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Insurance Commissioner of the State of California,
7 *in his capacity as Liquidator of Superior National*
Insurance Company, Superior Pacific Casualty
8 *Company, California Compensation Insurance*
Company, Commercial Compensation Casualty
9 *Company and Combined Benefits Insurance*
10 *Company*

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Superior Court of California
County of Los Angeles

SEP 16 2016

Sherri R. Carter, Executive Officer/Clerk
By Joel Franco, Deputy

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF LOS ANGELES
13 CENTRAL CIVIL WEST

15 **INSURANCE COMMISSIONER OF THE**
16 **STATE OF CALIFORNIA ,**
17 **Applicant,**
18 **v.**
19 **SUPERIOR NATIONAL INSURANCE**
20 **COMPANY,**
21 **Respondent.**

Case No.: BS061974
Consolidated with: BS061675
BS062171
BS062173
BS063746

NOTICE OF APPLICATION AND
APPLICATION FOR ORDER
APPROVING LIQUIDATOR'S
PROPOSAL TO DISBURSE ASSETS TO
CERTAIN STATE INSURANCE
GUARANTY ASSOCIATIONS;
DECLARATIONS OF ROMMEL ADAO
AND RAYMOND MINEHAN IN
SUPPORT THEREOF

Hearing date: October 18, 2016
Time: 9:00 a.m.
Dept: CCW 310
Judge: The Honorable Kenneth R.
Freeman

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TO ALL INTERESTED PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on October 18, 2016, at 9:00 a.m., or as soon thereafter as the matter may be heard in Department 310 of the Superior Court of the State of California, Los Angeles County, Central Civil West Courthouse located at 600 South Commonwealth Avenue, Los Angeles, California, applicant Dave Jones, Insurance Commissioner of the State of California, in his capacity as Liquidator (“Liquidator”) of Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Combined Benefits Insurance Company and Commercial Compensation Casualty Company (collectively the “Insolvent Companies”), will and hereby does apply for an Order approving the Liquidator’s application to disburse the assets of the Insolvent Companies to certain state insurance guaranty associations or funds pursuant to Insurance Code section 1035.5.

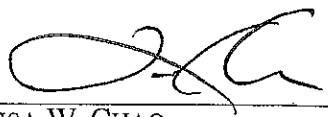
The application is based on this Notice, the accompanying Application in support thereof, the Declarations of Rommel Adao and Raymond Minehan, and such additional evidence and argument as may be offered at the time of the hearing on this application.

Pursuant to Insurance Code section 1035.5, subdivision (e), notice of said application shall be given by United States certified mail at least 30 days prior to the submission of said application to the Court. The Court may take action upon the application provided that the notice has been given and the Commissioner’s proposal complies with Insurance Code section 1035.5, subdivisions (b)(1) – (4).

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Dated: September 14, 2016

Respectfully Submitted,
KAMALA D. HARRIS
Attorney General of California



LISA W. CHAO
Supervising Deputy Attorney General
*Attorneys for Applicant Dave Jones,
Insurance Commissioner of the State of
California, in his capacity as Liquidator of
Superior National Insurance Company,
Superior Pacific Casualty Company,
California Compensation Insurance
Company, Commercial Compensation
Casualty Company and Combined Benefits
Insurance Company*

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1 **SUMMARY OF APPLICATION**

2 Pursuant to Insurance Code¹ sections 1035.5 and 1037, the Liquidator seeks court
3 approval for his proposal to disburse the Insolvent Companies' assets to certain insurance
4 guaranty associations ("IGAs") and to individual policyholders whose claims are not covered
5 claims under section 1033, subdivision (a)(2). In aggregate amounts, the Liquidator seeks court
6 approval to disburse \$5,426,200 from the insolvent estate of California Compensation Insurance
7 Company; \$5,763,012 from the insolvent estate of Superior National Insurance Company;
8 \$5,000,000 from the insolvent estate of Superior Pacific Casualty Company; \$445,113 from the
9 insolvent estate of Commercial Compensation Casualty Company; and \$1,000,000 from the estate
10 of Combined Benefits Insurance Company. This is a total distribution from the five estates of
11 \$17,634,325. The specific amounts to be disbursed to IGAs and individual policyholders are set
12 forth in Section "III" below.

13 The Liquidator submits that he has complied with the requirements of section 1035.5 for
14 disbursement of assets to insurance guaranty associations and accordingly, this Court should
15 approve the instant application.

16 **THE LIQUIDATOR IS AUTHORIZED TO DISBURSE ASSETS**

17 **I. INSURANCE CODE SECTION 1035.5 GOVERNS THE DISBURSEMENT OF ASSETS TO**
18 **INSURANCE GUARANTY ASSOCIATIONS**

19 Section 1035.5 controls the disbursement of an insolvent insurer's assets to the California
20 Insurance Guarantee Association ("CIGA") and/or to any other IGA. Section 1035.5 provides in
21 its entirety:

22 "Notwithstanding the provisions of Article 14 (commencing with §1010),
with regard only to those insurers subject to this article:

23 "(a) Within 120 days of the issuance of an order directing the winding up
24 and liquidation of the business of an insolvent insurer under §1016, the
25 commissioner shall make application to the court for approval of a proposal to
26 disburse the insurer's assets, from time to time as such assets become available, to
the California Insurance Guarantee Association, or the California Life and Health
Insurance Guarantee Association, and to any entity or person performing a similar
function in another state.

27 _____
28 ¹ Unless otherwise noted, all statutory references are to the Insurance Code.

1 “(b) The proposal shall at least include the following provisions for:

2 “(1) Reserving amounts for the payment of expenses of administration and
3 the payment of claims of secured creditors (to the extent of the value of the security
4 held) and claims falling within the priorities established in paragraphs (1) to (4),
5 inclusive, of subdivision (a) of §1033.

6 “(2) Disbursement of the assets marshaled to date and subsequent
7 disbursements of assets as they become available.

8 “(3) Equitable allocation of disbursements to each of the associations
9 entitled thereto.

