the liquidation order, the California Insurance Guarantee Association’s (CIGA) statutory obligation to adjust and pay Merced claims was triggered. Independent of the CLO, CIGA filed a subrogation claim against PGE and to date has collected approximately \$60 million in recoveries.

As of December 31, 2023 the Merced estate, in coordination with the California Insurance Gurarantee Association (“CIGA”) has essentially paid all statutory obligations associated with the Merced liquidation. At year-end the guarantee association reported having made in excess of \$82 million in loss & loss adjustment payments, return premium and administration expenses. While CIGA maintained an additional \$6,081 in Class 2 case reserves at year-end, the Merced estate settled the guarantee association’s final claim in early 2024 resulting in a refund paid to Merced of approximately \$461,769. All of the estate’s guarantee fund covered claims have been paid. In addition, the Merced estate has distributed approximately \$4,830,000 to “over-cap” and other non-covered class 2 claimants essentially paying out all the policyholder class of approved liability.

CIGA has essentially completed it’s recovery work from the PG&E bankruptcy proceeding after having collected in excess of \$60 million in paid claim and claim expense recoveries through December 31, 2023. As reported above, the Merced estate has settled CIGA’s remaining claim and now seeks to resolve the Federal Waiver/Release to position the estate for a final distribution later in 2024. The CLO claims department is in the final phase and will complete the review of the remaining



open POCs filed against the estate: a conditional claim filed by the federal government and a small population of Class 8 claimants. When considering the known claims today (including sufficient consideration for the federal claim and the Class 8 demands) compared to the amount of assets held by the estate it appears fairly certain the Merced entity will be solvent after payment of all classes of approved POCs. Upon completion of the POC determination, the estate will seek approval to make a final distribution to approved claimants and to return all remaining assets to the parent. Periodic reporting and closure discussions held with management of the parent entity have been conducted over the last year.

Merced Property and Casualty Co

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$10,627,900	\$7,912,700
Other assets	858,000	-
Total assets	11,485,900	7,912,700
<b>Liabilities</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Secured claims and accrued expenses	182,600	670,000
Claims against policies, before distributions	27,687,100	26,953,300
Less distributions to policyholders	(23,784,100)	(27,415,000)
All other claims	1,999,900	1,748,700
Total liabilities	6,085,500	1,957,000
Net assets (deficiency)	5,400,400	5,955,700

**INCOME AND EXPENSES**

For Year Ended December 31, 2022 and 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Investment income	(\$164,600)	\$423,900
Salvage and other recoveries	5,883,600	750,500
Total income	5,719,000	1,174,400
<b>Expenses</b>	<b>2022</b>	<b>2023</b>
Loss and claims expenses	(1,019,400)	(41,700)
Administrative expenses	436,400	816,500
Total expenses	(583,000)	774,800
Net income (loss)	6,302,000	399,600

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$23,011,357
Recoveries, net of expenses .....	12,316,343
Distributions .....	(27,415,000)
Monetary assets available for distribution .....	\$7,912,700

**Mission Insurance Company**

Conservation Order: October 31, 1985

Liquidation Order: February 24, 1987

**Mission National Insurance Company**

Conservation Order: November 26, 1985

Liquidation Order: February 24, 1987

**2023 Report**

In accordance with a 2006 court approved closing plan, the Mission estates completed a final policyholder distribution in 2006 whereby all policyholder claimants for Mission, Mission National and Enterprise were paid 100% of their approved claim. As of year-end 2020, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims.

The Mission estates participate as members of a consolidated tax group (Covanta being the parent) and, as such, are joint and severally liable for the tax exposure of the group. The Mission estate has been indemnified from certain tax and tax related exposure by the ultimate taxpayer.

After legal counsel for the estate reached an agreement with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Estates made a material distribution in 2017 to all creditors. In November of 2019, the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. In November 2020, the Mission estate completed a distribution of approximately \$49.5 million to creditors. From inception of the trusts, the Mission estates have distributed a cumulative total of approximately \$1.4 billion.

The three Mission Trusts still have material recoveries due from the Holland America liquidation estate in Missouri, potentially in the \$24 million range. Counsel for the Mission Trusts continues to participate in periodic calls and discussions with counsel for the Missouri regulators seeking to assist where proper in advancing the settlement process. The Missouri regulators reported some progress on identifying and defending certain potential claims being asserted by the federal government against Holland America. The Mission Trusts have been extended by the liquidation court and will continue to efficiently distribute estate assets upon recovery in accordance with the comprehensive 2006 Mission closing order. The CLO will continue to offer assistance and help to advance the Missouri regulators collection and federal release efforts. In accordance with the terms of the liquidation court orders entered on behalf of the Mission Trusts, the three Trusts are actively working to destroy all legacy files held in storage and have completed disposal of essentially 50% of the volume of legacy

records. The completion of the records project will eliminate a material estate expense and position the estate to move quickly to distribute and close once final assets are recovered. There are no immediate distributions planned for the trusts.

