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Superior Court of California
County of Los Angeles

MAY 15 2015

Sherri R. Carter, Executive Officer/Clerk
By: Robin Sanchez, Deputy

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

13
14 **INSURANCE COMMISSIONER OF THE**
15 **STATE OF CALIFORNIA,**

16 Applicant,

17 v.

18 **FREMONT INDEMNITY COMPANY,**

19 Respondent.

CASE NO. BS083582

**LIQUIDATOR'S ELEVENTH ANNUAL
STATUS CONFERENCE REPORT
FOR YEAR ENDING DECEMBER 31,
2014 AND APPLICATION FOR
AUTHORITY TO COMMENCE
RECORD DESTRUCTION**

Hearing Date: June 15, 2015
Time: 2:00 p.m.
Dept: CCW 322
Judge: Hon. William F. Highberger

Action Filed: June 3, 2003

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1 Insurance Commissioner of the State of California, in his capacity as Liquidator
2 (“Liquidator”) of Fremont Indemnity Company (“Fremont”) hereby submits the following
3 Eleventh Annual Status Conference Report for the period January 1, 2014 through December 31,
4 2014 (“2014 Annual Report”).

5 INTRODUCTION

6 The Liquidator through his Conservation and Liquidation Office (the “CLO”) continues to
7 manage the liquidation of an insurance company with billions of dollars of policyholder liability.
8 This report provides a comprehensive update on the current status of the Fremont liquidation
9 estate.

10 Currently, all of the Liquidator’s operations associated with Fremont’s liquidation are
11 overseen by the CLO. As of December 31, 2014, Fremont had approximately \$129 million in
12 balance sheet assets, including cash, investments, statutory deposits and reinsurance recoverable.
13 As of December 31, 2014, Fremont’s liabilities are now estimated at \$2.46 billion, including
14 approximately \$2.125 billion in Class 2 policyholder liabilities.

15 In 2014, the Liquidator continued to bill and to collect reinsurance, to administer claims,
16 and to wind down administrative operations. The Liquidator continues to wrap up the remaining
17 affairs of the estate with the intent to reduce the workload and costs of the estate to maximize
18 remaining recoveries for claimants. The estate has made progress in the past year related to the
19 on-going process of billing, collecting and commuting the remaining reinsurance. Also during
20 2014 the Fremont Estate successfully completed a tenth early access distribution (approximately
21 \$25.4 million) to the participating insurance guarantee associations (“IGAs”).

22 This report will provide the court with the progress made on the Fremont estate since the
23 last report and to obtain court approval for the destruction of legacy records.

24 ADMINISTRATION OF LIQUIDATION ESTATE

25 The Liquidator handles the administrative functions in the following three categories:
26 (1) Policy Administration (the process of performing and enforcing general contractual rights
27 under an insurance policy); (2) Claims Administration (the administration and adjustment of
28 proofs of claim filed against Fremont); and (3) Company Administration (the remaining general

1 corporate functions that are required to complete the liquidation, including information
2 technology, human resources, reinsurance collections, and finance/accounting and investment
3 management).

4 **A. Policy Administration**

5 Policy administration currently involves maintenance of the policy database and
6 reviewing coverage information for the IGAs as well as for the proofs of claim that pertain to
7 coverage issues against the Fremont estate. CLO staff continue to provide these services to the
8 IGAs, but minimal resources are required.

9 **B. Claims Administration**

10 **1. Proof of Claims ("POCs") Management**

11 The Claims Department had no net reduction of determined POCs during 2014 due to the
12 addition of several new POCs and the reopening of closed claims. Five of the new or reopened
13 claims were overcap workers compensation claims from Indiana where the CLO was not advised
14 when the claims exceeded the \$100,000 payment cap in Indiana. Net policyholder class claim
15 liabilities including POCs rose by \$68.3 million during the year. The increase is primarily due to
16 to adverse development on workers compensation claims.

17 As of December 31, 2014, there are 297 POCs remaining to be processed and closed,
18 including 209 claims related to assumed reinsurance that must remain open to support collection
19 of reinsurance, 42 related to IGAs, and 46 related to non-covered or overcap claims. The estate
20 continues to receive new claims, primarily latent claims from both IGA covered workers
21 compensation policyholders and non-workers compensation property and casualty business. The
22 estate carries a reserve in excess of \$22 million for all open non-IGA, non-covered and overcap
23 claims in addition to the \$3.6 million for such claims already approved.

24 **2. IGA Claims and Distribution**

25 In addition to providing continued support of the IGAs' claims functions, the Liquidator's
26 primary task is to distribute early access funds to the IGAs pursuant to Insurance Code¹ section
27 1035.5.

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

1 On June 9, 2014, the Court approved the tenth early access distribution in the amount of
2 \$25,426,592 to various IGAs. The CLO completed the distribution on July 2, 2014.