10 “(4) The securing by the commissioner from each of the associations
11 entitled to disbursements pursuant to this section of an agreement to return to the
12 commissioner such assets previously disbursed as may be required to pay claims of
13 secured creditors and claims falling within the priorities established in paragraphs
14 (1) to (5), inclusive, of subdivision (a) of §1033 in accordance with the priorities.
15 No bond shall be required of any association.

16 “(5) A full report to be made by the association to the commissioner
17 accounting for all assets so disbursed to the association, all disbursements made
18 therefrom, any interest earned by the association on the assets, and any other matter
19 as the court may direct.

20 “(c) The commissioner's proposal shall provide for disbursements to the
21 associations in amounts estimated at least equal to the claim payments made or to
22 be made by the associations for which such associations could assert a claim against
23 the commissioner, and shall further provide that if the assets available for
24 disbursement from time to time do not equal or exceed the amount of the claim
25 payments made or to be made by the associations, then disbursements shall be in
26 the amount of available assets. The reserves of the insolvent insurer on the date of
27 the order of liquidation shall be used for purposes of determining the pro rata
28 allocation of funds among eligible associations. “(d) The commissioner shall offset
the amount disbursed to any entity or person performing a function in any other
state similar to that function performed by the California Insurance Guarantee
Association, or the California Life and Health Insurance Guarantee Association, by
the amount of any statutory deposit, premiums, or any other asset of the insolvent
insurer held in that state.

“(e) Notice of such application shall be given to the associations in and to
the commissioners of insurance of each of the states. Any such notice shall be
deemed to have been given when deposited in the United States certified mails,
first-class postage prepaid, at least 30 days prior to submission of such application
to the court. Action on the application may be taken by the court provided the above
required notice has been given and provided further that the commissioner's
proposal complies with paragraphs (1) and (4) of subdivision (b).”

California and other states have similar requirements regarding the handling of assets of
insolvent insurers that require the equitable distribution of an insolvent insurer's assets among all
IGAs. (Ins. Code, § 1033, subd. (a); *Commercial Nat. Bank v. Superior Court* (1993) 14
Cal.App.4th 393, 398 (finding that claimants within same class are entitled to share pro rata in

1 distribution to class).) Therefore, pursuant to section 1035.5, subdivision (b)(4), the Liquidator
2 secured agreements from IGAs receiving distributions from the Liquidator to return to the
3 Liquidator the distributed assets as may be required to pay claims of secured creditors and claims
4 failing within the priorities established in section 1033, subdivisions (a) (1) to (5), inclusive.
5 (Declaration of Rommel Adao ("Adao Decl."), Exhibits "A," "B" and "C.")

6 **II. PREVIOUS EARLY ACCESS DISTRIBUTIONS**

7 The Liquidator has previously made ten early access distributions to IGAs.

8 On November 13, 2001, Los Angeles Superior Court Judge Frances Rothschild approved
9 distributions by the Liquidator to CIGA the amounts of \$11,125,000 from the estate of Superior
10 National Insurance Company and \$13,875,000 from the estate of California Compensation
11 Insurance Company, for a total distribution of \$25 million. (Adao Decl., ¶ 4.)

12 On February 13, 2002, Judge Rothschild approved distributions by the Liquidator to
13 CIGA of an additional \$5 million from the estates of Superior National Insurance Company and
14 California Compensation Insurance Company. (Adao Decl., ¶ 5.)

15 On January 16, 2003, this Court approved distributions by the Liquidator to certain IGAs
16 in the amounts of \$104,907,447 from California Compensation Insurance Company; \$1,712,274
17 from Combined Benefits Insurance Company; \$15,717,252 from Commercial Compensation
18 Casualty Company; and \$8,814,098 from Superior Pacific Casualty Company, for a total
19 distribution from the four estates of \$131,151,071. (Adao Decl., ¶ 6.)

20 On June 10, 2003, this Court approved the distributions by the Liquidator to certain IGAs
21 in the amounts of \$37,888,752 from California Compensation Insurance Company; \$4,207,971
22 from Combined Benefits Insurance Company; \$9,355,770 from Commercial Compensation
23 Casualty Company, for a total distribution from the three estates of \$51,452,493. (Adao Decl., ¶
24 7.)

25 On August 2, 2005, this Court approved the distributions by the Liquidator to certain
26 IGAs in the amounts of \$130,942,593 from California Compensation Insurance Company;
27 \$5,749,786 from Combined Benefits Insurance Company; \$8,372,626 from Commercial
28 Compensation Casualty Company; \$33,599,122 from Superior National Insurance Company; and

1 \$4,527,090 from Superior Pacific Casualty Company, for a total distribution from the five estates
2 of \$183,191,217. (Adao Decl., ¶ 8.)

3 On May 31, 2007, this Court approved the distributions by the Liquidator to certain IGAs
4 of \$32,114,636 from California Compensation Insurance Company; \$1,848,730 from Combined
5 Benefits Insurance Company; \$1,083,895 from Commercial Compensation Casualty Company;
6 \$8,718,925 from Superior National Insurance Company; and \$6,281,609 from Superior Pacific
7 Casualty Company, for a total distribution from the five estates of \$50,047,795. (Adao Decl., ¶
8 9.)

9 On June 24, 2008, this Court approved the distributions by the Liquidator to certain IGAs
10 in the amounts of \$26,380,125 from California Compensation Insurance Company; \$388,959
11 from Commercial Compensation Casualty Company; and \$4,969,738 from Superior Pacific
12 Casualty Company, for a total distribution from the three estates of \$31,738,822. (Adao Decl., ¶
13 10.)

14 On October 1, 2010, this Court approved the distributions by the Liquidator to certain
15 IGAs in the amounts of \$210,000,000 from California Compensation Insurance Company;
16 \$30,000,000 from Commercial Compensation Casualty Company; \$7,500,000 from Superior
17 Pacific Casualty Company; and \$80,000,000 from Superior National Insurance Company, for a
18 total distribution from the four estates of \$327,500,000. (Adao Decl., ¶ 11.)