**Mission Ins Co**

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$2,924,300	\$2,896,800
Recoverable from reinsurers	649,700	649,700
Other assets	23,816,400	23,816,400
<b>Total assets</b>	<b>27,390,400</b>	<b>27,362,900</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	1,414,400	1,414,400
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	74,061,200	74,061,200
<b>Total liabilities</b>	<b>75,475,600</b>	<b>75,475,600</b>
<b>Net assets (deficiency)</b>	<b>(48,085,200)</b>	<b>(\$48,112,700)</b>

**INCOME AND EXPENSES**

As of December 31, 2022 and December 31, 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Investment income	(\$89,800)	\$156,700
Salvage and other recoveries	-	150,000
<b>Total income</b>	<b>(89,800)</b>	<b>306,700</b>
<b>Expenses</b>		
Administrative expenses	505,400	334,200
<b>Total expenses</b>	<b>505,400</b>	<b>334,200</b>
<b>Net income (loss)</b>	<b>(\$595,200)</b>	<b>(\$27,500)</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$133,667,000
Recoveries, net of expenses .....	1,106,215,000
Distributions .....	(1,236,985,200)
<b>Monetary assets available for distribution .....</b>	<b>\$2,896,800</b>

**Mission National Ins Co**

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$3,191,900	\$3,370,300
Recoverable from reinsurers	1,793,200	1,793,200
Other assets	(100)	(100)
<b>Total assets</b>	<b>4,985,000</b>	<b>5,163,400</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	1,501,700	1,501,700
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(536,482,600)	(536,482,600)
All other claims	16,838,100	16,838,100
<b>Total liabilities</b>	<b>77,955,700</b>	<b>77,955,700</b>
<b>Net assets (deficiency)</b>	<b>(\$72,970,700)</b>	<b>(\$72,792,300)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2022 and 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Investment income	(\$99,800)	\$180,200
Salvage and other recoveries	83,200	83,400
<b>Total income</b>	<b>(16,600)</b>	<b>263,600</b>
<b>Expenses</b>		
Administrative expenses	68,100	85,200
<b>Total expenses</b>	<b>68,100</b>	<b>85,200</b>
<b>Net income (loss)</b>	<b>(\$84,700)</b>	<b>178,400</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$18,289,000
Recoveries, net of expenses .....	548,641,200
Distributions .....	(563,559,900)
<b>Monetary assets available for distribution .....</b>	<b>\$3,370,300</b>

## **Western General Insurance Company**

Conservation Order: May 26, 2021  
Liquidation Order: August 5, 2021

### **2023 Report**

Western General was a property and casualty insurance company licensed to transact specialty dealer-originated and agent/broker produced non-standard private passenger automobile insurance. Most of Western General's business was written primarily through its affiliated agency All Motorists Insurance Agency (AMIA).

Based on Western General's quarterly statement of March 31, 2021 coupled with continuing losses thereafter, the Commissioner determined, and Western General's management and majority shareholder agreed, that Western General was in such an impaired financial condition that the further transaction of business by it will be, and is, hazardous to its policyholders, creditors and the public, and such condition was the grounds for the entry of an order of conservation under section 1011, subdivisions (d) and (h). On May 26, 2021, upon application to the Los Angeles Superior Court (Court), the Commissioner was appointed Conservator of Western General by the Court.

As of the end of June 2021, Western General had less than \$95,000 in unrestricted cash and current outstanding liabilities of approximately \$1.9 million (not including any claim expense). Based upon the foregoing facts, the Commissioner determined he could not affect the rehabilitation of Western General; that it would be futile to continue to proceed as Conservator with conducting the business of Western General; that Western General is insolvent and is unable to meet its financial obligations as they become due; and that such conditions are grounds for liquidation under applicable law. An order of liquidation (with a finding of insolvency) was entered by the Court on August 5, 2021. Additionally, the Court appointed a Deputy Liquidator and a Liquidation Manager to oversee and conduct Western General's insolvency proceeding to conclusion.

The entry of the liquidation order contained an express finding of insolvency thereby triggering the state-based insurance guaranty statutes, specifically the obligation of the respective state guaranty entities, in states where Western General wrote policies, to pay the open claims and claim expenses which Western General is no longer able to pay.

As of December 31, 2023 the Western General Estate, in coordination with the participating Insurance Guarantee Associations, has paid approximately \$14 million in

loss and loss adjustment expense payments to insureds and estimates \$2 million in reserves remaining to be resolved. The California Insurance Guarantee Association (CIGA) having the largest share of claims (approx. 70% of the book was written in California and accounts for approximately \$1.6 million of the remaining reserves) has also paid an additional approximately \$1.48 million in return premium.

The CLO claims staff have essentially reviewed all POCs received for basic compliance/timeliness and initial priority determination. The immediate focus remains on a complete assessment of all Class 2 policyholder exposure including claims with guaranty coverage and uncovered claims. Notifications to certain Class 2 insureds have been issued where their claims have been paid by the guarantee association. The policyholder/insured class of POCs will remain a priority in 2024.

