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11 State of California in his capacity as Conservator,
12 Liquidator and Rehabilitator of Executive Life
13 Insurance Company

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA
15 COUNTY OF LOS ANGELES

16 INSURANCE COMMISSIONER OF THE
17 STATE OF CALIFORNIA,

18 Applicant,

19 v.

20 EXECUTIVE LIFE INSURANCE
21 COMPANY, a California corporation, and
22 DOES 1 through 1000,

23 Respondents.

CONFIRMED COPY
OF ORIGINAL FILED
Los Angeles Superior Court

JAN 19 2006

John A. Clarke, Executive Officer/Clerk

By R. Arraiga, Deputy
R. Arraiga

No. BS 006912

DECLARATION OF LAUREN
ROBERSON IN SUPPORT OF MOTION
OF INSURANCE COMMISSIONER OF
THE STATE OF CALIFORNIA FOR AN
ORDER APPROVING INTERIM
DISTRIBUTION OF SPECIFIED ALTUS
LITIGATION PROCEEDS TO (1) NON-
OPT OUT CONTRACT HOLDERS AND
THEIR NON-PGA SUBROGEEES (IF
APPLICABLE) CALCULATED
PURSUANT TO ARTICLE 17 OF THE
ENHANCEMENT AGREEMENT, AND
(2) PGAS PURSUANT TO MAY 13,
2005 LETTER AGREEMENT

Date: March 3 2006

Time: 8:30 a.m.

Dep't: 36

HOWARD
RICE
NEMEROVSKI
CANADY
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1 I, Lauren Roberson, declare as follows:

2 1. I am a consultant employed by EAB Associates (“EAB”). EAB has been
3 retained by the Insurance Commissioner of the State of California, in his capacity as the
4 conservator, liquidator and rehabilitator (the “Commissioner”) of Executive Life Insurance
5 Company (“ELIC”), in connection with, among other things, various distribution-related
6 matters pursuant to the Rehabilitation Plan. EAB has acted as an advisor to the
7 Commissioner relative to financial, accounting and distribution matters throughout the entire
8 conservation, liquidation and rehabilitation period of ELIC. During the period from 1994
9 through 1995, at the request of the Commissioner’s staff, I took a leave of absence from
10 EAB and became a direct employee of the ELIC estate. Both as an employee and through
11 EAB, I acted as chief financial and administrative officer of the ELIC Enhancement Trusts
12 (including the ELIC Trust) and Assistant to the Special Deputy Insurance Commissioner for
13 Financial Affairs for the ELIC estate. As such, I have actively supervised the distribution,
14 pursuant to the ELIC Rehabilitation Plan, of billions of dollars to ELIC’s former
15 policyholders from various sources.

16 2. I make this declaration in support of the Motion Of Insurance
17 Commissioner Of The State of California For An Order Approving Interim Distribution of
18 Specified Altus Litigation Proceeds To (1) Non-Opt Out Contract Holders And Their Non-
19 PGA Subrogees (If Applicable), Calculated Pursuant To Article 17 Of Enhancement
20 Agreement, And (2) PGAs Pursuant To May 13 Letter Agreement (the “Motion”). I know
21 the following of my own knowledge (except as to any matters stated on information and
22 belief, and as to such matters, I am informed and believe they are true), and could and would
23 testify competently thereto if called upon to do so. I have reviewed and am familiar with the
24 Motion, and except as otherwise expressly stated herein, capitalized words or terms used in
25 this declaration have the meanings ascribed to them in the Motion.

26 3. At the request of the Commissioner, I have reviewed certain information
27 obtained from Aurora National Life Assurance Company (“Aurora”) which estimates the
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1 aggregate covered percentage (i.e., the weighted average of the percentage coverage of all
2 contracts by the PGAs, to which the PGAs would be entitled to subrogation under an Article
3 17 Distribution) to all Non-Opt Out Contract Holders. The information received from
4 Aurora is consistent with prior distributions which I have supervised on behalf of the
5 Commissioner, and on information and belief correctly estimates the percentage of any
6 Article 17 Distribution which would be payable to Non-Opt Out Contract Holders and their
7 non-PGA third-party subrogees (hereinafter "Opt In Policyholders") and to the PGA's. This
8 estimated percentage provides the basis for the calculations of the relative amounts payable
9 to the Opt In Policyholders and the PGA's which I performed and are described in this
10 declaration.

