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ORIGINAL FILED  
Superior Court of California  
County of Los Angeles

JUL 03 2014

Sherri R. Carter, Executive Officer/Clerk  
By Victor Sino-Cruz, Deputy

5 Attorneys for Insurance Commissioner as Trustee

6 SUPERIOR COURT OF THE STATE OF CALIFORNIA

7 FOR THE COUNTY OF LOS ANGELES

8  
9  
10 DAVE JONES, Insurance Commissioner of  
the State Of California,

Case No.: C 572 724

11 Applicant,

Honorable John L. Segal

12 vs.

13 THE INSURANCE COMMISSIONER'S  
14 STATUS CONFERENCE REPORT  
AND UPDATED CLOSING PLAN

15 MISSION INSURANCE COMPANY, a  
California Corporation,

16 Respondent.

Date: July 22, 2014

Time: 8:30 a.m.

Department 50

**BY FAX**

17  
18 Consolidated with Case Numbers

19 C 576 324; C 576 416;  
20 C 576 323; C 576 325; C 629709

Action Filed: October 31, 1985

1 Dave Jones, Insurance Commissioner of the State of California, in his capacity as  
2 Trustee of the Mission Insurance Company Trust, the Mission National Insurance Company  
3 Trust and the Enterprise Insurance Company Trust ("Insurance Commissioner"), hereby submits  
4 this Status Report and advises the Court as follows:

5 **The Status of the Case**

6 This case arises from the insolvency of Mission Insurance Company, Mission National  
7 Insurance Company and Enterprise Insurance Company. Each of these large property and  
8 casualty insurers entered conservation on October 31, 1985 and entered liquidation on February  
9 23, 1987. Since that time, the Insurance Commissioner as Liquidator has adjusted the claims and  
10 marshaled the assets, with the assistance of a staff of former personnel of the insurance  
11 companies and of employees of the Insurance Commissioner's Conservation and Liquidation  
12 Office. Over 166,000 proof of claim forms went out in this matter, and over one billion dollars  
13 in assets were collected in this matter. Each policyholder of the companies holding an approved  
14 claim has been approved for a distribution of one hundred cents on the dollar of the principal  
15 amount of her, his or its approved claim(s). The distributions have resulted in over a billion  
16 dollars being paid to claimants.

17 The Court approved a rehabilitation plan in 1990 in which the insurance company  
18 corporations were transferred, while all liabilities were transferred to liquidating trusts for  
19 administration with the Insurance Commissioner as Trustee. Covanta Holding Corporation is the  
20 ultimate parent company of the now-transferred insurance companies. The Insurance  
21 Commissioner is now Trustee of the Mission Insurance Company Trust, the Mission National  
22 Insurance Company Trust, and the Enterprise Insurance Company Trust, which administer the  
23 remaining assets and claims of each of the trusts. Mission Insurance Company Trust and  
24 Enterprise Insurance Company Trust continue to have outstanding general creditor obligations,  
25 while Mission National Insurance Company Trust has outstanding interest obligations.  
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1 **I. Developments**

2 Enterprise Insurance Company Trust, Mission National Insurance Company Trust and  
3 Mission Insurance Company Trust obtained a closing order in 2006. The trusts have distributed  
4 substantial assets, but each trust has substantial assets which have not been distributed.  
5 Additional assets continue to be collected. The trusts have been waiting to make their final  
6 distributions until further events take place. Substantial collections and activities have taken  
7 place since the last status report. These events and the developments and progress in resolving  
8 the remaining issues are:

9  
10 **1. The Trusts have collected additional reinsurance recoveries:**

11 One of the reinsurers against whom the Insurance Commissioner as Trustee pursued  
12 litigation is Universale Ruckversicherungs, a Swiss reinsurer. Universale Ruckversicherungs  
13 ended up in receivership in Switzerland. In the last status report, the Insurance Commissioner  
14 reported on receiving a distribution from that receivership. The Insurance Commissioner is  
15 pleased to report a further collection on this receivership. A claims distribution was received by  
16 each of the trusts in the following amounts in February 2014. The amounts are as follows:

17 Mission Insurance Company Trust collected \$ 275,311.71

18 Mission National Insurance Company Trust collected \$ 835,520.44

19 Enterprise Insurance Company Trust collected \$ 27,431.

20 Further distributions may yet occur from Universale Ruck.

21  
22 **2. New developments in the effort to secure a super-priority release from the United**  
23 **States Department of Justice**

24 The Insurance Commissioner as Trustee applied for a release in 2011 from any super-  
25 priority claims from the United States Department of Justice. In past status reports, the  
26 Insurance Commissioner described how the Insurance Commissioner submitted a request for a  
27 super-priority release and how the Insurance Commissioner had responded to requests for further  
28 information with a submission of the requested further information. Prior status reports advised

1 that Enterprise Insurance Company Trust obtained its release, but the request for a release by  
2 Mission Insurance Company Trust and Mission National Insurance Company Trust remain  
3 pending.

4 Since the last status report, counsel for the United States Department of Justice provided  
5 to the counsel for the Insurance Commissioner on December 5, 2013 lists of insureds and  
6 environmental sites the EPA titled as “reservation of rights lists” as to “potential” EPA claims  
7 by the United States. These extensive lists impacted over nine hundred policy holders and  
8 potentially thousands of policies. Counsel for the United States Department of Justice requested  
9 to review copies of policies to, in their words, “confirm liability”. The Insurance Commissioner  
10 as Trustee, using his Conservation and Liquidation Office and counsel, has moved forward to  
11 analyze these matters. Substantial resources have been expended and will continue to be  
12 expended to address these claims.

13 The Conservation and Liquidation Office had already provided a minority of the policies  
14 to the Department of Justice in response to prior requests. Further, the lists included a substantial  
15 number of policies which the Insurance Commissioner’s review indicates are policyholders who  
16 have already settled with the EPA. Further, a substantial number of the policies contain qualified  
17 pollution exclusions that will, in many cases, exclude coverage. The policyholder list further  
18 contains numerous policies as to which liability issues have already been settled through  
19 processing, litigation in the liquidation proceeding or settlement of the insureds’ claims. A  
20 substantial number of the environmental sites have been cleaned up in the decades since the  
21 Mission receivership began. It is unclear whether any open claims exist against Mission or  
22 Mission National insureds, and, based on substantial initial review, extremely unlikely that nine  
23 hundred policies will give rise to a potential claim

24 Rather than simply incur the time-consuming process of pulling all policies, including  
25 numerous policies which are long-ago resolved, the Conservation and Liquidation Office has  
26 adopted a more pro-active, multi-step approach. One portion of the approach is to pull certain  
27 requested policies, while demonstrating the other policies should not be in issue, and need not be  
28

1 pulled. . This policy pulling process is underway using Conservation and Liquidation Office staff  
2 and contractors.

3 Other steps are underway to try to reduce the burden of pulling thousands of policies,  
4 while demonstrating the absence of liability. The Conservation and Liquidation Office also  
5 began to match the policies on the EPA list with processed proofs of claim, to demonstrate that  
6 numerous “potential” claims on the list have actually already been fully resolved with the  
7 policyholder itself. The Conservation and Liquidation Office has also, with the assistance of  
8 counsel, begun a process of gathering the numerous de minimus settlements which these same  
9 insureds have entered into with the EPA,. These settlements have the effect of resolving  
10 insureds’ liability at each settled site. Numerous insureds’ claims were settled already, making  
11 their inclusion on the “potential claims” list unnecessary.

12 The Conservation and Liquidation Office has also assisted Holland-America Insurance  
13 Company Trust, a Missouri company in receivership that is also part of the Covanta consolidated  
14 tax group, in a smaller but similar policy pull as to its policies. Because of its smaller size, this  
15 policy pull was handled first by the Conservation and Liquidation Office, at the Missouri  
16 company’s expense. This policy pull for the benefit of the Holland-America Insurance Company  
17 Trust has been completed.

