

COPY

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

KAMALA D. HARRIS
Attorney General of California
FELIX E. LEATHERWOOD
Supervising Deputy Attorney General
TIM NADER
Deputy Attorney General
State Bar No. 106093
110 West A Street, Suite 1100
San Diego, CA 92101
P.O. Box 85266
San Diego, CA 92186-5266
Telephone: (619) 645-2210
Fax: (619) 645-2489
E-mail: Tim.Nader@doj.ca.gov
*Attorneys for Applicant, Insurance Commissioner
of the State of California*

F I L E D
Clerk of the Superior Court
APR 05 2011
By: LEE RYAN, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

**STEVE POIZNER, INSURANCE
COMMISSIONER OF THE STATE OF
CALIFORNIA, in his capacity as
Liquidator of Frontier Pacific Insurance
Company,**

Plaintiff,

v.

**NATIONAL INDEMNITY COMPANY, a
Nebraska corporation; and DOES 1 through
10,**

Defendants.

Case No. GIC 774028
**SIXTEENTH STATUS CONFERENCE
REPORT**

Date: April 15, 2011
Time: 1:00 p.m.
Dept: 71
Judge: Hon. Ronald S. Prager
Trial Date: None Set
Action Filed: September 7, 2001

INTRODUCTION

Frontier Pacific Insurance Company ("FPIC"), a California domiciled property and casualty company, was conserved by the Insurance Commissioner ("Commissioner") on September 7, 2001, based on a finding that further transaction of its business would be hazardous to policyholders and creditors pursuant to Insurance Code section 1011. Subsequently, the

1 Commissioner determined that FPIC's financial condition was such that rehabilitation would be
2 futile and the Commissioner's Application for Order Appointing Commissioner as Liquidator
3 ("Liquidator") and Restraining Orders was granted on November 30, 2001 (the "Liquidation
4 Order"). Prior to the Commissioner's actions, in August 2001, its parent company, Frontier
5 Insurance Company ("FIC") of New York voluntarily entered rehabilitation under the control of
6 the New York Superintendent of Insurance, acting through the New York Liquidation Bureau (the
7 "NYLB"). As a result of FIC's rehabilitation, certain reinsurance recoverables due to FPIC from
8 FIC were not received and could therefore no longer be carried as assets on the books of FPIC.
9 An examination by the California Department of Insurance's Financial Analysis Division found
10 that based on the disallowance of the FIC reinsurance credit in the amount of \$12,842,609,
11 FPIC's surplus as regards policyholders was a negative \$5,289,995.

12 At the time of the initial case management conference in this matter on March 15, 2002, the
13 Court announced its intention to hold semi-annual status conferences in this matter so that the
14 Court could periodically be informed regarding the status of the liquidation of FPIC. For the
15 convenience of the Court, the Liquidator presented the first status report on September 13, 2002,
16 the second on March 24, 2003, the third on February 24, 2004, the fourth on September 30, 2004,
17 the fifth on April 29, 2005, the sixth on January 13, 2006, the seventh on June 9, 2006, the eighth
18 report on January 5, 2006, the ninth report on October 5, 2007, the tenth report on April 16, 2008,
19 the eleventh report on October 17, 2008, the twelfth report on April 17, 2009, the thirteenth report
20 on November 6, 2009, the fourteenth report on March 12, 2010 and the fifteenth report on July
21 16, 2010. The Fifteenth status report is hereby incorporated herein by reference.

22 **STATUS OF THE NICO LITIGATION/ARBITRATION**

23 The only significant change of which the undersigned is aware to report to this Court since
24 the last status conference concerns the litigation involving the reinsurance obligations of National
25 Indemnity Company (NICO). As previously noted, the Liquidator instituted an action for
26 declaratory relief against National Indemnity Insurance Company entitled Steve Poizner,
27 Insurance Commissioner for the State of California in his capacity as Liquidator of Frontier
28 Pacific Insurance Company vs. National Indemnity Company, San Diego Superior Court, Case

DECLARATION OF SERVICE BY U.S. MAIL

F I L E D

Clark of the Superior Court

APR 05 2011

By: LEE RYAN, Deputy

Case Name: **POIZNER v. NATIONAL INDEMNITY COMPANY**
No.: **GIC 774028**

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 that same day in the ordinary course of business.

On April 5, 2011, I served the attached **SIXTEENTH STATUS CONFERENCE REPORT** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the internal mail collection system at the Office of the Attorney General at 110 West A Street, Suite 1100, P.O. Box 85266, San Diego, CA 92186-5266, addressed as follows:

Al Escobar, Chief Executive Officer
Frontier Insurance Company
195 Lake Louise Marie
Rock Hill, NY 12775-2100

Christopher L. Dueringer, Esq.
Bryan Cave LLP
120 Broadway, Suite 300
Santa Monica, CA 90401-2305

Joseph Termine
Special Deputy Superintendent
State of New York Insurance Dept.
Liquidation Bureau
123 William Street
New York, NY 10038

Andrew Pearson, Esq.
Marks, Golia & Finch, LLP
3900 Harney Street, First Floor
San Diego, CA 92110-2825

New York Property and Casualty
Insurance Guarantee Fund
1 Commerce Plaza, 20th Floor
New York, NY 12257

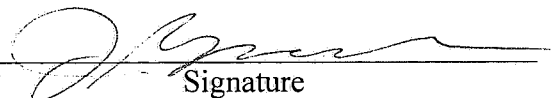
Wayne Wilson
Executive Director
California Insurance Guarantee Assn.
P.O. Box 29066
Glendale, CA 91209

South Carolina Property and Casualty
Insurance Guaranty Association
One Greystone Building, Suite 101
240 Stoneridge Drive
Columbia, CA 29201
Attn: Edward Moon, Claims Supervisor

Willard Roberts Estate Trust Officer
Conservation & Liquidation Office
P.O. Box 26894
San Francisco, CA 94126-0894

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 April 5, 2011, at San Diego, California.

J. Grand
Declarant


Signature