19 On August 3, 2011, this Court approved the distributions by the Liquidator to certain
20 IGAs and individual policyholders with non-covered claims in the amounts of \$55,024,210 from
21 California Compensation Insurance Company, \$1,752 from Combined Benefits Insurance
22 Company, \$49,314,946 from Superior National Insurance Company, \$1,788 from Superior
23 Pacific Casualty Company, and \$10,134,352 from Commercial Compensation Casualty
24 Company, for a total distribution from the five estates of \$114,477,048. (Adao Decl., ¶ 12.)

25 On September 10, 2012, this Court approved the distributions by the Liquidator to certain
26 IGAs in the amounts of \$34,680,371 from California Compensation Insurance Company;
27 \$577,602 from Combined Benefits Insurance Company; \$3,293,891 from Superior National
28 Insurance Company; \$1,873,621 from Superior Pacific Casualty Company, and \$348,601 from

1 the Commercial Compensation Casualty Company for a total distribution from the five estates of
2 \$40,769,086. (Adao Decl., ¶ 13.)

3 On June 27, 2013, this Court approved the distributions by the Liquidator to certain IGAs
4 in the amounts of \$19,263,710 from California Compensation Insurance Company; \$1,500,000
5 from Combined Benefits Insurance Company; \$5,798,192 from Superior National Insurance
6 Company; \$1,000,000 from Superior Pacific Casualty Company, and \$1,454,747 from the
7 Commercial Compensation Casualty Company for a total distribution from the five estates of
8 \$29,016,649. (Adao Decl., ¶ 14.)

9 On November 18, 2014, this Court approved the distributions by the Liquidator to certain
10 IGAs in the amounts of \$7,489,470 from California Compensation Insurance Company;
11 \$2,500,000 from Combined Benefits Insurance Company; \$6,500,000 from Superior National
12 Insurance Company; \$3,000,000 from Superior Pacific Casualty Company, and \$916,057 from
13 the Commercial Compensation Casualty Company for a total distribution from the five estates of
14 \$20,405,527. (Adao Decl., ¶ 15.)

15 **III. ON OCTOBER 22, 2015, THIS COURT APPROVED THE DISTRIBUTIONS BY THE**
16 **LIQUIDATOR TO CERTAIN IGAS IN THE AMOUNTS OF \$10,054,626 FROM**
17 **CALIFORNIA COMPENSATION INSURANCE COMPANY; \$22,806 FROM COMBINED**
18 **BENEFITS INSURANCE COMPANY; \$5,543,660 FROM SUPERIOR NATIONAL**
19 **INSURANCE COMPANY; \$3,000,000 FROM SUPERIOR PACIFIC CASUALTY**
20 **COMPANY, AND \$676,427 FROM THE COMMERCIAL COMPENSATION CASUALTY**
21 **COMPANY FOR A TOTAL DISTRIBUTION FROM THE FIVE ESTATES OF \$19,297,519.**
22 **(ADAOD DECL., ¶ 16.) PROPOSED DISTRIBUTIONS**

23 Pursuant to the requirements of section 1035.5 and the general powers granted under
24 section 1037, the Liquidator proposes to make the following specific disbursements of assets to
25 the following IGAs from the Insolvent Companies.

26 **A. California Compensation Insurance Company**

27 As of June 30, 2016, the Liquidator of California Compensation Insurance Company
28 (“California Compensation”) has total cash assets of approximately \$23,861,824. This amount
consists of \$23,745,327 in the CLO Investment Pool and \$116,497 in Non-Pooled Accounts.
(See Declaration of Raymond Minehan (“Minehan Decl.”), Exhibit “A,” which is a spreadsheet
entitled “Consolidated Superior National Estates, Statement of Assets and Liabilities in

1 Liquidation,” and details the total cash and certain liabilities of the Insolvent Companies.)

2 The Liquidator proposes to distribute and pay up to a maximum of 54.5% of each IGA’s
3 projected ultimate liability, defined as paid losses, loss adjustment expenses, paid administrative
4 expenses, and case reserves after application of credits for statutory deposits and previous
5 payments, for a total distribution to all IGAs of \$5,426,200. Accordingly, the Liquidator of
6 California Compensation proposes to distribute and pay the following amounts:

7	1.	Arkansas Property & Casualty Guaranty Fund	\$	10,470
8	2.	California Insurance Guarantee Association	\$	5,216,636
9	4.	Florida Workers’ Comp. Ins. Guaranty Association	\$	20,300
10	5.	Illinois Insurance Guaranty Fund	\$	77,313
11	6.	Oklahoma P&C Insurance Guaranty Association	\$	101,481

12 (See Minehan Decl., Exhibit “B,” entitled “Superior National Insurance Companies in
13 Liquidation, Summary of 13th Early Access Distribution to IGAs” detailing the distributions by
14 company to each IGA.)

15 Pursuant to section 1035.5, subdivision (b)(1), the Liquidator has retained sufficient assets
16 from the total cash assets of California Compensation for the payment of projected administrative
17 expenses and the payment of claims of secured creditors and claims falling within the priorities
18 established in section 1033, subdivisions (a)(1) to (4). Specifically, as of June 30, 2016 the
19 Liquidator has retained \$232,298 for unclaimed property to be escheated. (Minehan Decl., ¶ 5
20 and Exhibit “A.”)

21 Subtracting the total proposed distribution of \$5,426,200 and the above amount from total
22 cash assets of 23,861,824 leaves remaining excess cash assets for California Compensation of
23 \$18,203,326 which is more than adequate to cover all future expenses of administration.

24 (Minehan Decl., ¶ 5.)

25 No distribution will be made to any other IGA since the amounts previously distributed
26 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
27 listed immediately above, the Liquidator has no information concerning any payments made by
28 other IGAs on behalf of California Compensation that would demonstrate an exigency requiring

1 the Liquidator to make an early distribution or reserve assets to make an early distribution to
2 other IGAs.

3 **B. Superior National Insurance Company**

4 As of June 30, 2016, the Liquidator of Superior National Insurance Company ("Superior
5 National") has total cash assets of approximately \$11,178,309 in the CLO Investment Pool.
6 (Minehan Decl., Exhibit "A.")

7 The Liquidator proposes to distribute and pay up to a maximum of 58% of each IGA's
8 projected ultimate liability, defined as paid losses, loss adjustment expenses, paid administrative
9 expenses, and case reserves after application of credits for statutory deposits and previous
10 payments, for a total distribution to CIGA of \$5,763,012.