To retain historical continuity and knowledge, the estate continues to rely upon 9 consultants (6 being former employees) to assist in the processing of the claims processing data, reinsurance processing, human resource management (401K), claims/POC determination. In addition, the estate has recently retained legal counsel and a party arbitrator to assist in the newly commenced arbitration with Yosemite Re (fka Fletcher Re).

Westen General Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2022 and December 31, 2023

<b>Assets</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Cash and investments	\$19,846,800	\$28,936,800
Recoverable from reinsurers	36,231,500	27,565,300
Other assets	150,400	100,200
<b>Total assets</b>	<b>56,228,700</b>	<b>56,602,300</b>
<b>Liabilities</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
Secured claims and accrued expenses	2,165,700	1,036,800
Claims against policies, before distributions	58,301,000	58,341,700
Less distributions to policyholders	-	-
All other claims	7,875,900	6,140,600
<b>Total liabilities</b>	<b>68,342,600</b>	<b>65,519,100</b>
<b>Net assets (deficiency)</b>	<b>(\$12,113,900)</b>	<b>(\$8,916,800)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2022 and 2023

<b>Income</b>	<b>2022</b>	<b>2023</b>
Net premium income	\$0	\$0
Investment income	\$318,300	\$691,800
Salvage and other recoveries	98,100	94,300
Other income	-	-
<b>Total income</b>	<b>416,400</b>	<b>786,100</b>
<b>Expenses</b>	<b>2022</b>	<b>2023</b>
Loss and claims expenses	32,600	(5,534,800)
Administrative expenses	727,500	3,869,800
Other underwriting expense	-	-
<b>Total expenses</b>	<b>760,100</b>	<b>(1,665,000)</b>
<b>Net income (loss)</b>	<b>(\$343,700)</b>	<b>\$2,451,100</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at year 2022 .....	\$19,846,800
Recoveries, net of expenses .....	9,090,000
Distributions .....	-
<b>Monetary assets available for distribution .....</b>	<b>\$28,936,800</b>



### **SECTION THREE – CROSS REFERENCES TO CALIFORNIA INSURANCE CODE (CIC)**

CIC Section 1035 – Deputy Commissioners, clerks, and assistants, and executive officers; chief executive officer of Conservation and Liquidation Office

(a) In any proceeding under this article, the commissioner may appoint and employ under his or her hand and official seal, special deputy commissioners, as his or her agents, and to employ clerks and assistants and to give to each of them those powers that he or she deems necessary. Upon appointing or employing special deputy commissioners or executive officers, the commissioner shall notify the Chair of the Joint Legislative Budget Committee, by letter, of the action. The costs of employing special deputy commissioners, clerks, and assistants appointed to carry out this article, and all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of that person under this article, shall be fixed by the commissioner, subject to the approval of the court, and shall be paid out of the assets of that person to the department. In the event the property of that person does not contain cash or liquid assets sufficient to defray the cost of the services required to be performed under the terms of this article, the commissioner may at any time or from time to time pay the cost of those services out of the appropriation for the maintenance of the department, but not out of the assets of other estates. Any amounts so paid shall be deemed expenses of administration and shall be repaid to the fund out of the first available moneys in the estate.

CIC Section 1060 - The Commissioner shall transmit all of the following to the Governor, the Legislature, and to the committees of the Senate and Assembly having jurisdiction over insurance in the annual report submitted pursuant to Section 12922:

	Page
(a) The names of the persons proceeded against under this article.....	200
(b) Whether such persons have resumed business or have been liquidated or have been mutualized.....	200
(c) Such other facts on the operations of the Conservation & Liquidation Office as will acquaint the Governor, the policyholders, creditors, shareholders and the public with his or her proceedings under this article, including, but not limited to:	
(1) An itemization of the number of staff, total salaries of staff, a description of the compensation methodology, and an organizational flowchart.....	185, 191-192
(2) Annual operating goals and results. ....	186-188

(3) A summary of all Conservation and Liquidation Office costs, including an itemization of internal and external costs, and a description of the methodology used to allocate those costs among insurer estates. .... 189-194

(4) A list of all current insolvencies not closed within ten years of a court ordered liquidation, and a narrative explaining why each insolvency remains open. .... 195-196

(5) An accounting of total claims by estate. .... 196

(6) A list of current year and cumulative distributions by class of creditor for each estate.. 199

(7) For each proceeding, the net value of the estate at the time of conservation or liquidation and the net value at the end of the preceding calendar year. ....201-221

(d) Other facts on the operations of the individual estates as will acquaint the Governor, Legislature, policyholders, creditors, shareholders, and the public with his or her proceedings under this article, including, but not limited to:

(1) The annual operating goals and results.....201-221

(2) The status of the conservation and liquidation process.....201-221

(3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year. ....201-221