3 In addition to the release of \$377 million in statutory deposits, to date the IGAs have
4 received actual distributions totaling approximately \$1.005 billion, which funds have been used
5 by the IGAs to pay Fremont's covered Class 2 policyholder claims pursuant to their respective
6 IGA statutes. A summary of the historical distributions and the statutory deposits released to the
7 IGAs is attached hereto as Exhibit A.

8 **3. Non-IGA Covered Claims**

9 Certain types of Class 2 policyholder liabilities are not protected or not fully covered by
10 the IGAs, but are nonetheless entitled to ultimately share ratably with all other Class 2 claims.
11 These non-IGA covered liabilities include workers' compensation claims payable under the
12 United States Longshore & Harbor Workers Act ("USL&H Claims") and claims that are not
13 covered or only partially covered by the IGAs based on exclusions and coverage limitations
14 found in the IGAs' controlling statutes. The Liquidator continues to update these claims for
15 reinsurance billing purposes, and resolve such claims as appropriate. These open claims are
16 treated akin to IGA claims in that we will not attempt to close them until the estate is near
17 closure. Reserves for these claims are included in the \$22 million reported above.

18 As of December 31, 2014, the Liquidator continues to monitor roughly several aggregate
19 POCs that involve Class 2 policyholders in states with net worth exclusions which preclude
20 certain high net worth policyholders from eligibility to have their claims paid by the IGAs (Net
21 Worth Exception claims). Net Worth Exception claims are handled differently by different states.
22 In some states IGAs do not pay and require the claims to be returned to the policyholders for
23 handling, while other states' IGAs actually pay the claims and seek reimbursement from the
24 employers (Net Worth Subrogation claims). The majority of the estate's Class 2 non-IGA claims
25 remaining open are Net Worth Subrogation claims. The Claims Department continues to obtain
26 periodic loss and expense reports from the Class 2 Net Worth Exception policyholders with open
27 POCs in order to track losses and bill reinsurance. These claims are treated akin to IGA POCs in
28 that we will not attempt to close the claim until the estate is near closure. Open net worth claims

1 are part of the \$22 million non-IGA claim reserve noted above.

2 **4. Subrogation**

3 The collection of subrogation receivables is essentially complete and is financially
4 insignificant. The Liquidator is not devoting resources specifically to tracking the financial
5 results of subrogation claims.

6 **C. Company Administration**

7 **1. Finance – Accounting & Investment Management**

8 The CLO Accounting Department is responsible for recording and reporting all financial
9 aspects of the Fremont estate and maintains the estate's general ledgers inherited from Fremont at
10 the time of liquidation in 2003. The staff evaluates and interprets historical ledgers and records of
11 Fremont and its subsidiaries and has converted them to a liquidation basis of accounting. The
12 department produces periodic financial statements, manages estate cash as well as the accounts
13 payable/receivable functions. It is also responsible to ensure audit compliance and supports the
14 preparation of tax filings.

15 Fremont's invested assets are managed by third party institutional money managers. The
16 CFO of the CLO has the responsibility to manage this third party relationship as well as the
17 accounting department.

18 **2. Reinsurance**

19 **a. Summary**

20 Reinsurance is Fremont's second largest balance sheet asset. As a result of various
21 reinsurance commutations and collection efforts that occurred in 2014, prospective gross
22 reinsurance recoverables, including allowances for uncollectable reinsurance, now total
23 approximately \$39.3 million due from 156 reinsurers, including \$29 million due from Fremont's
24 twenty largest reinsurers.

25 A number of the merged entities that comprise the Fremont estate have reinsurance
26 programs that are unique to the individual company. In other situations, Fremont's reinsurance
27 programs cover multiple Fremont entities. Fremont's predominant line of business was workers'
28 compensation. Given the "long tail" nature of this class of business risk, a significant number of

1 Fremont's reinsurance treaties remain active.

2 Having regard for the "long tail" nature of Fremont's business and the diversity of its
3 reinsurance program, it is not surprising that the overall quality of reinsurance security is mixed.
4 Fremont has non-performing reinsurance programs, emanating principally from older policy years
5 and Fremont's records still reflect amounts due from insolvent companies. Fremont's reserve for
6 potentially uncollectible reinsurance at December 31, 2014 is approximately \$9.67 million.

7 **b. Reinsurance Recoverable**

8 A summary of reinsurance recoverable (paid, case, and IBNR (incurred but not reported)
9 that will ultimately be due from Fremont's twenty largest reinsurers is attached hereto as Exhibit
10 B. Amounts received from reinsurers post-liquidation total \$474.8 million.

11 **c. Administration of Fremont's Reinsurance**

12 Fremont's reinsurance operations are handled by the CLO staff in San Francisco. In
13 2014, one former Fremont reinsurance employee continues to be retained as a consultant to the
14 CLO to ensure the continued successful run-off of the remaining program as well as a claims
15 consultant to assist with commutations.