18 On June 30, 2013, counsel to the Insurance Commissioner as Trustee’s counsel sent to  
19 the Department of Justice detailed documentation pertinent to the request for release. The  
20 information was comprised of a spreadsheet showing that hundreds of the insureds on the  
21 Department of Justice lists had already had their proof of claim conclusively adjudicated by the  
22 Insurance Commissioner as Trustee. The Insurance Commissioner as Trustee further has already  
23 located over 140 settlement agreements and consent orders in which the Mission or Mission  
24 National insured has already settled with the EPA. The Insurance Commissioner as Trustee  
25 further provided a disk with numerous policy copies to the Department of Justice. On Friday,  
26 June 13, 2014, during a call with the Department of Justice and EPA attorneys about a non-  
27 Mission estate, , the Insurance Commissioner’s counsel asked questions about issuers relating to  
28

1 these Mission companies. The undersigned counsel discussed Mission and Mission National  
2 issues with the Department of Justice and EPA attorneys, including . the issue that that many of  
3 the Mission and Mission National claims appear to already be resolved. A further call was set for  
4 the afternoon of July 22, 2014, to permit further discussion of this matter between the sides after  
5 an additional transmission of substantial examples of the claims resolutions. The examples  
6 evidencing resolution of the underlying claims were sent on June 30, 2014. The planned call  
7 scheduled on July 22, 2014 will benefit the three Mission Trusts by establishing more clear  
8 expectations between the parties and, hopefully, bystreamlining the entire Federal release  
9 process.

10 The Conservation and Liquidation Office and the Insurance Commissioner as Trustee's  
11 counsel continues to pull policies and continues to locate settlements and other resolutions of the  
12 "potential" claims. This project requires substantial effort to complete. The Insurance  
13 Commissioner as Trustee will use the assistance of his Conservation and Liquidation Office and  
14 his counsel to seek to demonstrate to the DOJ and the EPA that a release is appropriate as to the  
15 Mission Insurance Company Trust and the Mission National Insurance Company Trust, and to  
16 determine and resolve any issues that might arise. This effort will continue forward, and  
17 substantial resources are being and will continue to be devoted to this project but the CLO will  
18 seek to take advantage of any approaches and efficiencies established as a result working with  
19 the DOJ and EPA on other estates currently in the process of seeking the Federal release..  
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23 3. **The Trusts still await the conclusion of the the tax review of Covanta, which**  
24 **Covanta's reports still advise is progressing through an appellate stage**

25 Mission Insurance Company Trust, Mission National Insurance Company Trust and  
26 Enterprise Insurance Company Trust are part of the Covanta Holding Corporation consolidated  
27 tax return. The Insurance Commissioner previously advised the Court that a tax review for the  
28

1 tax years 2004-2009 is underway. The latest Covanta Holding Corporation 10Q for the quarterly  
2 period ended March 31, 2014 reports as follows in pertinent part:

3  
4 “The IRS is currently auditing our tax returns for the years 2004 through 2009, which includes  
5 years during the carryforward period including returns in which some of the losses giving rise to  
6 the NOLs that were reported. In connection with this audit, the IRS has proposed certain  
7 adjustments to our 2008 tax return. We do not believe such proposed adjustments are consistent  
8 with applicable rules, and we have challenged them through the IRS's administrative appeals  
9 procedures. If we are unsuccessful in challenging such adjustments, some portion of the NOLs  
10 would not be available to offset consolidated taxable income, and/or we could be required to pay  
11 federal income taxes (and potentially interest and penalties) for prior years.

12 This Court has already approved a rehabilitation plan implementation agreement, in  
13 which Covanta Holding Corporation agreed to indemnify the Insurance Commissioner as Trustee  
14 as to certain tax issues. Based on the foregoing, it continues to appear that the audit is  
15 progressing toward a resolution, but that an administrative appeal arising from the audit result is  
16 underway which will require resolution. Covanta’s flings for 2014 have so far continued to  
17 reference an administrative appeal process.

18 **Other assets have the potential to generate collections**

19 Centaur Insurance Company, an Illinois insurer in rehabilitation, has approved a  
20 substantial proof of claim in favor of the Mission Insurance Company Trust. No distributions  
21 have yet been made on this proof of claim. The most recent status report to the receivership court  
22 for the Centaur Insurance Company [Centaur] receivership indicates that the Environmental  
23 Protection Agency (“EPA”) has asserted unliquidated claims relating to 113 different  
24 environmental waste sites, and that a dialogue between the Centaur Rehabilitator, EPA and the  
25 United States Department of Justice is underway. The Insurance Commissioner cannot state  
26 when the Centaur Rehabilitator will make a distribution on the approved proof of claim of  
27 Mission Insurance Company Trust, given this possible federal claim, and cannot project the  
28 amount, of any, of such distributions.

