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Exempt from fees pursuant to Govt.  
Code § 6103

8  
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 COUNTY OF LOS ANGELES  
11 CENTRAL DISTRICT

12  
13 **INSURANCE COMMISSIONER OF THE**  
14 **STATE OF CALIFORNIA,**

Petitioner,

15  
16 v.

17 **WESTERN GENERAL INSURANCE**  
18 **COMPANY,**

Respondent.

Case No. 21STCP01655

**VERIFIED APPLICATION FOR ORDER  
OF LIQUIDATION; VERIFICATION;  
MEMORANDUM OF POINTS AND  
AUTHORITIES  
[INS. CODE § 1016]**

19 Date: August 5, 2021  
20 Time: 8:30 a.m.  
21 Dept.: 39  
22 Judge: Hon. Stephen I. Goorvitch  
23 Trial Date: None Set  
24 Action Filed: May 21, 2021  
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Petitioner Ricardo Lara, Insurance Commissioner of the State of California  
(Commissioner), hereby respectfully requests that the court issue an order of liquidation with a  
finding of insolvency to wind up the business of Western General Insurance Company pursuant to  
Insurance Code section 1016,<sup>1</sup> based upon the following facts:

## THE PARTIES

1. The Commissioner is the duly elected Insurance Commissioner of the State of California.

2. Respondent Western General Insurance Company (Western General) is a corporation duly organized and existing under and by virtue of the laws of the State of California, with its principle business office located in 5230 Las Virgenes Road, Calabasas, California.

3. Western General is 91.8 percent owned by Western General Holding Company (WGHC), a California corporation, which is in turn 51.1% owned by Mr. Robert M. Ehrlich and Ms. Laurel B. Ehrlich.

4. Western General is a domestic insurer under section 26 and subject to examination by the Commissioner pursuant to section 729 et seq.

5. At all relevant times, Western General is authorized to transact the business of property and casualty insurance in California under a Certificate of Authority issued by the Commissioner.

6. Western General is licensed to transact insurance in 39 states and the District of Columbia. However, most of its direct premiums written is concentrated in California, with over 80 percent of premiums written in this state.

7. Western General focuses on specialty dealer-originated and agent/broker produced non-standard automobile business written through its affiliated agency, All Motorists Insurance Agency.

## ADMINISTRATIVE SUPERVISION

8. On October 22, 2020, Mr. Robert Ehrlich, Chief Executive Officer of Western General, informed California Department of Insurance (CDI) that Western General was impaired

<sup>1</sup> Unless otherwise stated, all statutory references are to the California Insurance Code.

1 within the meaning of section 988, subdivision (a)(1).

2 9. On October 28, 2020, in accordance with section 733, subdivision (g), the  
3 Commissioner appointed Regulatory Services Group and its Chief Executive Officer Joseph  
4 Holloway as Special Examiner to conduct a targeted examination of Western General to ascertain  
5 the financial details as to Western General's impairment.

### 6 CONSERVATION

7 10. On May 26, 2021, upon application to this Court, the Insurance Commissioner was  
8 appointed Conservator of Western General by the California Superior Court for the County of  
9 Los Angeles. Specifically, based on Western General's quarterly statement as of March 31, 2021  
10 and continued losses thereafter, the Commissioner determined, and Western General's  
11 management and majority shareholder agreed, that Western General is in such an impaired  
12 financial condition that the further transaction of business by it will be, and is, hazardous to its  
13 policyholders, creditors and the public, and such condition required entry of an order of  
14 conservation.

### 15 GROUNDS FOR LIQUIDATION

16 11. Insurance Code section 1016 sets forth the grounds for the liquidation of an  
17 insurance company under the Commissioner's jurisdiction. Section 1016 states that in pertinent  
18 portion that:

19 If at any time after the issuance of an order under section 1011 ... it shall appear  
20 to the commissioner that it would be **futile to proceed as conservator with the**  
21 **conduct of the business of such person**, he may apply to the court for an order  
22 to liquidate and wind up the business of said person. Upon a full hearing of such  
23 application, the court may make an order directing the winding up and  
24 liquidation of the business of such person by the commissioner, as liquidator, for  
25 the purpose of carrying out the order to liquidate and wind up the business of  
26 such person. [Emphasis added.]

27 12. On May 15, 2021, Western General filed its quarterly statement as of March 31,  
28 2021 as required by section 900, stating its financial condition and affairs. A true and correct  
29 copy of the quarterly statement is attached hereto as Exhibit A. The quarterly statement showed  
30 that Western General had admitted assets of \$44,901,649 and liabilities of \$40,941,737, resulting  
31 in policyholder surplus of \$3,959.912.