11 4. All amounts in this declaration are approximate. Actual amounts can only
12 be determined based upon calculations performed at the time of the actual distribution to Opt
13 In Policyholders. I believe that the amounts set forth in this declaration and the calculations
14 set forth in the worksheet attached hereto as Exhibit A represent reasonable estimates and
15 that actual amounts will not significantly deviate from these estimates.

16 5. Consistent with the Provisional Article 17 Distribution proposed by the
17 Motion, I have performed on behalf of the Commissioner an estimated calculation done
18 under Article 17 of the Enhancement Agreement as to the \$66.1 million Artemis Settlement
19 Fund Distribution Reserve.

20 6. This calculation yields a distribution of approximately 22.87% of the
21 Artemis Settlement Fund Distribution Reserve (or approximately \$15.1 million) to the Opt
22 In Policyholders, and a distribution of approximately 77.13% (or approximately \$51 million)
23 to the PGAs. Thus, under the Provisional Article 17 Distribution proposed by the Motion,
24 approximately \$15.1 million of the Artemis Settlement Fund Distribution Reserve would be
25 distributed by Aurora to the Opt In Policyholders, and the remaining approximately \$51
26 million would continue to be reserved (on account of the distribution that would go to the
27 PGAs under Article 17 if the PGAs prevail on the Article 10/17 Dispute, and on account of
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1 the distribution that would go to the Opt In Policyholders under Article 10 if the
2 Commissioner prevails on the Article 10/17 Dispute) pending further Court order. A
3 worksheet setting forth the calculation applicable to the Provisional Article 17 Distribution
4 pertaining to Artemis Settlement Fund Distribution Reserve is set forth on Exhibit A
5 attached hereto.

6 7. The mechanics of distributing this approximate \$15.1 million component of
7 the Provisional Article 17 Distribution to the Opt In Policyholders and reserving the
8 remaining approximate \$51 million of the Artemis Settlement Fund Distribution Reserve
9 pending further Court order would be accomplished consistent with the provisions of the
10 ELIC Rehabilitation Plan as follows: The Commissioner, as Rehabilitator of the ELIC
11 estate, acting in accordance with Section 12.11.3 of the Rehabilitation Plan, would distribute
12 to Aurora the entire \$66.1 million of the Artemis Settlement Fund Distribution Reserve.
13 Solely for purposes of the Provisional Article 17 Distribution, such funds would be treated
14 as "Deemed Securities Proceeds" under Section 17.1.2.2.2(i) of the Enhancement
15 Agreement. Pursuant to its obligations under Article 9 of the Rehabilitation Agreement,
16 Aurora would then be required to make a precise calculation for an Article 17 Distribution,
17 determining the precise dollars distributable to the Opt In Policyholders, and the precise
18 dollars distributable to the PGAs. Aurora would then proceed (i) to distribute to the Opt In
19 Policyholders their respective shares as indicated by Aurora's calculation (which, as to the
20 component of the Provisional Article 17 Distribution pertaining to the Artemis Settlement
21 Fund Distribution Reserve, should aggregate approximately \$15.1 million), and (ii)
22 distribute back to the Commissioner the amount distributable to the PGAs as indicated by
23 Aurora's calculation (which, as to the component of the Provisional Article 17 Distribution
24 pertaining to the Artemis Settlement Fund Distribution Reserve, should be approximately
25 \$51 million), to be held by the Commissioner in reserve pending further Court order.

26 8. Under the Second Distribution Motion (as amended by the Supplemental
27 Filing) scheduled to be heard on January 18, 2005, the Commissioner has proposed to
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1 distribute to the Opt Out Trust: (i) approximately \$23.1 million of the Aurora Settlement
2 Amount (which is the approximately 33.9% Opt Out Percentage *times* \$78.75 million, *minus*
3 approximately \$3.6 million, which constitutes the pro rata portion of the \$80 million
4 Expense Reserve allocable to the Opt Out Percentage of the Aurora Settlement Amount);
5 and (ii) approximately \$151.5 million of the CDR Settlement Amount (which is the
6 approximately 33.9% Opt Out Percentage *times* \$516.5 million, *minus* approximately \$23.5
7 million, which constitutes the pro rata portion of the \$80 million Expense Reserve allocable
8 to the Opt Out Percentage of the CDR Settlement Amount).