1  
2 **II. Financial Status of the Trusts**

3 Attached as Exhibit "A" is a statement of assets and liabilities for the Trusts. The Trustee  
4 continues to hold a substantial sum of money in reserve for unknown and unexpected  
5 contingencies. Because interested parties have posed questions about the inter-company  
6 obligations of the Trusts, a page has been added to address that.

7 The Insurance Commissioner does not include a timeline with this filing, because the  
8 time line would just continue to be reset until the federal issues set forth above are resolved. The  
9 trusts have final distributions to make once the federal issues, including any tax issues, and any  
10 remaining collection and distribution issues are resolved. A federal release/waiver issue also  
11 affects one of the material assets of the Mission Insurance Company Trust, because the Insurance  
12 Commissioner as Trustee has an approved multi-million dollar proof of claim against Centaur  
13 Insurance Company, but distributions on this proof of claim have been delayed by the Centaur  
14 rehabilitator pending its pursuit of a federal release. If the federal issues reach a resolution, then  
15 the Insurance Commissioner will file a motion to make further distributions.

16 Motions upcoming in this Case:

17 The Insurance Commissioner is filing two motions for which the first available court date  
18 was October 29, 2014. One is a motion to approve a distribution by Enterprise Insurance  
19 Company Trust to its remaining creditors. This motion will simplify the administration of the  
20 trusts and move this matter one step closer to completion. The second motion provides an  
21 accounting to the Court and seeks approval for this accounting during the time period since the  
22 last accounting motion in 2010.  
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1 **Conclusion:**

2 The wind-up of this case is continuing, with the continued factor of an IRS review of the  
3 Covanta tax situation, and a request to get clearance in light of the lack of any other federal  
4 claims. Progress is being made in the federal release process, but substantial work must be done  
5 in light of the potential issues raised by the EPA. The Court is requested to set a December 2014  
6 further status conference.

7  
8 Respectfully submitted,

9 WISENER\*NUNNALLY\*GOLD, LLP

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**Mission Ins Co**

## STATEMENT OF ASSETS AND LIABILITIES

As of March 31, 2014

	(Opening Balance)							
	Jan 1	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	31-Mar	Change
	1998	2009	2010	2011	2012	2013	2014	
<b>ASSETS</b>								
Cash and cash equivalents:								
Unrestricted	217,610	-	-	-	-	-	-	(217,610)
Restricted	16,455,223	580,869	580,856	580,657	-	-	-	(16,455,223)
Participation in pooled investments, at market	480,851,923	93,303,621	101,347,478	102,943,846	105,633,457	109,931,525	110,508,752	(370,343,171)
Non-pooled short-term investments, at market								
Unrestricted	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Other securities held	-	-	-	-	-	-	-	-
Accrued investment income	-	538,979	544,869	463,134	395,435	302,892	232,481	232,481
Statutory deposits held by other states	16,677,901	-	-	-	-	-	-	(16,677,901)
Funds held by guaranty associations	-	-	-	-	-	-	-	-
Recoverable from reinsurers	63,758,552	21,586,435	21,586,435	21,586,435	21,586,435	21,066,619	20,791,308	(42,967,244)
Salvage and subrogation recoverable	-	-	-	-	-	-	-	-
Premium balances	-	-	-	-	-	-	-	-
Receivable from affiliates, net of allowances	91,265,656	79,798,066	24,027,176	23,979,501	23,816,444	23,816,444	23,816,444	(67,449,212)
Other receivable	-	-	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-
Deposits and other assets	256,437	-	-	-	-	-	-	(256,437)
<b>Total Assets</b>	<b>669,483,302</b>	<b>195,807,970</b>	<b>148,086,813</b>	<b>149,553,573</b>	<b>151,431,771</b>	<b>155,117,481</b>	<b>155,348,985</b>	<b>(514,134,317)</b>
<b>LIABILITIES</b>								
Unclaimed Funds and Other Secured Claims	-	1,813,829	1,788,875	1,759,360	1,178,701	1,173,188	1,173,188	1,173,188
Reserve for Federal Income Tax Liability	-	77,584,526	77,581,972	77,589,272	77,584,389	77,580,231	77,580,231	77,580,231
Claims against policies, including guaranty associations, before distributions	784,277,837	846,832,561	846,832,561	846,832,561	846,832,561	846,832,561	846,832,561	62,554,724
Policyholder distributions	-	(846,629,597)	(846,832,560)	(846,832,560)	(846,832,560)	(846,832,560)	(846,832,560)	(846,832,560)
California and Federal claims having preference	-	-	-	-	-	-	-	-
All other claims	1,024,261,559	256,851,568	198,438,478	198,438,478	198,438,478	198,438,478	198,438,478	(825,823,081)
<b>Total Liabilities</b>	<b>1,808,539,396</b>	<b>336,452,887</b>	<b>277,809,326</b>	<b>277,787,110</b>	<b>277,201,568</b>	<b>277,191,898</b>	<b>277,191,898</b>	<b>(1,531,347,498)</b>
<b>NET ASSETS (DEFICIENCY)</b>	<b>(1,139,056,094)</b>	<b>(140,644,917)</b>	<b>(129,722,512)</b>	<b>(128,233,537)</b>	<b>(125,769,797)</b>	<b>(122,074,417)</b>	<b>(121,842,912)</b>	<b>1,017,213,182</b>