16 **d. Reinsurance Processing**

17 Ceded Contracts: Fremont has its own internally developed computer systems for billing
18 and tracking reinsurance recoverables. The Fremont estate faces both billing/collection as well as
19 commutation obstacles. As the Fremont estate nears the end of its life cycle, difficult issues and
20 reinsurers remain while cooperative reinsurers have commuted. Since June 1, 2012, the CLO has
21 established a direct business relationship with all reinsurance participating on Fremont ceded
22 treaties previously serviced by the Guy Carpenter's Seattle Office.

23 After years of effort to collect foreign reinsurers' balances, largely from the London
24 markets through formal contingency (contract) arrangements, the Fremont estate through the
25 CLO reinsurance staff have taken responsibility to resolve the London/foreign markets accounts.
26 Commutations have been completed with CX Re and the Excess Insurance Company.
27 Negotiations with Harper (fka Turegum) are ongoing. Recoveries from the remaining reinsurers
28 were subject to offsets.

1 Assumed Contracts: After considering the infrequent activity and the small amount of
2 monies billed compared to the costs of continuing to process the Fremont estate's assumed book
3 of treaty reinsurance business, the CLO ceased processing assumed treaty claims as of May 2009.
4 A handful of accounts continue to be processed for offset purposes.

5 e. **Reinsurance Disputes**

6 Currently there are no active disputes with reinsurers. The Liquidator will continue to
7 evaluate and pursue any legal recourse to ensure all contractual services are properly received by
8 the Fremont estate in accordance with any of its agency relationships, including Guy Carpenter.

9 f. **Reinsurance Collections**

10 The Commissioner collected a total of \$924,000 from reinsurance billings during 2014.
11 The CLO reinsurance staff is direct billing and collecting from approximately 54 reinsurers
12 previously administered by Guy Carpenter. The balance of active reinsurance treaties will
13 continue to be billed and collected from reinsurers and brokers in the normal course of business.

14 g. **Reinsurance Commutations**

15 In 2014, the Commissioner commuted with six reinsurers: IRB, Munchener Ruck,
16 Odyssey America Re, National Union Fire, Travelers Indemnity and United Americas. These six
17 commutations totaled \$5.5 million in collections. Settlement agreements greater than \$100,000
18 were submitted to this court for approval. The Commissioner continues to work towards
19 commuting with Fremont's largest reinsurers in 2015.

20 3. **Information Technology**

21 The CLO continues to provide IT services for Fremont's overall administration. The CLO
22 currently uses the GOLD (Guardian of Liquidated Data) system for retrieval of historical policy
23 and claim information required for the continued support of Fremont's run-off. The CLO is
24 continuing the on-going process of loading into the GOLD System the paid loss information
25 reported by the IGAs who have the statutory obligation to process and pay Fremont claims. The
26 CLO also must coordinate and support the loading of the claims data into the reinsurance billing
27 database created by Tbase to support reinsurance billing and collection.

28

1 **D. Annual Financial Statement as of December 31, 2014**

2 Fremont's financial statement for the year ending December 31, 2014 is attached as
3 Exhibit C.

4 Fremont has total assets of \$129 million consisting primarily of \$67 million in cash and
5 investments and \$39 million in reinsurance recoverables.

6 Fremont has in excess of \$2 billion in policyholder claims. Accordingly, Fremont's assets
7 will be sufficient to pay only secured claims, administrative expenses and a portion of the Class 2
8 policyholder claims with no funds available for unsecured creditors.

9 **LEGAL MATTERS**

10 **A. Matters Resolved in 2014**

11 On or about August 26, 2014, the Court approved administrative and professional fees and
12 expenses incurred by the Fremont estate from January 1, 2013 through December 31, 2013 in the
13 amount of \$3,360,142.86, including \$3,270,992.13 for administrative and operating expenses
14 pursuant to section 1035, and \$89,150.73 for legal fees and expenses pursuant to section 1036.

15 On June 9, 2014, the Court approved the Liquidator's proposal to disburse \$25,426,592 of
16 Fremont's assets to the IGAs pursuant to section 1035.5. On July 2, 2014 and pursuant to the
17 Court's order, the Liquidator completed the distribution to the IGAs.

18 **B. Pending Matters**

19 **1. Browning Ferris Industries, LLC et al.**

20 Browning-Ferris Industries, LLC, BFI Waste Systems of North America, LLC and Azusa
21 Land Reclamation Co., Inc. (collectively "BFI") had open proofs of claim in the Fremont estate
22 under two excess umbrella policies issued by Fremont. On June 4, 2013, the Liquidator rejected
23 BFI's claim. On July 3, 2013, BFI filed its Order to Show Cause (OSC) Application pursuant to
24 section 1032 seeking the issuance of an OSC as to why its claim against Fremont should not be
25 allowed. On August 26, 2013, the Court held a hearing on BFI's OSC Application and issued an
26 order, which amongst other provided the parties to consider a compromise.

27 The parties have since stipulated to several continuances of the status conference to allow
28 for an exchange of documents related to BFI's claim and to discuss a resolution of the matter.