9 9. Assuming the distribution to the Opt Out Trust and the proportionate
10 funding of the Expense Reserve pursuant to the Second Distribution Motion and
11 Supplemental Filing are approved by the Court at the scheduled hearing on January 18, the
12 approximate amounts remaining from the Aurora Settlement Amount and the CDR
13 Settlement Amount will be as follows:

14 a. From the Aurora Settlement Amount, approximately \$52 million (*i.e.*,
15 \$78.75 million, *minus* approximately \$23.1 million distributed to the Opt Out Trust, *minus*
16 approximately \$3.6 million allocated to the Expense Reserve based on the Opt Out
17 Percentage) (such \$52 million being hereinafter referred to as the “Remaining Aurora
18 Settlement Amount”); and

19 b. From the CDR Settlement Amount, approximately \$341.5 million (*i.e.*,
20 \$516.5 million, *minus* approximately \$151.5 million distributed to the Opt Out Trust, *minus*
21 approximately \$23.5 million allocated to the Expense Reserve based on the Opt Out
22 Percentage) (such \$341.5 million being hereinafter referred to as the “Remaining CDR
23 Settlement Amount”).

24 10. In addition to holding this \$52 million Remaining Aurora Settlement
25 Amount and \$341.5 million Remaining CDR Settlement Amount, the Commissioner will
26 have funded approximately \$27 million (\$3.6 million and \$23.5 million) of the \$80 million
27 Expense Reserve via proportionate allocations from the Opt Out Percentage as described
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1 above.

2 11. By the current Motion, the Commissioner seeks to fund the remainder of the
3 \$80 million Expense Reserve proportionately from the Non-Opt Out Percentage of the
4 Aurora Settlement Amount and the CDR Settlement Amount, and then to effect a
5 Provisional Article 17 Distribution of the balance, as more specifically calculated and
6 described immediately below.

7 a. First, the proportionate share of the Expense Reserve that will be funded
8 from the Non-Opt Percentage (i.e., approximately 66.1%) of the Aurora Settlement Amount
9 and the CDR Settlement Amount is the flip side of the approximately \$27 million that was
10 funded from the Opt Out Percentage calculation. Thus, approximately \$7 million of the \$80
11 million Expense Reserve is allocable to the Non-Opt Out Percentage of the Aurora
12 Settlement Amount, and approximately \$46 million of the \$80 million Expense Reserve is
13 allocated to the Non-Opt Out Percentage of the CDR Settlement Amount (for a total of
14 approximately \$53 million of the Expense Reserve funded from the Non-Opt Out Percentage
15 of the Aurora and CDR Settlement Amounts). After subtracting these amounts from,
16 respectively, the \$52 million Remaining Aurora Settlement Amount and the \$341.5 million
17 Remaining CDR Settlement Amount, this leaves approximately \$45 million of the Aurora
18 Settlement Amount (i.e., \$52 million *minus* \$7 million) (the "Distributable Aurora
19 Settlement Amount") and approximately \$295.5 million of the CDR Settlement Amount
20 (i.e., \$341.5 million *minus* \$45 million) (the "Distributable CDR Settlement Amount")
21 available for distribution as a Provisional Article 17 Distribution.

22 b. As the final step in computing the proposed Provisional Article 17
23 Distribution of the Distributable Aurora Settlement Amount and the Distributable CDR
24 Settlement Amount, I have performed an estimated calculation for the Commissioner under
25 Article 17 with respect to the \$45 million Distributable Aurora Settlement Amount and the
26 \$295.5 million Distributable CDR Settlement Amount. This calculation under Article 17
27 yields (i) a distribution of approximately 22.87% of the approximately \$45 million
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1 Distributable Aurora Settlement Amount (or approximately \$10.3 million) and a distribution
2 of approximately 22.87% of the approximately \$295.5 million Distributable CDR Settlement
3 Amount (or approximately \$67.5 million) to Opt-In Policyholders, for a total distribution to
4 Opt In Policyholders of approximately \$77.8 million, and (ii) a distribution of approximately
5 77.13% of the approximately \$45 million Distributable Aurora Settlement Amount (or
6 approximately \$34.75 million) and a distribution of approximately 77.13% of the
7 approximately \$295.5 million Distributable CDR Settlement Amount (or approximately
8 \$228 million) to the PGAs, for a total distribution to the PGAs of approximately \$262.75
9 million.