1           13. Pursuant to his authority in Insurance Code section 730, the Commissioner  
2 conducted a limited scope financial examination of Respondent, in accordance with the National  
3 Association of Insurance Commissioners' Financial Condition Examiner's Handbook. Said  
4 examination covered the period ending May 31, 2021.

5           14. On completing this examination, the Commissioner determined Respondent is  
6 insolvent. Specifically, as of May 31, 2021, Western General had cash and cash equivalents of  
7 \$1,533,540.

8           15. The cash inflows for the month of June totaled \$3,539,909 and the cash outflows  
9 totaled \$5,901,000. Thus, at the end of June, Western General had no cash and current  
10 outstanding liabilities of \$827,551. In the following months, liabilities will continue to accrue  
11 and, by September 2021, the Commissioner projects Western General will have a negative cash  
12 position of over \$6 million. Attached as Exhibit B is a summary of the Commissioner's Cash  
13 Flow Projection over the next three months, which illustrates Western General's mounting  
14 liabilities.

15           16. **Respondent is essentially illiquid and without adequate cash or equivalents to**  
16 **pay ongoing expenses of operation.**

17           17. Based upon the foregoing facts, and as contemplated by Insurance Code section  
18 1016, the Commissioner has determined that he cannot effect rehabilitation of Western General;  
19 that it would be futile to continue to proceed as Conservator with conducting the business of  
20 Western General; that Western General is insolvent within the meaning of Section 985,  
21 subdivision (a)(2), in that Western General is unable to meet its financial obligations as they  
22 become due; and that such conditions are grounds for liquidation under Insurance Code section  
23 1016. Western General's management and majority shareholder have consented to and approved  
24 the liquidation of Western General.

25           18. The Commissioner acknowledges that Western General's management and  
26 majority shareholder do not consent at this time to any proposal by the Conservator or other  
27 statutory liquidator to dissolve the Company or to sell its corporate charter and license(s) as  
28 authorized under Insurance Code Section 1017, and the Commissioner states and affirms that no

1 such dissolution, sale or transfer is contemplated at this time.

2 19. Western General's management and majority shareholder acknowledge that the  
3 Commissioner as Liquidator in his sole discretion may subsequently make the determination to  
4 apply to the Court for an order dissolving the Company as authorized under Section 1017 and that  
5 they reserve their respective rights to file an objection to any such application.

6 20. A true and correct copy of the resolutions adopted by Western General's board of  
7 directors and its majority shareholder reflecting this consent and approval are attached hereto as  
8 Exhibit C. The Commissioner therefore seeks to liquidate and wind up the business of  
9 Respondent. Given Western General's financial condition, and the existence of legal grounds for  
10 liquidation, and the Commissioner's obligation to policyholders, creditors, and the public, an  
11 order of liquidation is necessary and appropriate. Therefore, pursuant to Insurance Code section  
12 1016, the Commissioner files this application for an order approving the liquidation with a  
13 finding of insolvency of Western General, and appointing him as the liquidator of Western  
14 General.

15 21. The Commissioner is prepared to commence the liquidation of Western General,  
16 with (i) Joseph Holloway serving as the Special Deputy Insurance Commissioner and specifically  
17 as the Deputy Liquidator of Western General, and (ii) Scott Pearce serving as the Liquidation  
18 Manager for Western General. Mr. Holloway is currently the Chief Executive Officer of the  
19 Commissioner's Conservation and Liquidation Office ("CLO") and the Regulatory Services  
20 Group, and Mr. Pearce is currently the CLO's Chief Estate Trust Officer.

#### 21 **NOTICE AND BASIS FOR EX PARTE RELIEF**

22 22. Time is of the essence in acting on this verified application to enter a liquidation  
23 order. As detailed above, Western General is essentially out of money and cannot pay its  
24 obligations as they come due. Any delay in liquidation threatens to further impair its ability to  
25 pay creditors, especially since with each passing day further obligations come due. Furthermore,  
26 pursuant to Insurance Code sections 1063.1, subdivisions (b) and (c), and 1063.2, a liquidation  
27 order with a finding of insolvency is required to trigger the California Insurance Guarantee  
28 Association's obligations to pay claims, which Western General is no longer able to pay.

1           23.     Notice of this ex parte application was timely given to Western General through its  
2 counsel:

3                   John E. McPherson  
4                   Hinshaw & Culbertson LLP  
5                   350 South Grand Ave., Suite 3600  
6                   Los Angeles, CA 90071-3476  
7                   Tel.: 213-614-7320  
8                   jmcpherson@hinshawlaw.com

9           24.     Western General's counsel confirmed that Western General would not oppose the  
10 Commissioner's application. (Declaration of Douglas J. Beteta, ¶ 4; see also Exhibit C.)