11 Pursuant to section 1035.5, subdivision (b)(1), the Liquidator has retained certain amounts
12 from the total cash assets of Superior National for the payment of administrative expenses and the
13 payment of claims of secured creditors and claims falling within the priorities established in
14 section 1033, subdivision (a)(1) to (4). Specifically, as of June 30, 2016 the Liquidator has
15 retained \$77,465 for unclaimed property to be escheated. (Minehan Decl., ¶ 6 and Exhibit "A.")

16 Subtracting the total proposed distribution of \$5,763,012 and the above reserved amount
17 from total cash assets of \$11,178,309 leaves remaining excess cash assets for Superior National
18 of \$5,337,832, which is more than adequate to cover all future expenses of administration.
19 (Minehan Decl., ¶ 6.)

20 No distribution will be made to any other IGA since the amounts previously distributed
21 already equal the present calculated percentage of IGA ultimate liability. Other than the IGA
22 listed immediately above, the Liquidator has no information concerning any payments made by
23 other IGAs on behalf of Superior National that would demonstrate an exigency requiring the
24 Liquidator to make an early distribution or reserve assets to make an early distribution to other
25 IGAs.

26 **C. Superior Pacific Casualty Company**

27 As of June 30, 2016, the Liquidator of Superior Pacific Casualty Company ("Superior
28 Pacific") has total cash assets of approximately \$10,426,899 in the CLO Investment Pool as of

1 June 30, 2016. (Minehan Decl., Exhibit "A.")

2 The Liquidator proposes to distribute and pay up to a maximum of 35% of each IGA's
3 projected ultimate liability, defined as paid losses, loss adjustment expenses, paid administrative
4 expenses, and case reserves after application of credits for statutory deposits and previous
5 payments, for a total distribution to all IGAs of \$5,000,000. Accordingly, the Liquidator of
6 Superior Pacific proposes to distribute and pay the following amounts:

- | | | |
|---|---|--------------|
| 7 | 1. California Insurance Guarantee Association | \$ 4,967,954 |
| 8 | 2. Texas P&C Insurance Guarantee Association | \$ 32,046 |

9 (See Minehan Decl., Exhibit "B," entitled "Superior National Insurance Companies in
10 Liquidation, Summary of 13th Early Access Distribution to IGAs" detailing the distributions by
11 company to each IGA.)

12 Pursuant to section 1035.5, subdivision (b)(1), the Liquidator has retained sufficient cash
13 assets from the total cash assets of Superior Pacific for the payment of administrative expenses
14 and the payment of claims of secured creditors and claims falling within the priorities established
15 in section 1033, subdivisions (a)(1) to (4). Specifically, as of June 30, 2016 the Liquidator has
16 retained \$386 for unclaimed property to be escheated. (Minehan Decl., ¶ 7 and Exhibit "A.")

17 Subtracting the total proposed distribution of \$5,000,000 and the above reserved amount
18 from total cash assets of 10,426,899 leaves remaining excess cash assets for Superior Pacific of
19 \$5,426,513, which is more than adequate to cover all future expenses of administration.
20 (Minehan Decl., ¶ 7.)

21 No distribution will be made to any other IGA since the amounts previously distributed
22 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
23 listed immediately above, the Liquidator has no information concerning any payments made by
24 other IGAs on behalf of Superior Pacific that would demonstrate an exigency requiring the
25 Liquidator to make an early distribution or reserve assets to make an early distribution to other
26 IGAs.

27 **D. Commercial Compensation Casualty Company**

28 As of June 30, 2016, the Liquidator of Commercial Compensation Casualty Company

1 (“Commercial Compensation”) has total cash assets of approximately 10,418,006 in the CLO
2 Investment Pool. (Minehan Decl., Exhibit “A.”)

3 The Liquidator proposes to distribute and pay up to a maximum of 82% of each IGA’s
4 projected ultimate liability, defined as paid losses, loss adjustment expenses, paid administrative
5 expenses, and case reserve after application of credits for statutory deposits and previous
6 payments, for a total distribution to all IGAs of \$445,113. Accordingly, the Liquidator of
7 Commercial Compensation proposes to distribute and pay the following amounts:

8	1.	Colorado Insurance Guaranty Association	\$	61,425
9	2.	Indiana Insurance Guaranty Association	\$	17,085
10	3.	New Jersey Workers’ Comp. Security Fund	\$	123,836
11	4.	New York State Ins. Dept. Liquidation Bureau	\$	57,027
12	5.	Tennessee Insurance Guaranty Association	\$	163,922
13	6.	Texas P&C Insurance Guarantee Association	\$	21,818

14 (Minehan Decl., Exhibit “B.”)

15 Pursuant to section 1035.5, subdivision (b)(1), the Liquidator has retained sufficient assets
16 from the total cash assets of Commercial Compensation for the payment of administrative
17 expenses and the payment of claims of secured creditors and claims falling within the priorities
18 established in section 1033, subdivisions (a)(1) to (4). Specifically, as of June 30, 2016 the
19 Liquidator retained \$218,928 for unclaimed property to be escheated. (Minehan Decl., ¶ 8 and
20 Exhibit “A.”)

21 Subtracting the total proposed distribution of 445,113 and the above amount from total
22 cash assets of \$10,418,006 leaves remaining excess cash assets for Commercial Compensation of
23 \$9,753,965 which is more than adequate to cover all future expenses of administration. (Minehan
24 Decl., ¶ 8.)

25 **E. Combined Benefits Insurance Company**

26 As of June 30, 2016, the Liquidator of Combined Benefits Insurance Company (“Combined
27 Benefits”) has total cash assets of approximately \$9,193,761 in the CLO Investment Pool.
28 (Minehan Decl., Exhibit “A.”)

1 The Liquidator proposes to distribute and pay up to a maximum of 88% of the IGA's
2 projected ultimate liability, defined as paid losses, loss adjustment expenses, paid administrative
3 expenses, and case reserve after application of credits for statutory deposits and previous
4 payments, for a total distribution to CIGA of \$1,000,000. (Minehan Decl., Exhibit "B.")