1 These discussions continue. The status conference is currently continued to June 15, 2015.

2 **2. Early Access Distribution**

3 Concurrently with this report, the Liquidator has filed for court approval the Eleventh
4 Verified Application for Order Approving Liquidator's Proposal to Disburse Assets to State
5 Insurance Guarantee Associations or Funds (Application) for their estimated reported losses
6 from January 1, 2014 through December 31, 2014. The hearing on the Application is set for the
7 same time as the status conference on June 12, 2015.

8 **3. Administrative and Professional Fees and Expenses for 2014**

9 The Liquidator is concurrently filing his Application for Order Approving Payment of
10 Administrative and Professional Fees and Expenses for Year Ending December 31, 2014, which
11 will be heard at the same date and time as the status conference.

12 **APPLICATION FOR AUTHORITY
13 TO COMMENCE RECORD DESTRUCTION**

14 When Fremont was placed into liquidation in 2003, the Liquidator inherited some 215,000
15 boxes of legacy files stored in various facilities across the United States. These records are
16 primarily files for worker compensation claims, worker compensation policies and general
17 liability claims and policies. Many of the files were already identified and dated for destruction
18 by Fremont, but due to the 2003 commencement of the Fremont liquidation proceeding all such
19 marked and dated files have been held and maintained by the liquidation estate. (Declaration of
20 Scott Pearce in Support of Liquidator's Eleventh Annual Status Conference Report for year
21 Ending December 31, 2014 and Application for Authority to Commence Record Destruction
22 ("Pearce Decl."), ¶¶ 3-4.)

23 During the course of liquidation, the Liquidator has needed access to those records for his
24 own legal and operational needs and in response requests from IGAs. Since the resolution of
25 Fremont's legal issues, the Liquidator has had little need to access Fremont's legacy records.
26 (Pearce Decl., ¶ 5.) While the Liquidator still receives requests for files, typically from IGAs,
27 those requests have substantially decreased as the estate is preparing for closure. Roughly 50% of
28 the requested files are not available and of those located less than half of those records retrieved

1 truly serve to benefit the Liquidator's management of the estate. (Pearce Decl., ¶ 6.)

2 Much of the Fremont's legacy records are now available electronically. The CLO
3 maintains electronic/imaged legacy system data on the worker compensation matters which often
4 contains the necessary policy coverage and historical claim payment information and
5 documentation. Further, commencing in or about 2007 and continuing to the present, the
6 Fremont estate makes a regular practice of imaging records as they are retrieved from external
7 storage prior to returning those records to the off-site storage facilities. As such, over the life of
8 the estate myriad estate issues have required records to be regularly sought, retrieved and imaged
9 pertaining to the multitude of legal and operational issues. (Pearce Decl., ¶ 7.)

10 The estate spends approximately \$427,000 each year for storage expenses paid to third
11 party vendors in addition to incurring internal administration expenses managing the records. As
12 the Fremont Estate enters its final years of insolvency run-off, the cost to store certain records
13 increasingly exceeds any economic or practical benefit derived from the continued record
14 retention. (Pearce Decl., ¶¶ 8-9.)

15 The CLO usually maintains an insolvency estate's records for three years after the estate
16 is closed and includes in the closing budget the cost to destroy the records after the three year
17 period. However, given the substantial amount of Fremont's historical business records, the
18 Liquidator believes the record destruction process should commence now. (Pearce Decl., ¶¶ 10-
19 11.) As the Fremont insolvency proceeding is working through its final phase of run-off with
20 projected estate closure in 2017, the Liquidator now seeks authority to commence destruction of
21 166,828 boxes of its legacy files located in various Iron Mountain storage facilities across the
22 country. A true and correct copy of the records identified for destruction is attached as Exhibit A
23 to the Declaration of Scott Pearce.

24 The Liquidator anticipates that commencing the destruction of the records now rather than
25 wait three years after the estate closing would reduce storage costs by over \$400,000 annually,
26 and ultimately would the estate at least \$1.2 million. (Pearce Decl., ¶ 12.)

27 At this juncture of the Fremont insolvency proceeding the risk of harm to the estate as a
28 result of the proposed destruction is perceived to be slight. The financial costs of continuing to

1 pay to store the considerable legacy files clearly outweighs any such risk to the estate.
2 Therefore, the Court should approve the Liquidator's request and authorize him to commence the
3 document destruction process.

4 **CONCLUSION**

5 In 2014, the Liquidator focused primarily on administrative matters as all legal disputes
6 have concluded. As detailed in this report, the continuing run-off of the reinsurance program as
7 well as the determination of unresolved claims against the estate will continue to require the
8 Liquidator's active management. The Liquidator further requests that the Court enter an order
9 authorizing him to commence destruction of Fremont's legacy records.

10 The Liquidator, though his CLO staff, is prepared to address any questions the Court may
11 have regarding this 2014 Annual Report at the status conference on June 15, 2015.