**Mission National Ins Co**

## STATEMENT OF ASSETS AND LIABILITIES

As of March 31, 2014

	(Opening Balance)							
	Jan 1	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	31-Mar	
	1998	2009	2010	2011	2012	2013	2014	Change
<b>ASSETS</b>								
Cash and cash equivalents:								
Unrestricted	102,520	-	-	-	-	-	-	19,453
Restricted	-	-	-	-	-	-	-	-
Participation in pooled investments, at market	232,119,932	21,728,199	22,345,278	22,913,833	23,586,587	25,285,625	26,200,181	(205,919,751)
Non-pooled short-term investments, at market								
Unrestricted	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Other securities held	-	-	-	-	-	-	-	-
Accrued investment income	-	125,397	112,753	103,027	88,280	69,641	54,852	54,852
Statutory deposits held by other states	1,947,958	-	-	-	-	-	-	(1,947,958)
Funds held by guaranty associations	-	-	-	-	-	-	-	-
Recoverable from reinsurers	13,739,903	5,119,864	5,119,864	5,119,864	5,119,864	3,542,319	2,706,799	(11,033,104)
Salvage and subrogation recoverable	-	-	-	-	-	-	-	-
Premium balances	-	-	-	-	-	-	-	-
Receivable from affiliates, net of allowances	(23,054,953)	-	-	-	-	-	-	23,054,953
Other receivable	-	120,680	90,643	89,329	48,442	33,986	19,453	19,453
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>224,855,360</b>	<b>27,094,140</b>	<b>27,668,538</b>	<b>28,226,053</b>	<b>28,843,173</b>	<b>28,931,571</b>	<b>28,981,284</b>	<b>(195,874,076)</b>
<b>LIABILITIES</b>								
Unclaimed Funds and Other Secured Claims	-	1,886,786	1,886,786	1,886,786	1,886,786	1,886,786	1,886,786	1,886,786
Reserve for Federal Income Tax Liability	-	15,868,148	15,866,997	15,870,142	15,868,383	15,866,987	15,866,987	15,866,987
Claims against policies, including guaranty associations, before distributions	354,972,480	596,098,477	596,098,477	596,098,477	596,098,477	596,098,477	596,098,477	241,125,997
Policyholder distributions	-	(499,606,732)	(499,851,864)	(499,851,864)	(499,851,864)	(499,851,864)	(499,851,864)	(499,851,864)
California and Federal claims having preference	-	-	-	-	-	-	-	-
All other claims	14,177,008	16,838,096	16,838,096	16,838,096	16,838,096	16,838,096	16,838,096	2,661,088
<b>Total Liabilities</b>	<b>369,149,488</b>	<b>131,084,775</b>	<b>130,838,491</b>	<b>130,841,636</b>	<b>130,839,877</b>	<b>130,838,481</b>	<b>130,838,481</b>	<b>(238,311,007)</b>
<b>NET ASSETS (DEFICIENCY)</b>	<b>(144,294,128)</b>	<b>(103,990,635)</b>	<b>(103,169,953)</b>	<b>(102,615,583)</b>	<b>(101,996,704)</b>	<b>(101,906,910)</b>	<b>(101,857,197)</b>	<b>42,436,931</b>