11                   **WHEREFORE**, the Commissioner prays that this Court issue an order:

12           1.     Terminating the Commissioner's status as Conservator and appointing him as  
13 Liquidator of Respondent, as contemplated by Insurance Code section 1016, with a finding that  
14 Western General is insolvent; directing the Commissioner, as Liquidator, to (i) liquidate and  
15 wind up the affairs of Respondent, (ii) conduct the business of Respondent, or so much as thereof  
16 may seem appropriate, (iii) pay or defer payment of all proper claims and obligations against  
17 Respondent accruing prior to or subsequent to his appointment as Liquidator; and directing him to  
18 act in all ways and exercise all powers necessary for the purpose of carrying out such order;

19           2.     Authorizing the Commissioner as Liquidator to take possession of all the assets of  
20 Respondent including books, records, and property, both real and personal, wheresoever situated;

21           3.     Vesting title to all property and assets of Respondent, whether presently in  
22 Respondent's possession or discovered hereafter, wheresoever situated, in the Commissioner as  
23 Liquidator or his successor in office, in his official capacity as such Liquidator; and enjoining all  
24 persons from interfering with the Commissioner's possession and title thereto;

25           4.     Authorizing the Commissioner as Liquidator to pay for his costs in bringing and  
26 maintaining this action, and such other actions as are necessary to carry out his functions as  
27 Liquidator, out of the funds and assets of Respondent; and if there are insufficient funds, to pay  
28 his costs out of the Insurance Fund, pursuant to Insurance Code section 1035;

          5.     Authorizing the Commissioner as Liquidator to initiate such equitable or legal  
actions or proceedings in this or other states as may appear to him necessary to carry out his

functions as Liquidator, including foreclosing on any security interests in favor of Respondent;

6. Authorizing the Commissioner as Liquidator to appoint and employ special deputies, estate trust managers, other professionals, clerks, and assistants and to give each of them such power and authority as he may deem necessary; and authorizing the Commissioner as Liquidator to compensate these persons from the assets of Respondent as he may deem appropriate; in particular, appointing Joseph Holloway, as Deputy Liquidator empowered to carry out any and all duties and exercise the authority of the Liquidator granted herein and the Insurance Code; and appointing Scott Pearce as Liquidation Manager empowered to carry out any and all duties and exercise the authority of the Liquidator and Deputy Liquidator, and as may be delegated by the Liquidator and Deputy Liquidator;

7. Authorizing the Commissioner as Liquidator to divert, take possession of, and secure all mail of Respondent, in order to screen such mail, and to effect a change in the rights to use any and all post office boxes and other mail collection facilities used by Respondent;

8. Authorizing the Commissioner as Liquidator to pay all reasonable costs of operating Respondent (including direct and allocated direct costs, direct and allocated general and administrative costs and overhead, and other allocated costs) out of funds and assets of Respondent; and if there are insufficient funds, to pay for his costs out of the Insurance Fund, pursuant to Insurance Code section 1035;

9. Authorizing the Commissioner as Liquidator, pursuant to Insurance Code section 1037, subdivision (g), to invest and reinvest assets through an investment pool consisting exclusively of assets from conserved or liquidated estates; providing that, to the extent the Commissioner as Liquidator invests and reinvests through such an investment pool, such investments and re-investments may exceed \$100,000;

10. Authorizing the Commissioner as Liquidator to pay as expenses of administration all expenses heretofore incurred by the Commissioner as Conservator, to the extent such expenses are presently unpaid; and authorizing the Commissioner as Liquidator to pay, upon presentation, the full amount of any checks or drafts which have been issued by him, in his capacity as Conservator, and which are outstanding;

1           11.     Authorizing the Commissioner as Liquidator, pursuant to Insurance Code section  
2 1037, subdivision (d), to dispose of any excess property of Respondent by any commercially  
3 reasonable method, including, but not limited to, sales at public auctions or sales in bulk to the  
4 high bidder;