12
13 Dated: May 15, 2015

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Exhibit “A”

Exhibit A

Fremont Indemnity Company

Proposed 11th Early Access Distribution to Insurance Guaranty Associations

June 2015

<u>Insurance Guaranty Associations</u>	<u>Proposed Distribution</u>
Alabama Insurance Guaranty Association	\$49,850.00
California Insurance Guarantee Association	\$4,887,542.99
Colorado Insurance Guarantee Association	\$201,304.24
District of Columbia Insurance Guaranty Association	\$52,198.00
Georgia Insurance Insolvency Pool	\$520,284.63
Idaho Insurance Guarantee Association	\$192,712.55
Kentucky Insurance Guaranty Association	\$113,557.00
North Carolina Insurance Guaranty Association	\$101,864.52
New Jersey Workers' Compensation Security Fund	\$6,485,252.12
Nevada Insurance Guaranty Association	\$11,462.39
Oklahoma Property & Casualty Insurance Guaranty Association	\$7,125.22
Pennsylvania Workers' Compensation Security Fund	\$124,997.38
Tennessee Insurance Guaranty Association	\$6,288.46
Utah Property & Casualty Insurance Guaranty Association	\$600,655.53
Virginia Property & Casualty Insurance Guaranty Association	\$58,307.00
Vermont Property & Casualty Insurance Guaranty Association	\$69,961.43
Wisconsin Insurance Security Fund	\$427,171.54
	<hr/>
	\$13,910,535.00

Exhibit “B”

Fremont Indemnity Company
Balances as of 12/31/2014

Reinsurer	Paid Recoverable	Ceded O/S Loss	Ceded IBNR & IBNR ALAE*	Total Ultimate Liability	
ACE PROPERTY AND CASUALTY INSURANCE COMPANY	54,825	90,086	69,870	214,781	
AGF REASSURANCE S.A	0	175,847	0	175,847	
AMERICAN STATES - FKA AMERICAN UNION	-26	257,220	248,702	505,896	
CAVELL INSURANCE COMPANY LIMITED	83,180	55,353	43,344	181,876	
EVEREST RE BERMUDA, LTD.	147	617,725	348,000	965,871	
EVEREST REINSURANCE COMPANY	156,510	5,695,800	4,071,423	9,923,732	
EXCESS INSURANCE COMPANY (U.K.), LIMITED	24,400	159,446	107,145	290,991	
GENERAL STAR NATIONAL INSURANCE COMPANY	270,675	334,455	1,617,571	2,222,701	
INSURANCE COMPANY OF NORTH AMERICA	1,393,944	3,884,254	2,301,266	7,579,464	
MUNICIPAL INDEMNITY (BERMUDA), LIMITED	0	157,615	147,280	304,895	
OLD REPUBLIC INSURANCE COMPANY	49,069	117,454	98,328	264,851	
PARTNERRE INSURANCE COMPANY OF NEW YORK	2,938	118,256	98,866	220,060	
PENNSYLVANIA MANUFACTURERS' ASSOCIATION INSURANCE CO	258,484	585,055	493,803	1,337,342	
PHILADELPHIA REINSURANCE CORPORATION	506	200,368	95,607	296,480	
ST. PAUL INTERNATIONAL INSURANCE COMPANY, LTD	182,276	230,907	170,770	583,952	
TENECOM LIMITED	194,977	130,605	96,321	421,902	
TOA-RE INSURANCE COMPANY OF AMERICA	36,953	1,248,612	866,438	2,152,003	
TUREGUM INSURANCE COMPANY (U.K.), LIMITED	248,042	453,334	263,902	965,278	
UNIONE ITALIANA REINSURANCE COMPANY OF AMERICA, INC.	41,626	135,598	16,770	193,994	
XL REINSURANCE AMERICA, INC.	1,493	434,062	111,594	547,149	
	20	3,000,017	15,082,049	11,267,000	29,349,066

* Ceded IBNR and IBNR ALAE as of 12/31/08 actuarial analysis

Exhibit “C”