**Enterprise Ins Co**STATEMENT OF ASSETS AND LIABILITIES  
As of March 31, 2014

	(Opening Balance)							
	Jan 1	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	31-Mar	
	1998	2009	2010	2011	2012	2013	2014	Change
<b>ASSETS</b>								
Cash and cash equivalents:								
Unrestricted	29,771,800	332,637	-	-	-	-	-	(29,771,800)
Restricted	-	-	-	-	-	-	-	-
Participation in pooled investments, at market	-	1,255,629	6,983,468	7,213,177	7,407,648	7,454,895	7,498,139	7,498,139
Non-pooled short-term investments, at market								
Unrestricted	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Other securities held	-	-	-	-	-	-	-	-
Accrued investment income	-	7,470	32,096	32,418	27,730	20,560	15,770	15,770
Statutory deposits held by other states	-	-	-	-	-	-	-	-
Funds held by guaranty associations	-	-	-	-	-	-	-	-
Recoverable from reinsurers	299,581	-	-	-	-	-	-	(299,581)
Salvage and subrogation recoverable	-	-	-	-	-	-	-	-
Premium balances	-	-	-	-	-	-	-	-
Receivable from affiliates, net of allowances	40,108,050	-	-	-	-	-	-	(40,108,050)
Other receivable	848,164	-	-	-	-	-	-	(848,164)
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>71,027,595</b>	<b>1,595,736</b>	<b>7,015,564</b>	<b>7,245,595</b>	<b>7,435,378</b>	<b>7,475,455</b>	<b>7,513,909</b>	<b>(63,513,686)</b>
<b>LIABILITIES</b>								
Unclaimed Funds and Other Secured Claims	-	661,335	661,189	661,189	661,189	661,189	661,189	661,189
Reserve for Federal Income Tax Liability	341,083	580,296	579,329	579,343	579,363	579,325	579,325	238,242
Claims against policies, including guaranty associations, before distributions	75,391,507	120,573,416	120,573,416	120,573,416	120,573,416	120,573,416	120,573,416	45,181,909
Policyholder distributions	-	(120,573,414)	(120,573,414)	(120,573,414)	(120,573,414)	(120,573,414)	(120,573,414)	(120,573,414)
California and Federal claims having preference	-	-	-	-	-	-	-	-
All other claims	18,008,695	30,780,906	30,780,906	30,780,906	30,780,906	30,780,906	30,780,906	12,772,211
<b>Total Liabilities</b>	<b>93,741,285</b>	<b>32,022,539</b>	<b>32,021,426</b>	<b>32,021,440</b>	<b>32,021,461</b>	<b>32,021,422</b>	<b>32,021,422</b>	<b>(61,719,863)</b>
<b>NET ASSETS (DEFICIENCY)</b>	<b>(22,713,690)</b>	<b>(30,426,803)</b>	<b>(25,005,862)</b>	<b>(24,775,845)</b>	<b>(24,586,082)</b>	<b>(24,545,968)</b>	<b>(24,507,513)</b>	<b>(1,793,823)</b>