5           12.     Authorizing the Commissioner as Liquidator to assume or reject, or to modify, any  
6 executory contracts, including without limitation, any lease, rental, or utilization contract or  
7 agreement (including any schedule to any such contract or agreement), and any license or other  
8 arrangement for the use of computer software or business information systems, to which  
9 Respondent is a party or as to which Respondent agrees to accept an assignment of such contract;  
10 providing that the Commissioner as Liquidator is directed to effect any such assumption or  
11 rejection or modification of any executory contract not later than within 120 days after the entry  
12 of the order herein prayed for, unless such date is extended by application to and further order of  
13 this Court; providing that all executory contracts not expressly assumed by the Commissioner as  
14 Liquidator shall be deemed rejected; providing that any party to a contract rejected by the  
15 Commissioner as Liquidator pursuant to the order herein prayed for shall be permitted to file a  
16 proof of claim against the liquidation estate, which claim shall be treated in accordance with  
17 Insurance Code section 1010, et seq.;

18           13.     Directing Respondent and all former and present officers, directors, agents, and  
19 employees of Respondent to deliver to the Commissioner as Liquidator all assets, books, records,  
20 equipment, and other property of the Respondent, wheresoever situated;

21           14.     Directing that all Respondent's funds and assets, including certificates of deposit,  
22 bank deposits, and mutual fund shares, in various financial depository institutions, including  
23 banks, savings and loan associations, industrial loan companies, mutual funds, or stock  
24 brokerages, wheresoever situated, be vested in the Commissioner as Liquidator and subject to  
25 withdrawal upon his order only;

26           15.     Ordering all persons who maintain records for Respondent, pursuant to written  
27 contract or any other agreement, to continue to maintain such records and to deliver them to the  
28 Commissioner as Liquidator upon his request;



1           16.     Directing that all agents of Respondent, and all brokers who have done business  
2 with Respondent, shall make remittances of all funds collected by them or in their hands directly  
3 to the Commissioner as Liquidator; providing that this obligation to remit collected funds is  
4 continuing in nature;

5           17.     Ordering all persons having possession of any lists of policyholders or escrow  
6 holders of Respondent, to deliver all such lists to the Commissioner as Liquidator; ordering that  
7 all persons are enjoined from using any such lists or any information contained therein without  
8 the consent of the Commissioner as Liquidator;

9           18.     Directing that Respondent and its respective officers, directors, agents, servants,  
10 employees, successors, assigns, affiliates, and other persons or entities under their control, and all  
11 persons or entities in active concert or participation with them, and each of them, shall turn over  
12 to the Commissioner as Liquidator any and all records, documentation, charts, and/or descriptive  
13 material of all funds, assets, property (owned beneficially or otherwise), and all other assets of  
14 Respondent, wherever situated, and all books and records of accounts, title documents, and other  
15 documents in their possession or under their control, which relate, directly or indirectly, to  
16 (i) assets or property owned by or held by Respondent or (ii) the business or operations of  
17 Respondent;

18           19.     Directing that all insurance policies issued by Respondent shall be terminated and  
19 canceled effective thirty (30) days following the issuance of the order herein prayed for, and  
20 directing the Commissioner as Liquidator to notify promptly all policyholders of such policy  
21 termination and cancellation by First Class Mail at the last known address of such policyholders;  
22 and authorizing the Commissioner as Liquidator, in his sole discretion, to terminate and cancel  
23 any policies issued by Respondent that are not covered by the preceding sentence or that were  
24 issued by a fronting insurer and reinsured, in whole or in part, by Respondent;

25           20.     Directing that, in conjunction with this proceeding, all prior injunctions and other  
26 orders of this Court, except to the extent expressly modified herein, are reaffirmed and remain in  
27 full force and effect; and that all powers and authority granted to the Commissioner as Liquidator  
28 under the order herein prayed for are in addition to and not in limitation of the powers of the

1 Commissioner as Liquidator under the Insurance Code and any other statutory or applicable case  
2 law;

3 21. Directing that the rights and liabilities of claimants, creditors, shareholders,  
4 policyholders, escrow holders, and all other persons interested in the assets of Respondent,  
5 including the State of California, are fixed as of the date of the entry of the order prayed for  
6 herein, pursuant to Section 1019;

7 22. Directing that all funds and accounts in the name of Respondent, or the  
8 Commissioner as Conservator, in various banks or any other institutions, wheresoever situated,  
9 shall be vested in the Commissioner as Liquidator and subject to withdrawal at his direction only,  
10 and that the order does not convert funds held in a fiduciary capacity to general assets of the  
11 Liquidator;

12 23. Enjoining, except with leave of court issued after a hearing in which the  
13 Commissioner as Liquidator has received reasonable notice, all persons from obtaining  
14 preferences, judgments, attachments or other liens, or making any levy against Respondent or its  
15 assets or property, and from executing or issuing or causing the execution or issuance of any court  
16 attachment, subpoena, replevin, levy, execution, or other process for the purpose of impounding  
17 or taking possession of or interfering with or creating or enforcing a lien upon any property or  
18 assets owned or in the possession of Respondent or its affiliates, or the Liquidator appointed  
19 herein, wheresoever situated, and from doing any act interfering with the conduct of said business  
20 by the Commissioner as Liquidator;