950 Fremont Indemnity Co
STATEMENT OF ASSETS AND LIABILITIES
As of December 31, 2003 to 2014

	Dec 31 2003	Dec 31 2004	Dec 31 2005	Dec 31 2006	Dec 31 2007	Dec 31 2008	Dec 31 2009	Dec 31 2010	Dec 31 2011	Dec 31 2012	Dec 31 2013	Dec 31 2014
ASSETS												
Cash and cash equivalents:												
Unrestricted	35,367,926	30,328,698	3,314	6,199,473	8,591,720	8,410,016	10,649,496	198,189	198,488	198,892	199,670	-
Restricted	35,685	267,604	-	-	-	-	-	-	-	-	-	-
Participation in pooled investments, at market	63,434,115	102,946,223	308,868,755	192,601,374	83,086,112	108,291,609	76,093,705	143,035,777	105,456,896	68,733,759	76,789,354	67,315,110
Non-pooled short-term investments, at market												
Unrestricted	(311,096,710)	74,457,774	2,357,546	(290,000)	-	-	-	-	-	-	-	-
Restricted	1,026,434	963,050	920,392	877,519	734,236	715,441	358,577	309,260	286,983	198,367	-	-
Other securities held	385,554,484	-	-	-	-	324,657	-	-	-	-	-	-
Accrued investment income	6,576,478	920,215	1,982,162	1,020,341	481,574	735,383	465,990	700,469	515,701	257,884	202,841	173,735
Statutory deposits held by other states	12,987,176	64,772,520	21,777,364	4,852,380	3,680,511	3,686,150	2,788,773	2,804,189	2,813,817	2,815,269	2,815,949	2,785,633
Funds held by guaranty associations	-	17,369,449	-	13,975,131	13,975,131	12,755,131	12,755,131	12,755,131	12,755,131	12,755,131	-	-
Recoverable from reinsurers	1,086,785,047	1,104,596,372	361,250,486	354,200,036	263,744,243	168,264,136	180,438,921	184,855,530	132,515,513	110,543,051	40,365,194	39,373,402
Salvage and subrogation recoverable	-	10,660,664	9,467,142	3,844,372	1,311,062	827,837	422,449	359,614	356,441	350,383	-	-
Premium balances	47,377,844	46,449,882	598,019	952,060	916,618	417,197	-	-	-	-	-	-
Receivable from affiliates	3,323,488	3,241,569	1,086,044	1,086,044	1,086,044	1,086,044	1,150,000	1,176,456	1,077,669	1,359,991	1,359,991	1,359,991
Other receivable	43,925,243	38,343,947	(21,543)	23,405,334	22,756,649	21,390,731	20,019,648	17,000	-	-	-	-
Property and equipment, net of accumulated depreciation	15,904,877	15,904,877	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	93,072,380	80,501,738	76,093,371	39,829,730	39,793,646	36,217,932	34,910,565	24,228,217	23,781,543	22,744,512	19,519,058	18,196,480
Total Available Assets	1,484,274,467	1,591,724,582	784,383,052	642,553,794	440,157,546	363,122,264	340,053,255	370,439,832	279,758,182	219,957,239	141,252,057	129,204,351
LIABILITIES												
Secured claims	14,075,282	14,451,165	21,772,349	21,574,381	21,595,963	21,601,222	21,601,222	15,631,618	15,631,618	15,631,618	15,631,618	15,631,618
Accrued administrative expenses	31,299,090	31,866,113	(139)	179,430	306,697	2,862,784	2,660,098	12,751	14,584	20,428	2	2
Claims against policies, including guaranty associations, before distributions	2,639,793,200	2,448,299,364	2,196,125,111	2,258,692,498	2,340,291,589	2,397,240,781	2,749,754,840	2,980,833,006	3,062,130,457	3,053,988,362	3,062,614,206	3,130,912,398
Early access and other policyholder distributions	(269,375,146)	(335,460,585)	(433,060,164)	(615,383,203)	(760,289,716)	(810,153,276)	(859,789,236)	(862,454,570)	(902,360,588)	(941,977,791)	(980,297,712)	(1,005,724,304)
California and Federal claims having preference	2,771,061	4,195,852	5,328,728	5,328,728	-	-	-	-	62,853	62,853	62,853	62,853
All other claims	(4,721,105)	288,750,862	350,006,651	356,434,777	341,076,114	393,751,734	395,607,412	400,084,157	349,535,460	337,799,633	316,669,883	319,840,739
Total Estimated Liabilities	2,413,842,382	2,452,102,771	2,140,172,536	2,026,826,611	1,942,980,647	2,005,303,245	2,309,834,336	2,534,106,962	2,525,014,384	2,465,525,103	2,414,680,850	2,460,723,306
NET ASSETS (DEFICIENCY)	(929,567,915)	(860,378,189)	(1,355,789,484)	(1,384,272,817)	(1,502,823,101)	(1,642,180,981)	(1,969,781,081)	(2,163,667,130)	(2,245,256,202)	(2,245,567,864)	(2,273,428,793)	(2,331,518,955)

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **Insurance Commissioner v. Fremont Indemnity Company**
No.: **BS083582**

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 May 15, 2015, I served the attached **LIQUIDATOR'S ELEVENTH ANNUAL STATUS CONFERENCE REPORT FOR YEAR ENDING DECEMBER 31, 2014 AND APPLICATION FOR AUTHORITY TO COMMENCE RECORD DESTRUCTION** by placing a true copy thereof enclosed in a sealed envelope 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:

SEE ATTACHED SERVICE LIST

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 May 15, 2015, at Los Angeles, California.

Linda Richardson
Declarant



Signature

SERVICE LIST

Case Name: Insurance Commissioner v. Fremont Indemnity Company
L. A. S. C. Case No.: BS083582

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Attorneys for Applicant Insurance Commissioner of
8 the State of California, in his capacity as Liquidator
of Fremont Indemnity Company
9

CONFORMED COPY
ORIGINAL FILED
Superior Court of California
County of Los Angeles

MAY 22 2015

Sherri R. Carter, Executive Officer/Clerk
By: Robin Sanchez, Deputy

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

12 CENTRAL CIVIL WEST
13

14 INSURANCE COMMISSIONER OF THE
15 STATE OF CALIFORNIA,

16 Applicant,

17 v.