**Mission Ins Co**

## STATEMENT OF CHANGES TO NET ASSETS

As of March 31, 2014

	1998 to 2014	2009	2010	2011	2012	2013	Mar 31 2014	Jan 1998 to Mar 2014
<b>Income</b>								
Reinsurance Recoveries	17,019,505	-	-	-	-	-	-	17,019,505
Litigation Recoveries	2,633,791	-	-	-	-	-	-	2,633,791
Premiums and Other Collections	11,849,571	233,245	5,809,645	345,012	98,430	3,662,478	6,937	11,849,571
Salvage/Subrogation Recoveries	773,701	-	-	-	-	-	-	773,701
Net Investment Income	248,097,152	5,965,978	4,254,319	1,659,004	3,049,054	749,510	384,452	248,097,152
	<u>280,373,719</u>	<u>6,199,223</u>	<u>10,063,964</u>	<u>2,004,016</u>	<u>391,389</u>	<u>4,411,988</u>	<u>391,389</u>	<u>280,373,719</u>
<b>Operating Expenses</b>								
Legal and Professional	9,050,524	98,673	83,734	62,025	52,841	65,264	16,690	9,050,524
General and Administrative	14,486,845	216,843	222,022	188,870	194,784	217,634	27,702	14,486,845
Allocated Expenses	8,733,529	424,279	394,329	217,534	273,065	433,772	115,430	8,733,529
Loss (Gain) on Disposition of Assets	(2,975,024)	-	-	-	-	-	-	(2,975,024)
	<u>29,295,874</u>	<u>739,795</u>	<u>700,085</u>	<u>468,429</u>	<u>159,822</u>	<u>716,671</u>	<u>159,822</u>	<u>29,295,874</u>
<b>Losses and Other Expenses</b>								
Incurred Losses and Claims Expense	76,590,041	25,067,674	(1,202,786)	47,675	163,057	-	-	76,590,041
Court-ordered Debt Forgiveness	(915,746,819)	-	-	-	-	-	-	(915,746,819)
Provision for Federal Income taxes	78,933,754	-	-	-	-	-	-	78,933,754
	<u>(760,223,024)</u>	<u>25,067,674</u>	<u>(1,202,786)</u>	<u>47,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(760,223,024)</u>
<b>NET INCOME (LOSS)</b>	<u>1,011,300,869</u>	<u>(19,608,246)</u>	<u>10,566,665</u>	<u>1,487,912</u>	<u>231,568</u>	<u>3,695,318</u>	<u>231,568</u>	<u>1,011,300,869</u>
Adjustments vo assets and liabilities	5,911,248	(2,119)	355,740	-	-	-	-	5,911,248
<b>Changes to Net Assets</b>	<u>1,017,212,117</u>	<u>(19,610,365)</u>	<u>10,922,405</u>	<u>1,487,912</u>	<u>231,568</u>	<u>3,695,318</u>	<u>231,568</u>	<u>1,014,979,947</u>

Conservation & Liquidation Office

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**Mission National Ins Co**

STATEMENT OF CHANGES TO NET ASSETS

As of March 31, 2014

	1998 to 2014	2009	2010	2011	2012	2013	Mar 31 2014	Jan 1998 to Mar 2014
<b>Income</b>								
Reinsurance Recoveries	(2,348,254)	-	-	-	-	-	-	(2,348,254)
Litigation Recoveries	943,000	-	-	-	-	-	-	943,000
Premiums and Other Collections	246,747	57,184	1	15	99	41,124	-	246,747
Salvage/Subrogation Recoveries	236,868	-	-	-	-	-	-	236,868
Net Investment Income	112,982,419	1,251,135	679,202	366,273	679,768	161,160	88,584	112,982,419
	<u>112,060,779</u>	<u>1,308,320</u>	<u>679,203</u>	<u>366,288</u>	<u>88,584</u>	<u>202,283</u>	<u>88,584</u>	<u>112,060,779</u>
<b>Operating Expenses</b>								
Legal and Professional	1,462,469	36,617	18,333	22,341	17,861	27,632	6,516	1,462,469
General and Administrative	123,276	3,759	825	190	44	41	5	123,276
Allocated Expenses	6,186,799	121,856	84,496	48,143	57,678	125,180	32,350	6,186,799
Loss (Gain) on Disposition of Assets	(7,868,879)	-	-	-	-	-	-	(7,868,879)
	<u>(96,335)</u>	<u>162,232</u>	<u>103,654</u>	<u>70,674</u>	<u>38,871</u>	<u>152,853</u>	<u>38,871</u>	<u>(96,335)</u>
<b>Losses and Other Expenses</b>								
Incurred Losses and Claims Expense	130,133,260	(678,723)	-	(258,756)	(14,596)	(40,364)	-	130,133,260
Court-ordered Debt Forgiveness	(75,397,352)	-	-	-	-	-	-	(75,397,352)
Provision for Federal Income taxes	17,442,781	-	-	-	-	-	-	17,442,781
	<u>72,178,689</u>	<u>(678,723)</u>	<u>-</u>	<u>(258,756)</u>	<u>-</u>	<u>(40,364)</u>	<u>-</u>	<u>72,178,689</u>
<b>NET INCOME (LOSS)</b>	<u>39,978,425</u>	<u>1,824,810</u>	<u>575,549</u>	<u>554,370</u>	<u>49,713</u>	<u>89,794</u>	<u>49,713</u>	<u>39,978,425</u>
Adjustments to assets and liabilities	2,458,506	-	245,133	-	-	-	-	2,458,506
<b>Changes to Net Assets</b>	<u>42,436,931</u>	<u>1,824,810</u>	<u>820,682</u>	<u>554,370</u>	<u>49,713</u>	<u>89,794</u>	<u>49,713</u>	<u>42,436,931</u>