21 24. Enjoining all persons, except by leave of court obtained after reasonable notice to  
22 the Commissioner as Liquidator, from accelerating the due date of any obligation or claimed  
23 obligation; exercising any right of set-off; taking, retaining, retaking or attempting to retake  
24 possession of any real or personal property; withholding or diverting any rent or other obligation;  
25 doing any act or other thing whatsoever to interfere with the possession of or management by the  
26 Commissioner as Liquidator of the property and assets, owned or controlled by Respondent or in  
27 the possession of Respondent, or to in any way interfere with said Commissioner as Liquidator, or  
28 to interfere in any manner during the pendency of this proceeding with the exclusive jurisdiction

1 of this Court over Respondent;

2 25. Enjoining Respondent, its officers, directors, governors, agents, and employees  
3 from (i) transacting any of the business of Respondent, whether in the State of California or  
4 elsewhere, or (ii) disposing of, or assisting any person in the transfer or alienation of, the property  
5 or assets of Respondent, until further order of this Court;

6 26. Enjoining all persons from instituting, prosecuting, or maintaining any action at  
7 law or suit in equity, including but not limited to actions or proceedings to compel discovery or  
8 production of documents or testimony, and matters in arbitration, against Respondent or against  
9 the Commissioner as Liquidator of Respondent, and from attaching, executing foreclosure upon,  
10 redeeming of, or taking any other legal proceedings against, any of the property or assets of  
11 Respondent, and from doing any act interfering with the conduct of said business by the  
12 Commissioner as Liquidator, except upon order from this Court obtained after reasonable notice  
13 to the Commissioner as Liquidator;

14 27. Stating that any and all provisions of any agreement entered into by and between  
15 any third party and Respondent including, by way of illustration, but not limited to, the following  
16 types of agreements (as well as any amendments, assignments, or modifications thereto) shall be  
17 stayed, and the assertion of any and all rights, remedies relating thereto shall also be stayed and  
18 barred, except as otherwise ordered by the Court, and the Court shall retain jurisdiction over any  
19 cause of action that has arisen or may otherwise arise under any such provision: financial  
20 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,  
21 mortgages, indemnification agreements, subrogation agreements, subordination agreements,  
22 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,  
23 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate  
24 brokerage and rental agreements, servicing agreements, attorney agreements, consulting  
25 agreements, easement agreements, license agreements, franchise agreements, or employment  
26 contracts that provide in any manner that selection, appointment, or retention of a conservator or  
27 trustee by any court, or entry of an order such as hereby made, shall be deemed to be, or  
28 otherwise operate as a breach, violation, event of default, termination, event of dissolution, event

1 of acceleration, insolvency, bankruptcy, or liquidation;

2 28. Enjoining all persons from interfering with the possession, title, and rights of the  
3 Commissioner as Liquidator, in and to the property and assets of Respondent.

4 29. Enjoining all persons from waste of the assets of Respondent;


5 30. Providing that any and all claims against Respondent (except those policyholder  
6 claims already pending against Respondent, which are deemed filed), including those which in  
7 any way affect or seek to affect any of the assets of Respondent, wherever or however such assets  
8 may be owned or held, must be filed by no later than February 28, 2022 (the "Claims Bar Date"),  
9 together with proper proof thereof, in accordance with the provisions of Insurance Code section  
10 1010, et seq., including, but not limited to Insurance Code section 1023; and the claim must be  
11 timely filed on the form provided by the Liquidator, together with proper proofs thereof, and must  
12 be supplemented with such further information as the Liquidator requests, in accordance with  
13 Insurance Code section 1023, subdivision (f). As provided in Insurance Code section 1024, any  
14 claims not filed by the Claims Bar Date shall be conclusively deemed forever waived and no  
15 action may be maintained thereon; and

16 31. For such other or further relief as may be necessary and proper.