10 12. Thus, under the Provisional Article 17 Distribution proposed by the Motion,
11 the Commissioner would distribute approximately \$10.3 million of the Distributable Aurora
12 Settlement Amount and approximately \$67.5 million of the Distributable CDR Settlement
13 Amount to the Opt-In Policyholders (for a total of approximately \$77.8 million), and the
14 remaining approximately \$34.75 million of the Distributable Aurora Settlement Amount and
15 approximately \$228 million of the Distributable CDR Settlement Amount (for a total of
16 approximately \$262.75 million) would continue to be reserved (on account of the
17 distribution that would go to the PGAs under Article 17 if the PGAs prevail on the Article
18 10/17 Dispute, and on account of the distribution that would go to the Opt In Policyholders
19 under Article 10 if the Commissioner prevails on the Article 10/17 Dispute) pending further
20 Court order (subject only to the distribution of the approximate \$46 million “floor” amount
21 to the PGAs from the reserved \$228 million of the Distributable CDR Settlement Amount,
22 as requested and described in Part IV of the Motion). A worksheet setting forth the
23 calculations applicable to the Provisional Article 17 Distribution pertaining to the
24 Distributable Aurora Settlement Amount and the Distributable CDR Settlement Amount is
25 set forth on Exhibit A attached hereto.

26 13. As was the case with the first component of the proposed Provisional
27 Article 17 Distribution pertaining to the Artemis Settlement Fund, the mechanics of
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1 distributing this approximate \$77.8 million component to the Opt In Policyholders and
2 reserving the remaining approximate \$262.75 million of the Distributable Aurora Settlement
3 Amount and Distributable CDR Settlement Amount pending further Court order would be
4 accomplished consistent with the provisions of the ELIC Rehabilitation Plan as follows:
5 The Commissioner, as Rehabilitator of the ELIC estate, acting in accordance with Section
6 12.11.3 of the Rehabilitation Plan, would distribute to Aurora the entire approximately \$340
7 million of the Distributable Aurora Settlement Amount and Distributable CDR Settlement
8 Amount. Solely for purposes of the Provisional Article 17 Distribution, such funds would
9 be treated as "Deemed Securities Proceeds" under Section 17.1.2.2.2(i) of the Enhancement
10 Agreement. Pursuant to its obligations under Article 9 of the Rehabilitation Agreement,
11 Aurora would then be required to make a precise calculation for an Article 17 Distribution,
12 determining the precise dollars distributable to the Opt In Policyholders, and the precise
13 dollars distributable to the PGAs. Aurora would then proceed (i) to distribute to the Opt In
14 Policyholders their respective shares as indicated by Aurora's calculation (which, as to the
15 component of the Provisional Article 17 Distribution pertaining to the Distributable Aurora
16 Settlement Amount and Distributable CDR Settlement Amount, should aggregate
17 approximately \$77.8 million), and (ii) distribute back to the Commissioner the amount
18 distributable to the PGAs as indicated by Aurora's calculation (which, as to the component
19 of the Provisional Article 17 Distribution pertaining to the Distributable Aurora Settlement
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1 Amount and the Distributable CDR Settlement Amount, should be approximately \$262.75
2 million), to be held by the Commissioner in reserve pending further Court order.

3 I declare that the above statements are true and correct to the best of my
4 knowledge, information and belief. Executed this 16th day of January, 2006, at Phoenix,
5 Arizona.

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7
8 By: 
9 Lauren Roberson

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Executive Life Insurance Company
Estimated Calculation of Provisional Article 17 Distribution

Opt-In Percentage 0.661

	Artemis Settlement Fund	Aurora Settlement Amount	CDR Settlement Amount	Total
Gross Amount	100,000,000	78,750,000	516,500,000	695,250,000
Less: Opt Out Portion	(33,900,000)	(26,696,250)	(175,093,500)	(235,689,750)
Opt In Portion	66,100,000	52,053,750	341,406,500	459,560,250
Less: Opt In Percentage of \$80 Million Expense Reserve		(6,995,884)	(45,884,116)	(52,880,000)
Net Available for Distribution to Non-Opt Out Contract Holders	66,100,000	45,057,866	295,522,384	406,680,250
Percentage of Provisional Article 17 Distribution Allocable to Opt-In Policyholders	22.8658%	22.8658%	22.8658%	
Amount Payable to Opt- In Policyholders Pursuant to Provisional Article 17 Distribution	15,114,309	10,302,852	67,573,626	92,990,787
Percentage of Provisional Article 17 Distribution Allocable to PGAs	77.1342%	77.1342%	77.1342%	
Amount of Provisional Article 17 Distribution Allocable to PGAs*	50,985,691	34,755,014	227,948,758	313,689,463

*To be reserved by Commissioner pending resolution of Article 10/17 Distribution Dispute, with the approximate \$46 million "floor" payment to PGAs to be made from \$227,948,758 reserved portion of the Distributable CDR Settlement Amount

Note: All amounts except Gross Amount are approximate. Actual amounts can only be determined through detailed calculations upon actual distribution.