Conservation & Liquidation Office

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**Enterprise Ins Co**

STATEMENT OF CHANGES TO NET ASSETS

As of March 31, 2014

	1998 to 2014	2009	2010	2011	2012	2013	Mar 31 2014	Jan 1998 to Mar 2014
<b>Income</b>								
Reinsurance Recoveries	-	-	-	-	-	-	-	-
Litigation Recoveries	205,000	-	-	-	-	-	-	205,000
Premiums and Other Collections	2,354,912	175	0	148,364	9,610	61,403	29,833	2,354,912
Salvage/Subrogation Recoveries	7,402	-	-	-	-	-	-	7,402
Net Investment Income	8,734,978	242,275	22,307	114,370	213,730	47,489	25,946	8,734,978
	<u>11,302,293</u>	<u>242,450</u>	<u>22,307</u>	<u>262,734</u>	<u>55,779</u>	<u>108,892</u>	<u>55,779</u>	<u>11,302,293</u>
<b>Operating Expenses</b>								
Legal and Professional	526,446	43,343	3,836	4,976	4,815	9,066	150	526,446
General and Administrative	16,924	5,395	4,430	469	12	56	2	16,924
Allocated Expenses	1,818,475	136,025	20,884	27,274	28,750	59,655	17,173	1,818,475
Loss (Gain) on Disposition of Assets	(594,494)	-	-	-	-	-	-	(594,494)
	<u>1,767,351</u>	<u>184,763</u>	<u>29,149</u>	<u>32,719</u>	<u>17,325</u>	<u>68,777</u>	<u>17,325</u>	<u>1,767,351</u>
<b>Losses and Other Expenses</b>								
Incurred Losses and Claims Expense	10,649,839	76,591	(5,427,784)	-	-	-	-	10,649,839
Court-ordered Debt Forgiveness	-	-	-	-	-	-	-	-
Provision for Federal Income taxes	672,454	-	-	-	-	-	-	672,454
	<u>11,322,293</u>	<u>76,591</u>	<u>(5,427,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,322,293</u>
<b>NET INCOME (LOSS)</b>	<b>(2,055,685)</b>	<b>(18,905)</b>	<b>5,420,941</b>	<b>230,015</b>	<b>38,454</b>	<b>40,115</b>	<b>38,454</b>	<b>(1,938,662)</b>
Adjustments to assets and liabilities	(6,472)	-	-	-	-	-	-	(6,472)
<b>Changes to Net Assets</b>	<b>(2,062,156)</b>	<b>(18,905)</b>	<b>5,420,941</b>	<b>230,015</b>	<b>38,454</b>	<b>40,115</b>	<b>38,454</b>	<b>(1,945,134)</b>

**PROOF OF SERVICE: By REGULAR MAIL**  
**(Code Civ. Proc., ' ' 1013, 2015.5)**

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STATE OF TEXAS, COUNTY OF DALLAS.

I am employed in the County of Dallas, State of Texas. I am over the age of 18 and not a party to the within action; my business address is 245 Cedar Sage Drive, Suite 240, Garland, Texas 75040.

On this date, I served the foregoing document described as **THE INSURANCE COMMISSIONER'S STATUS CONFERENCE REPORT AND UPDATED CLOSING PLAN** by placing a copy thereof enclosed in sealed envelopes addressed as follows:

Sent via **FIRST CLASS MAIL** to:  
The Attached List

I am readily familiar with my employer's practices of collection and processing correspondence for mailing with the U.S. Postal Service and the above-referenced correspondence will be deposited with the U.S. Postal Service on the same date as stated below, following the ordinary course of business.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(Federal) I declare that I am employed by the office of a member of the bar of this court at whose direction the service was made.

Executed on July 3, 2014 at Garland, Texas.

  
\_\_\_\_\_  
Braedon Jones



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