17 Dated: August 4, 2021

18 Respectfully Submitted,

19 ROB BONTA  
20 Attorney General of California  
21 LISA W. CHAO  
22 Supervising Deputy Attorney General

23   
24 DOUGLAS J. BETETA  
25 Deputy Attorney General  
26 *Attorneys for Petitioner*  
27 *Insurance Commissioner of the State of*  
28 *California*

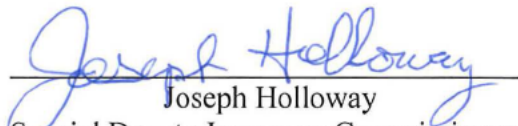
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**VERIFICATION**

I, Joseph Holloway, state that I am the Chief Executive Officer of the Insurance Commissioner's Conservation & Liquidation Office; that, since October 28, 2020, I have been the duly appointed Special Insurance Examiner of Western General Insurance Company; that, since May 26, 2021, I have been serving as the Deputy Conservator of Western General; that I make this verification in my official capacity; that I have read the foregoing Verified Application for Order of Liquidation; and that the facts stated therein are true of my own knowledge except as to matters which are therein stated on information and belief and, as to those matters, I believe them to be true.

Executed on this the 3<sup>rd</sup> day of August 2021, at Calabasas, California.

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

  
\_\_\_\_\_  
Joseph Holloway  
Special Deputy Insurance Commissioner

1                                   **MEMORANDUM OF POINTS AND AUTHORITIES**

2           Insurance Commissioner Ricardo Lara (Commissioner) seeks an immediate order  
3 authorizing the liquidation of Western General Insurance Company and his appointment as the  
4 Liquidator of Western General. The Commissioner's verified application is based upon his  
5 determination that (i) because of the dire financial problems of Western General, and as  
6 contemplated by Insurance Code section 1016, it is futile for the conservation Western General to  
7 continue, and (ii) in order to best protect Western General's policyholders and creditors, and the  
8 public at large, it is appropriate to liquidate and wind up the business of this company.

9                                   **WESTERN GENERAL IS INSOLVENT AND IT WOULD BE FUTILE TO CONTINUE**  
10                                   **ITS CONSERVATION**

11           Western General is authorized to transact the business of property and casualty insurance  
12 in California under the authority of a Certificate of Authority issued by the Commissioner.  
13 (Application, ¶ 5.) By law, Respondent must maintain a total paid-in capital and surplus sum of  
14 at least \$2,500,000. (Ins. Code, §§ 700.01, 700.02, 700.025.)

15           Pursuant to his examination of Western General and his supervision of it, the  
16 Commissioner has determined, *inter alia*, that:

- 17           • As of May 31, 2021, Western General had cash and cash equivalents of \$1,533,540.
- 18           • For June, cash inflows totaled \$3,539,909, while cash outflows totaled \$5,901,000.  
19           Resulting in a negative cash position of \$827,551 for June. (See Application, Ex. B.)
- 20           • Western General's cash position is projected to worsen in the coming months reaching  
21           over negative \$6,000,000 by September 2021. (Ibid.)
- 22           • Respondent has no verifiable evidence it has sufficient liquid assets to continue to pay  
23           claims and expenses.

24           Thus, the Commissioner has concluded that Western General is essentially illiquid  
25 without adequate cash or cash equivalents to pay ongoing expenses of operation. (Application,  
26 ¶¶ 17, 20.) Accordingly, it would be futile to proceed as conservator with conducting Western  
27 General's business. (Ibid.)  
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**ARGUMENT**

**I. THE SUPERIOR COURT IS AUTHORIZED TO ISSUE A LIQUIDATION ORDER UPON APPLICATION BY THE INSURANCE COMMISSIONER**

Insurance Code section 1016 provides in pertinent portion that:

If at any time after the issuance of an order under section 1011 ... it shall appear to the commissioner that it would be futile to proceed as conservator with the conduct of the business of such person, he may apply to the court for an order to liquidate and wind up the business of said person. Upon a full hearing of such application, the court may make an order directing the winding up and liquidation of the business of such person by the commissioner, as liquidator, for the purpose of carrying out the order to liquidate and wind up the business of such person.

Section 1016 has two requirements, which this application satisfies:

- On May 26, 2021, this Court has issued a conservation order under Insurance Code section 1011.
- It appears to the Commissioner that it would be futile to proceed as conservator with the conduct of Western General's business. (Application, ¶¶ 17, 20.)

**A. Western General's Finances Illustrate the Futility of Continued Conservation**

The Commissioner's determination that further conservation efforts are futile is demonstrated by the details of Western General's financial situation. Specifically:

(1) Western General's surplus is below the minimum capital and surplus requirement of \$2.5 million. (Ins. Code, §§ 700.01, 700.02, 700.025.)

(2) Western General's liquid assets are too low to pay its obligations as they become due. As of May 31, 2021, Western General had \$1,533,540 in its operating account. In June, Western General obtained \$3,539,909 in cash but had a cash outflows of \$5,901,000, resulting in a negative cash flow of \$827,551.