5 Pursuant to section 1035.5, subdivision (b)(1), the Liquidator has retained sufficient assets
6 from the total cash assets of Combined Benefits for the payment of administrative expenses and
7 the payment of claims of secured creditors and claims falling within the priorities established in
8 section 1033, subdivisions (a)(1) to (4). Specifically, as of June 30, 2016 the Liquidator retained
9 \$603 for unclaimed property to be escheated. (Minehan Decl., ¶ 9 and Exhibit "A.")

10 Subtracting the total proposed distribution of \$1,000,000 and the above amount from total
11 cash assets of \$9,193,761 leaves remaining excess cash assets for Combined Benefits of
12 \$8,193,158 which is more than adequate to cover all future expenses of administration. (Minehan
13 Decl., ¶ 9.) No distribution will be made to any other IGA since the amounts previously
14 distributed already equal the present calculated percentage of IGA ultimate liability. Other than
15 the IGAs listed immediately above, the Liquidator has no information concerning any payments
16 made by other IGAs on behalf of Combined Benefits that would demonstrate an exigency
17 requiring the Liquidator to make an early distribution or reserve assets to make an early
18 distribution to other IGAs.

19 WHEREFORE, the Liquidator prays that the Court issue an Order as follows:

20 1. Finding that proper notice of this application was provided to all IGAs in and all
21 Commissioners of Insurance of each of the states pursuant to section 1035.5, subdivision (e) and
22 to all interested parties in this proceeding;

23 2. Authorizing the Liquidator of California Compensation Insurance Company to
24 distribute and pay a total of \$5,426,200 from the assets of California Compensation Insurance
25 Company to certain insurance guaranty associations as set forth in this application;

26 3. Authorizing the Liquidator of Superior National Insurance Company to distribute
27 and pay a total of \$5,763,012 from the assets of Superior National Insurance Company to certain
28 insurance guaranty associations as set forth in this application;

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5. Authorizing the Liquidator of Superior Pacific Casualty Company to distribute and pay a total of \$5,000,000 from the assets of Superior Pacific Casualty Company to certain insurance guaranty associations as set forth in this application;

6. Authorizing the Liquidator of Commercial Compensation Casualty Company to distribute and pay a total of \$445,113 from the assets of Commercial Compensation Casualty Company to certain insurance guaranty associations as set forth in this application;

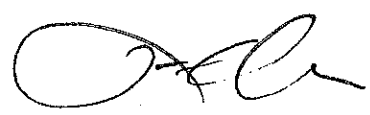
7. Authorizing the Liquidator of Combined Benefits Insurance Company to distribute and pay a total of \$1,000,000 from the assets of Combined Benefits Insurance Company as set forth in this application; and

8. Authorizing the Liquidator to take any and all action necessary to accomplish the purposes of this Order.

Dated: September 14, 2016

Respectfully Submitted,

KAMALA D. HARRIS
Attorney General of California



LISA W. CHAO
Supervising Deputy Attorney General
*Attorneys for Applicant Dave Jones,
Insurance Commissioner of the State of
California, in his capacity as Liquidator of
Superior National Insurance Company,
Superior Pacific Casualty Company,
California Compensation Insurance
Company, Commercial Compensation
Casualty Company and Combined Benefits
Insurance Company*

DECLARATION OF ROMMEL ADAO

DECLARATION OF ROMMEL ADAO

I, Rommel Adao, declare as follows:

1. I am employed as an Estate Trust Manager with the Insurance Commissioner of the State of California's Conservation and Liquidation Office. If called upon to testify, I could and would testify competently, under oath, to the following facts as they are personally known to me, except as to those matters stated on information and belief, and as to those matters, I believe them to be true. The statements contained in this declaration are not all within my personal knowledge, and I am informed and believe that no single officer of the CLO has personal knowledge of all these matters. The statements herein are based on information assembled by authorized employees of the CLO, and I am informed and believe that the statements based upon that information are true and correct.

2. The Insurance Commissioner of the State of California, in his statutory role as Conservator or Liquidator, has the responsibility for the management and administration of the conservation and/or liquidation of numerous California insurers, including the estates of Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Combined Benefits Insurance Company and Commercial Compensation Casualty Company (collectively the "Insolvent Companies").

3. Since 2013, I am the CLO employee responsible for the overall management of the Insolvent Companies in conservation and in liquidation, including but not limited to financial reporting, claim administration, and disbursement of assets. I am also responsible for the management of books and records of the Insolvent Companies, and I have overall custody and control thereof.

4. On November 13, 2001, this Court approved the distribution by the Liquidator to the California Insurance Guarantee Association ("CIGA") of \$11,125,000 from the estate of Superior National Insurance Company and \$13,875,000 from the estate of California Compensation Insurance Company, for a total distribution of \$25 million.

1 5. On February 13, 2002, this Court approved the distribution by the Liquidator to
2 the CIGA of an additional \$5 million from the estates of Superior National Insurance Company
3 and California Compensation Insurance Company.

4 6. On January 16, 2003, this Court approved the distribution by the Liquidator to
5 certain insurance guaranty associations ("IGAs") of \$104,907,447 from California Compensation
6 Insurance Company, \$1,712,274 from Combined Benefits Insurance Company; \$15,717,252 from
7 Commercial Compensation Casualty Company; and \$8,814,098 from Superior Pacific Casualty
8 Company, for a total distribution from the four estates of \$131,151,071.

9 7. On June 10, 2003, this Court approved the distribution by the Liquidator of
10 \$37,888,752 from California Compensation Insurance Company, \$4,207,971 from Combined
11 Benefits Insurance Company, and \$9,355,770 from Commercial Compensation Casualty
12 Company, for a total distribution from the three estates of \$51,452,493.

13 8. On August 2, 2005, this Court approved the distribution by the Liquidator to
14 certain IGAs of \$130,942,593 from California Compensation Insurance Company; \$5,749,786
15 from Combined Benefits Insurance Company; \$8,372,626 from Commercial Compensation
16 Casualty Company; \$33,599,122 from Superior National Insurance Company; and \$4,527,090
17 from Superior Pacific Casualty Company, for a total distribution from the five estates of
18 \$183,191,217.