18 FREMONT INDEMNITY COMPANY, a
19 California corporation,

20 Respondent.
21

Case No. BS083582

[Assigned for All Purposes to the
Honorable William Highberger]

NOTICE OF ERRATA

Hearing Date:

Date: June 15, 2015

Time: 2:00 p.m.

Dept: CCW 322

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TO ALL INTERESTED PARTIES AND THEIR ATTORNEYS OF RECORD:

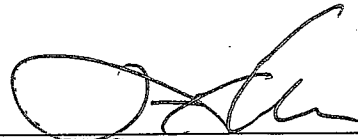
PLEASE TAKE NOTICE that the Eleventh Annual Status Conference Report for Year Ending December 31, 2014 and Application for Authority to Commence Record Destruction (“Status Report”) was filed on May 15, 2015 with an incorrect Exhibit A.

A true and correct copy of Exhibit A (summary of distributions made to insurance guarantee associations) is attached.

Dated: May 15, 2015

Respectfully Submitted,

KAMALA D. HARRIS
Attorney General of California
DIANE S. SHAW
STEPHEN LEW
Supervising Deputy Attorneys General



LISA W. CHAO
Deputy Attorney General
*Attorneys for Applicant
Insurance Commissioner of the State of
California, in his capacity as Liquidator of
Fremont Indemnity Company*