(3) There is no money to pay liabilities, and there is no promise of liquidity or rehabilitation in the foreseeable future.

(4) Western General is statutorily insolvent. (Ins. Code, §§ 985, 1011, subd. (h), (i).)

The Commissioner as Conservator has determined nothing more can be done to rehabilitate the financial condition of Respondent. Therefore, it would be futile to continue as Conservator with the conduct of Western General's business.

1           **B.     Liquidation Must Result from the Commissioner’s Finding of Futility**

2           When the Commissioner, in his capacity as Conservator, determines he is unable to effect  
3 rehabilitation of the insurer and that further conservation efforts are futile, liquidation must  
4 follow. (*Rhode Island Ins. Co. v. Downey* (1949) 95 Cal.App.2d 220, 225.) The Commissioner’s  
5 findings are presumed to be correct. (*Caminetti v. Guarantee Union Life Ins. Co.* (1942) 52  
6 Cal.App.2d 330, 337.) Here, the Commissioner has made such a finding and thus, liquidation  
7 must follow, especially were Western General’s management and majority shareholder have  
8 consented to the liquidation. (See Application, Ex. C.)

9           **II.   THE PROPOSED LIQUIDATION ORDER IS WELL-WITHIN THE COURT’S**  
10           **AUTHORITY**

11           The Commissioner’s proposed liquidation order contains the details mandated and  
12 authorized by the Insurance Code. Specifically:

- 13           • Insurance Code section 1019 provides that upon the issuance of a liquidation order, the  
14 rights and liabilities of the insurer and other persons interested in its assets (including  
15 creditors and policyholders) shall be fixed as of the date of entry of the liquidation order.
- 16           • Insurance Code section 1020 provides that this Court shall issue orders as may be deemed  
17 necessary to, among other things, prevent waste of assets, obtaining of preferences, and  
18 interference with the Commissioner as Liquidator or the liquidation proceeding.
- 19           • Insurance Code section 1035 provides that the Commissioner as Liquidator may appoint  
20 and employ deputy commissioners, clerks, and assistants to carry out his liquidation  
21 functions, and may pay the costs and expenses of liquidating the insurer out of the assets  
22 of the insurer, and then to extent necessary, out of the funds of the Department of  
23 Insurance.
- 24           • Insurance Code section 1037 specifies the powers which accrue to the Commissioner  
25 upon his appointment as Liquidator. These include, but are not limited to, the authority to  
26 collect all monies and debts due to the insurer, to conserve the assets of the insurer, to  
27 compromise and settle claims against the insurer, to acquire and dispose of property  
28 belonging to the insurer, and to prosecute and defend all lawsuits against the insurer.





# **EXHIBIT A**

**QUARTERLY STATEMENT**  
**OF THE**  
**Western General Insurance**  
**Company**  
**Of**  
**Calabasas**  
**in the state of CA**

**to the Insurance Department**  
**of the State of**

For the Period Ended  
March 31, 2021

**2021**



QUARTERLY STATEMENT

As of March 31, 2021  
of the Condition and Affairs of the

Western General Insurance Company

NAIC Group Code..... 0, 0 (Current Period) (Prior Period)	NAIC Company Code..... 27502	Employer's ID Number..... 95-2773313
Organized under the Laws of CA	State of Domicile or Port of Entry CA	Country of Domicile US
Incorporated/Organized..... August 11, 1971	Commenced Business..... July 10, 1973	
Statutory Home Office	5230 Las Virgenes Road Suite 100 .. Calabasas .. CA .. US .. 91302 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	5230 Las Virgenes Road Suite 100 .. Calabasas .. CA .. US .. 91302 (Street and Number) (City or Town, State, Country and Zip Code)	818-880-9070 (Area Code) (Telephone Number)
Mail Address	5230 Las Virgenes Road Suite 100 .. Calabasas .. CA .. US .. 91302 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	5230 Las Virgenes Road Suite 100 .. Calabasas .. CA .. US .. 91302 (Street and Number) (City or Town, State, Country and Zip Code)	818-880-9070 (Area Code) (Telephone Number)
Internet Web Site Address	www.westerngeneral.com	
Statutory Statement Contact	John L Albanese (Name) jalbanese@westerngeneral.com (E-Mail Address)	818-880-9070 (Area Code) (Telephone Number) (Extension) 818-880-0696 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Robert M Ehrlich	President	2. Laurel Ehrlich	Secretary
3. John L Albanese	Treasurer	4.	