19 9. On May 31, 2007, this Court approved the distribution by the Liquidator to IGAs
20 of \$32,114,636 from California Compensation Insurance Company; \$1,848,730 from Combined
21 Benefits Insurance Company; \$1,083,895 from Commercial Compensation Casualty Company;
22 \$8,718,925 from Superior National Insurance Company; and \$6,281,609 from Superior Pacific
23 Casualty Company, for a total distribution from the five estates of \$50,047,795.

24 10. On June 24, 2008, this Court approved the distribution by the Liquidator to IGAs
25 of \$26,380,125 from California Compensation Insurance Company; \$388,959 from Commercial
26 Compensation Casualty Company; and \$4,969,738 from Superior Pacific Casualty Company, for
27 a total distribution from the three estates of \$31,738,822.
28

1 11. On October 1, 2010, this Court approved the distribution by the Liquidator to
2 IGAs of \$210,000,000 from California Compensation Insurance Company, \$30,000,000 from
3 Commercial Compensation Casualty Company, \$7,500,000 from Superior Pacific Casualty
4 Company, and \$80,000,000 from Superior National Insurance Company, for a total distribution
5 from the four estates of \$327,500,000.

6 12. On August 3, 2011, this Court approved the distributions by the Liquidator of
7 certain IGAs and individual policyholders with non-covered claims of \$55,024,210 from
8 California Compensation Insurance Company, \$1,752 from Combined Benefits Insurance
9 Company, \$49,314,946 from Superior National Insurance Company, \$1,788 from Superior
10 Pacific Casualty Company, and \$10,134,352 from Commercial Compensation Casualty
11 Company, for a total distribution from the five estates of \$114,477,048.

12 13. On September 10, 2012, this Court approved the distributions by the Liquidator of
13 certain IGAs in the amounts of \$34,680,371 from California Compensation Insurance Company;
14 \$577,602 from Combined Benefits Insurance Company; \$3,293,891 from Superior National
15 Insurance Company; \$1,873,621 from Superior Pacific Casualty Company, and \$348,601 from
16 the Commercial Compensation Casualty Company for a total distribution from the five estates of
17 \$40,769,086.

18 14. On June 27, 2013, this Court approved the distributions by the Liquidator of
19 certain IGAs in the amounts of \$19,263,710 from California Compensation Insurance Company;
20 \$1,500,000 from Combined Benefits Insurance Company; \$5,798,192 from Superior National
21 Insurance Company; \$1,000,000 from Superior Pacific Casualty Company, and \$1,454,747 from
22 the Commercial Compensation Casualty Company for a total distribution from the five estates of
23 \$29,016,649.

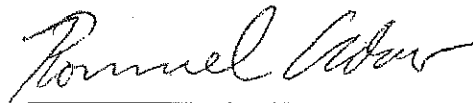
24 15. On November 18, 2014, this Court approved the distributions by the Liquidator of
25 certain IGAs in the amounts of \$7,489,470 from California Compensation Insurance Company;
26 \$2,500,000 from Combined Benefits Insurance Company; \$6,500,000 from Superior National
27 Insurance Company; \$3,000,000 from Superior Pacific Casualty Company, and \$916,057 from
28 the Commercial Compensation Casualty Company for a total distribution from the five estates of

1 \$20,405,527.

2 16. On October 22, 2015, this Court approved the distributions by the Liquidator of
3 certain IGAs in the amounts of \$10,054,626 from California Compensation Insurance Company;
4 \$22,806 from Combined Benefits Insurance Company; \$5,543,660 from Superior National
5 Insurance Company; \$3,000,000 from Superior Pacific Casualty Company, and \$676,427 from
6 the Commercial Compensation Casualty Company for a total distribution from the five estates of
7 \$19,297,519.

8 I declare under penalty of perjury under the laws of the State of California that the
9 foregoing is true and correct.

10 Executed this 14th day of September 2016, at San Francisco, California.

11
12 
13 Rommel Adao

DECLARATION OF RAYMOND MINEHAN

DECLARATION OF RAYMOND MINEHAN

I, Raymond Minehan, declare as follows:

1. I am employed as Chief Financial Officer of the California Insurance Commissioner's Conservation & Liquidation Office ("CLO"). I have held my current position since May 7, 2005.

2. I have personal knowledge of the facts and circumstances set forth in this declaration, and if called upon to do so, I could and would competently testify thereto.

3. As Chief Financial Officer of the CLO, I am responsible for preparing, supervising and reviewing the financial accounting for the insolvent insurers' estates administered by the CLO, including the Insolvent Companies.

4. In determining the proposed amount to be distributed by each of the estates and pursuant to Insurance Code § 1035.5(b) the Liquidator has retained sufficient assets to provide for the payment of expenses administration, the payment of claims of secured creditors (to the extent of the value of the security held), and claims within the priorities established in paragraphs (1) to (4), inclusive, of subdivision (a) of section 1033.

5. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid investment assets on behalf of the California Compensation Insurance Company ("California Compensation") to provide for the payment as of June 30, 2016 of \$232,298 for unclaimed property to be escheated. After taking into account this amount including the proposed distribution, California Compensation has an additional \$18,203,326 in excess liquid investment assets available, which are more than adequate to cover all future administrative expenditures and additional distributions.

6. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid investment assets on behalf of Superior National Insurance Company ("Superior National") to provide for the payment as of June 30, 2016; \$77,465 for unclaimed property to be escheated. After taking into account this amount including the proposed distribution, Superior National has an additional \$5,337,832 in excess liquid investment assets, which are more than adequate to cover any future administrative expenditures and additional distributions.

1 7. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid
2 investment assets on behalf of Superior Pacific Casualty Company (“Superior Pacific”) to provide
3 for the payment as of June 30, 2016 of \$386 for unclaimed property to be escheated. After taking
4 into account this amount including the proposed distribution, Superior Pacific has an additional
5 \$5,426,513 in excess liquid investment assets, which are more than adequate to cover all future
6 administrative expenditures and additional distributions.