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EXHIBIT A

Fremont Indemnity Co.
 Distribution Inception-To-Date
 12/31/2014

State	1st Distribution	2nd Distribution	3rd Distribution	4th Distribution	5th Distribution	6th Distribution	7th Distribution	8th Distribution	9th Distribution	10th Distribution	Distribution Total	Stat dep	Total
												release/Assignment & Assumption	
Alabama	137,205.00	20,786.00	35,700.00	68,948.00	9,345.00	25,403.00	85,686.00	33,237.00	34,825.00	48,858.00	499,993.00	-	499,993.00
Alaska	3,615,351.00	3,260,791.00	5,507,239.00	5,815,791.00	1,837,406.00	-	809,256.00	2,021,375.00	1,025,619.00	2,574,179.00	26,467,007.00	4,872,250.71	31,339,257.71
Arizona	-	-	-	-	-	-	-	-	-	3,907,619.00	10,555,684.00	1,383,900.00	44,957,373.25
Arkansas	397,633.00	178,954.00	448,382.00	295,878.00	63,053.00	-	-	-	-	-	423,537,784.00	276,475,887.96	2,098,535.25
California	-	13,974,286.00	123,936,280.00	111,000,890.00	38,385,866.00	47,825,829.00	29,234,335.00	32,680,659.00	15,905,849.00	10,593,790.00	8,085,622.00	-	700,013,671.96
Colorado	1,999,577.00	915,447.00	1,447,852.00	1,054,969.00	307,287.00	514,366.00	1,846,124.00	-	-	-	849,497.00	899,300.00	8,085,622.00
Connecticut	-	-	-	233,821.00	46,384.00	92,499.00	293,294.00	27,503.00	62,566.00	93,430.00	606,367.00	-	1,748,797.00
DC	111,189.00	54,130.00	78,386.00	30,536.00	-	29,981.00	150,835.00	48,836.00	51,188.00	51,286.00	5,714,631.00	1,223,370.87	6,063,670.00
Florida	1,054,778.00	1,006,778.00	1,476,718.00	1,062,444.00	1,113,913.00	-	-	-	-	-	849,497.00	-	6,938,001.87
Georgia	140,740.00	272,037.00	633,797.00	407,108.00	132,046.00	-	-	309,060.00	131,028.00	237,688.00	2,263,504.00	-	2,263,504.00
Hawaii	3,865,629.00	1,527,942.00	1,849,941.00	1,512,511.00	78,509.00	-	-	-	-	-	8,834,532.00	-	8,834,532.00
Idaho	-	-	-	132,911.00	-	56,900.00	147,783.00	658,481.00	221,043.00	-	1,217,118.00	-	5,419,554.10
Illinois	11,978,870.00	8,548,391.00	12,714,223.00	8,722,986.00	3,088,657.00	-	-	1,807,957.00	2,375,274.00	-	49,236,358.00	1,657,000.00	50,893,358.00
Indiana	905,406.00	563,479.00	653,256.00	173,912.00	-	-	-	-	-	-	2,296,053.00	51,000.00	2,347,053.00
Iowa	1,783,978.00	619,958.00	1,195,145.00	757,539.00	250,885.00	-	-	-	-	-	4,607,505.00	-	4,607,505.00
Kansas	-	-	-	-	-	-	-	-	-	-	-	2,500,000.00	2,500,000.00
Kentucky	585,856.00	198,809.00	336,726.00	138,860.00	100,921.00	108,995.00	649,566.00	100,636.00	112,884.00	27,293.00	2,360,546.00	57,576.25	2,418,122.25
Louisiana	-	2,635.00	117,026.00	-	-	-	-	-	-	-	119,661.00	150,033.75	269,694.75
Maine	10,526.00	12,800.00	17,220.00	1,769.00	-	-	-	-	-	-	42,315.00	-	42,315.00
Maryland	-	-	-	-	-	-	-	-	-	-	-	1,000,000.00	1,000,000.00
Michigan	-	-	-	-	-	-	-	-	-	-	-	14,260,000.00	14,260,000.00
Minnesota	462,052.00	274,128.00	165,236.00	168,275.00	-	-	27,125.00	-	-	35,827.00	1,132,643.00	-	1,132,643.00
Mississippi	6,669.00	3,472.00	60,116.00	19,725.00	-	-	-	-	-	-	89,982.00	-	89,982.00
Missouri	803,665.00	787,886.00	1,599,832.00	1,301,440.00	196,038.00	-	-	-	-	-	4,688,861.00	799,822.10	5,488,683.10
Montana	1,266,073.00	684,579.00	996,304.00	933,482.00	563,510.00	462,258.00	1,681,084.00	804,868.00	360,145.00	482,663.00	8,234,966.00	-	8,234,966.00
Nebraska	364,722.00	316,987.00	262,707.00	293,483.00	202,077.00	-	-	-	-	-	1,439,976.00	228,891.30	1,668,867.30
Nevada	-	-	-	27,506.00	-	3,497.00	36,519.00	16,505.00	20,183.00	12,645.00	116,855.00	432,436.00	549,291.00
New Hampshire	252,214.00	50,367.00	107,080.00	56,012.00	-	-	-	-	-	-	465,673.00	-	465,673.00
New Jersey	7,994,939.00	1,276,029.00	9,327,444.00	5,219,497.00	1,800,438.00	-	-	-	-	1,279,055.00	26,897,400.00	-	26,897,400.00
New Mexico	-	-	-	-	-	-	-	-	-	-	752,504.00	1,335,529.23	2,088,033.23
New York	3,838,347.00	-	-	-	-	-	28,825.00	-	219,722.00	503,957.00	3,838,347.00	12,755,131.06	16,593,478.06
North Carolina	178,495.00	-	3,125.00	73,186.00	169,614.00	-	-	73,117.00	84,185.00	127,600.00	709,322.00	206,039.70	915,361.70
Oklahoma	-	-	57,255.00	96,057.00	-	-	-	19,142.00	98,878.00	186,547.00	457,879.00	403,041.00	860,920.00
Oregon	-	-	-	-	-	-	-	-	-	1,482,435.00	3,637,729.00	-	17,369,448.50
Pennsylvania	605,568.00	98,937.00	589,766.00	710,783.00	150,240.00	-	-	-	-	-	572.00	-	3,637,729.00
Rhode Islands	424.00	-	148.00	-	-	-	-	-	-	-	178,966.00	-	178,966.00
South Carolina	-	-	-	-	178,966.00	-	-	-	-	-	-	210,507.27	210,507.27
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	315,099.00
Tennessee	140,284.00	65,430.00	66,524.00	42,861.00	-	-	-	-	-	-	315,099.00	-	315,099.00
Texas	3,367,949.00	636,416.00	1,789,719.00	1,706,133.00	448,357.00	60,694.00	1,675,697.00	191,328.00	-	409,931.00	10,286,224.00	457,383.12	10,743,607.12
Utah	858,570.00	573,364.00	909,297.00	984,996.00	388,551.00	355,997.00	2,130,050.00	824,499.00	898,404.00	580,484.00	8,504,212.00	-	8,504,212.00
Vermont	102,909.00	139,155.00	110,663.00	43,069.00	-	-	-	-	-	46,081.00	441,877.00	-	441,877.00
Virginia	-	116,841.00	162,627.00	73,398.00	-	25,958.00	84,633.00	-	55,378.00	4,778.00	523,613.00	592,744.73	1,116,357.73
Wisconsin	2,394,606.00	753,466.00	1,407,305.00	979,348.00	30,240.00	408,798.00	1,053,610.00	-	-	-	7,027,373.00	50,000.00	7,077,373.00
Total	49,224,224.00	36,934,280.00	168,063,039.00	144,007,213.00	49,675,212.00	49,971,175.00	39,934,422.00	39,617,203.00	25,564,790.00	25,426,592.00	628,418,150.00	377,306,154.15	1,005,724,304.15

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **Insurance Commissioner v. Fremont Indemnity Company**
No.: **BS083582**

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 May 22, 2015, I served the attached **NOTICE OF ERRATA** by placing a true copy thereof enclosed in a sealed envelope 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:

SEE ATTACHED SERVICE LIST

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 May 22, 2015, at Los Angeles, California.

Linda Richardson
Declarant



Signature

SERVICE LIST

Case Name: Insurance Commissioner v. Fremont Indemnity Company
L. A. S. C. Case No.: BS083582

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