7 8. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid
8 investment assets on behalf of Commercial Compensation Casualty Company (“Commercial
9 Compensation”) to provide for the payment as of June 30, 2016 of \$218,928 for unclaimed
10 property to be escheated. After taking into account this amount including the proposed
11 distribution, Commercial Compensation has an additional \$9,753,965 in excess liquid investment
12 assets, which are more than adequate to cover all future administrative expenditures and
13 additional distributions.

14 9. Pursuant to Insurance Code § 1035.5(b), the Liquidator has retained liquid
15 investment assets on behalf of Combined Benefits Insurance Company (“Combined Benefits”) to
16 provide for the payment as of June 30, 2016 of \$603 for unclaimed property to be escheated.
17 After taking into account payment of the proposed distribution, Combined Benefits has at least an
18 additional \$8,193,158 in excess liquid investment assets, which are more than adequate to cover
19 all future administrative expenditures and additional distributions.

20 10. Attached and incorporated herein as Exhibit “A” is a true and correct copy of a
21 spreadsheet entitled “Consolidated Superior National Estates, Statement of Assets & Liabilities in
22 Liquidation.” This spreadsheet accurately details total cash in possession and certain liability of
23 the Liquidator as of June 30, 2016, and the other cash availability calculations of California
24 Compensation, Combined Benefits, Superior National, Superior Pacific and Commercial
25 Compensation.

26 11. Attached and incorporated herein as Exhibit “B” is a true and correct copy of a
27 spreadsheet entitled “Superior National Insurance Companies in Liquidation, Summary of 13th
28 Early Access Distribution to IGAs.” This spreadsheet accurately details the proposed amounts of

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the early access distributions to each IGA by each of the Insolvent Companies.

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

Executed this 30 day of August, 2016, at San Francisco, California.

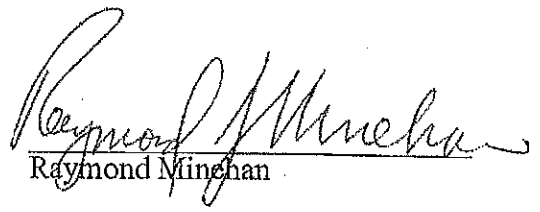

Raymond Minahan

EXHIBIT A

CONSOLIDATED SUPERIOR NATIONAL ESTATES
STATEMENT OF ASSETS AND LIABILITIES IN LIQUIDATION
 As of June 30, 2016

	Cal Comp	Combined Benefits	Superior Natl	Superior Pacific	Commercial Comp	TOTAL
ASSETS						
Participation in pooled investments	23,745,300	8,963,900	11,178,300	10,426,900	10,418,000	64,732,400
Non-pooled short-term investments:						
Restricted	116,500	229,800	-	-	-	346,300
Accrued investment income	62,100	23,900	24,400	27,800	26,800	165,000
Statutory deposits held by other states	344,300	-	323,900	-	334,700	1,002,900
Funds held by guaranty associations	-	-	11,389,100	-	12,000	11,401,100
Recoverable from reinsurers - paid	172,600	1,100	1,378,900	734,300	379,900	2,666,800
Recoverable from reinsurers - case reserves	4,698,600	135,300	28,140,500	11,998,200	3,335,100	48,307,700
Recoverable from reinsurers - IBNR	34,458,600	-	-	1,831,200	807,100	37,096,900
Total Available Assets	63,598,000	9,354,000	52,435,100	25,018,400	15,313,600	165,719,100
LIABILITIES						
Secured claims	232,700	600	77,500	400	682,600	993,800
Claims against policies, including guaranty associations, before distributions	2,091,861,800	35,466,400	898,741,900	226,317,800	144,741,600	3,397,129,500
Early access and other Class 2 distributions	(912,534,600)	(26,078,300)	(412,154,700)	(46,969,700)	(97,984,300)	(1,495,721,600)
All other claims	119,267,100	6,251,700	28,722,700	62,365,700	13,754,500	230,361,700
Total Estimated Liabilities	1,298,827,000	15,640,400	515,387,400	241,714,200	61,194,400	2,132,763,400
NET ASSETS (DEFICIENCY)	(1,235,229,000)	(6,286,400)	(462,952,300)	(216,695,800)	(45,880,800)	(1,967,044,300)

EXHIBIT B

EXHIBIT B

**Superior National Insurance Companies in Liquidation
Summary of 13th Early Access Distribution to IGA's 2016**

Insurance Guaranty Association	301	304	305	306	302	Total	State
	54.5%	58%	35%	82%	88%		
	California Compensation	Superior National	Superior Pacific	Commercial Compensation	Combined Benefits		
Alabama						\$ -	AL
Arkansas	10,470.00					\$ 10,470.00	AR
California	5,216,636.00	5,763,012.00	4,967,954.00		1,000,000.00	\$ 16,947,602.00	CA
CLHIGA(CA)						\$ -	CA
Colorado				61,425.00		\$ 61,425.00	CO
Florida	20,300.00					\$ 20,300.00	FL
Illinois	77,313.00					\$ 77,313.00	IL
Indiana				17,085.00		\$ 17,085.00	IN
Nebraska						\$ -	NE
New Jersey				123,836.00		\$ 123,836.00	NJ
New York				57,027.00		\$ 57,027.00	NY
Oklahoma	101,481.00					\$ 101,481.00	OK
Pennsylvania						\$ -	PA
Tennessee				163,922.00		\$ 163,922.00	TN
Texas			32,046.00	21,818.00		\$ 53,864.00	TX
Utah						\$ -	UT
Wisconsin						\$ -	WI
	<u>\$ 5,426,200.00</u>	<u>\$ 5,763,012.00</u>	<u>\$ 5,000,000.00</u>	<u>\$ 445,113.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 17,634,325.00</u>	

DECLARATION OF SERVICE BY CERTIFIED MAIL AND FIRST CLASS MAIL
(Separate Mailings)

Case Name: **Insurance Commissioner v. Superior National Insurance Co.**

No.: **BS061974**
Consolidated with: **BS061675**
BS062171
BS062173
BS063746

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On September 16, 2016, I served the attached **NOTICE OF APPLICATION AND APPLICATION FOR ORDER APPROVING LIQUIDATOR'S PROPOSAL TO DISBURSE ASSETS TO CERTAIN STATE INSURANCE GUARANTY ASSOCIATIONS; DECLARATIONS OF ROMMEL ADAO AND RAYMOND MINEHAN IN SUPPORT THEREOF** by placing a true copy thereof enclosed in a sealed envelope as certified mail with return receipt requested, in the internal mail collection system at the Office of the Attorney General at 300 South Spring Street, Suite 1702, Los Angeles, CA 90013, addressed as follows:

PLEASE SEE SERVICE LIST ATTACHED

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on September 16, 2016, at Los Angeles, California.

Martha Ochoa
Declarant


Signature

CERTIFIED SERVICE LIST

<p>Andrea Lentine Executive Director Alabama Insurance Guaranty Association 2020 Canyon Road, Suite 200 Birmingham, AL 35216</p>	<p>Dane Havard Fund Administrator Alaska Insurance Guaranty Association c/o Northern Adjusters, Inc. 1401 Rudakof Circle, Suite 100 Anchorage, AK 99508</p>
<p>Michael E. Surguine Executive Director Arizona P&C Insurance Guaranty Funds 2910 N. 44th Street, Second Floor Phoenix, AZ 85018</p>	<p>Steve A. Uhrynowycz, Esq. Administrator Arkansas Property & Casualty Guaranty Fund 1023 West Capitol Avenue, Suite 2 Little Rock, AR 72201</p>
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<p>Sandra J. Robinson, President Florida Workers Compensation Insurance Guaranty Association P.O. Box 15159 Tallahassee, FL 32317</p>	<p>Michael C. Marchman , Executive Director Gwinnett Commerce Center Georgia Insurers Insolvency Pool 3700 Crestwood Parkway, NW, Suite 400 Duluth, GA 30096</p>
<p>Blake J. Obata, Administrator Hawaii Insurance Guaranty Association P.O. Box 4660 Honolulu, HI 96812-4660</p>	<p>Chad Anderson President Idaho -Western Guaranty Fund Services 1720 South Bellaire Street, Suite 408 Denver, CO 80222</p>
<p>Tim Schotke Executive Director Illinois Insurance Guaranty Fund 150 S. Wacker Drive, Suite 2970 Chicago, IL 60606</p>	<p>J. Smith Harrison, Executive Director/Secretary South Carolina Property & Casualty Insurance Guaranty Association P.O. Box 407 Columbia, SC 29202</p>

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<p>Arthur Russell Executive Director Mississippi Insurance Guaranty Assn. 713 South Pear Orchard Road, Suite 200 Ridgeland, MS 39157-4823</p>	<p>Charles F. Renn Executive Director Missouri Property & Casualty Insurance Guaranty Association 994 Diamond Ridge, Suite 102 Jefferson City, MO 65109</p>
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CERTIFIED SERVICE LIST

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Mike Chaney, Commissioner Mississippi Insurance Department 1001 Woolfolk State Office Building 501 N. West Street Jackson, Mississippi 39201	Monica Lindeen, Commissioner Montana Department of Insurance 840 Helena Avenue Helena, Montana 59601
Wayne Goodwin, Commissioner North Carolina Dept. of Insurance Dobbs Building 430 N. Salisbury Street Raleigh, North Carolina 27603-5926	Adam Hamm, Commissioner North Dakota Dept. of Insurance State Capitol, Fifth Floor 600 E. Boulevard Bismarck, North Dakota 58505-0320
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Richard J. Badolato, Commissioner New Jersey Department of Insurance 20 West State Street Trenton, New Jersey 08625-0325	John G. Franchini, Superintendent New Mexico Division of Insurance P.E.R.A. Building 1120 Paseo De Peralta Santa Fe, New Mexico 87501
Barbara Richardson, Commissioner Nevada Division of Insurance 1818 East College Pkwy, Suite 103 Carson City, Nevada 89706	Maria T. Vullo, Superintendent New York State Dept. of Financial Services One State Street New York, New York 10004-1511
Mary Taylor, Lt. Governor/Director Ohio Department of Insurance 50 West Town Street Third Floor, Suite 300 Columbus, Ohio 43215	John D. Doak, Commissioner Oklahoma Department of Insurance Five Corporate Plaza 3625 NW 56 th Street, Suite 100 Oklahoma City, Oklahoma 73112

CERTIFIED SERVICE LIST

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<p>Angela Weyne, Commissioner Puerto Rico Department of Insurance B5 Calle Tabonuco Suite 216 PMB356 Guaynabo, Puerto Rico 00968-3029</p>	<p>Elizabeth Kelleher Dwyer, Superintendent Rhode Island Insurance Division Dept. of Business Regulation 1511 Pontiac Avenue, Building 69-2 Cranston, Rhode Island 02920</p>
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<p>Todd E. Kiser, Commissioner Utah Department of Insurance 3110 State Office Building Salt Lake City, Utah 84114-6901</p>	<p>Jacqueline K. Cunningham, Commissioner State Corporation Commission Virginia Bureau of Insurance 1300 East Main Street Richmond, Virginia 23219</p>
<p>Michael S. Pieciak, Commissioner Department of Financial Regulation 89 Main Street Montpelier, Vermont 05620-3101</p>	<p>Mike Kreidler, Commissioner Washington State Office of the Insurance Commissioner 5000 Capitol Boulevard, SE Tumwater, Washington 98501</p>
<p>Ted Nickel, Commissioner Office of the Commissioner of Insurance 125 South Webster Street GEF III – Second Floor Madison, Wisconsin 53703-3474</p>	<p>Michael D. Riley, Commissioner West Virginia Dept. of Insurance State of West Virginia 900 Pennsylvania Avenue Charleston, West Virginia 25302</p>
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**CASE: INSURANCE COMMISSIONER v. SUPERIOR NATIONAL
INSURANCE COMPANY and CONSOLIDATED PROCEEDINGS**

NO.: BS061974
CONSOLIDATED WITH: BS061675
 BS062171
 BS062173
 BS063746

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