OTHER

DIRECTORS OR TRUSTEES

Robert M Ehrlich	Marleen F Kushner	Laurel Ehrlich	John L Albanese
Mark Goldsmith	Justin Martin		

State of..... California  
County of..... Los Angeles

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Robert M Ehrlich 1. (Printed Name) President (Title)	(Signature) Laurel Ehrlich 2. (Printed Name) Secretary (Title)	(Signature) John L Albanese 3. (Printed Name) Treasurer (Title)
Subscribed and sworn to before me This _____ day of _____	a. Is this an original filing? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes [ X ] No [ ] _____ _____ _____

Western General Insurance Company  
ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds.....	16,909,476		16,909,476	17,045,151
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	3,486
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....6,171,875), cash equivalents (\$.....260,553) and short-term investments (\$.....0).....	6,432,428		6,432,428	6,004,140
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	23,341,904	0	23,341,904	23,052,777
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	117,842		117,842	126,579
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,290,063	788,025	1,502,038	7,886,310
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	12,731,261		12,731,261	16,331,175
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	7,087,903		7,087,903	8,198,557
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	120,701		120,701	120,701
18.2 Net deferred tax asset.....	4,924,191	4,924,191	0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	71,734	71,734	0	1,596,784
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	239,697	239,697	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	50,925,296	6,023,647	44,901,649	57,312,883
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	50,925,296	6,023,647	44,901,649	57,312,883

DETAILS OF WRITE-INS

1101. ....			0	
1102. ....			0	
1103. ....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Due from Reinsurer.....			0	
2502. Leasehold Deposit.....	139,697	139,697	0	
2503. Retainer.....	100,000	100,000	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	239,697	239,697	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$ .....3,095,608).....	.....11,910,766	.....12,288,841
2. Reinsurance payable on paid losses and loss adjustment expenses.....	.....934,707	.....968,673
3. Loss adjustment expenses.....	.....3,536,761	.....3,549,271
4. Commissions payable, contingent commissions and other similar charges.....	.....(1,511,069)	.....(1,119,709)
5. Other expenses (excluding taxes, licenses and fees).....	.....282,492	.....922,870
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	.....362,424	.....168,972
7.1 Current federal and foreign income taxes (including \$ .....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$ .....0 and interest thereon \$ .....0.....	.....41,400	.....82,200
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....8,509,788 and including warranty reserves of \$ .....0 and accrued accident and health experience rating refunds including \$ .....0 for medical loss ratio rebate per the Public Health Service Act).....	.....12,595,360	.....8,717,839
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	.....12,046,441	.....23,176,957
13. Funds held by company under reinsurance treaties.....	.....742,455	.....812,880
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$ .....0 certified).....		.....3,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$ .....0 and interest thereon \$ .....0.....		
25. Aggregate write-ins for liabilities.....	.....0	.....0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	.....40,941,737	.....49,571,794
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	.....40,941,737	.....49,571,794
29. Aggregate write-ins for special surplus funds.....	.....0	.....0
30. Common capital stock.....	.....3,105,000	.....3,105,000
31. Preferred capital stock.....	.....7,640,000	.....7,640,000
32. Aggregate write-ins for other than special surplus funds.....	.....0	.....0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	.....1,226,000	.....1,226,000
35. Unassigned funds (surplus).....	.....(7,783,288)	.....(4,002,111)
36. Less treasury stock, at cost:		
36.1 .....552.000 shares common (value included in Line 30 \$ .....38,088).....	.....227,800	.....227,800
36.2 .....0.000 shares preferred (value included in Line 31 \$ .....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36).....	.....3,959,912	.....7,741,089
38. Totals (Page 2, Line 28, Col. 3).....	.....44,901,649	.....57,312,883

DETAILS OF WRITE-INS

2501. Excess of statutory reserves over statement reserves(Schedule P Interrogatories).....		
2502. Retroactive Reinsurance Reserves Ceded.....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.....0	.....0
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.....0	.....0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	.....0	.....0
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	.....0	.....0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	.....0	.....0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$....9,978,196).....	18,489,147	31,735,643	111,001,817
1.2 Assumed..... (written \$....1,099,124).....	1,420,674	3,552,293	11,462,854
1.3 Ceded..... (written \$....574,224).....	13,284,246	23,315,367	84,281,919
1.4 Net..... (written \$....10,503,096).....	6,625,575	11,972,569	38,182,752
DEDUCTIONS:			
2. Losses incurred (current accident year \$....4,259,611):			
2.1 Direct.....	12,537,069	18,891,504	64,754,602
2.2 Assumed.....	401,034	3,825,186	6,041,346
2.3 Ceded.....	8,464,192	16,403,150	49,901,039
2.4 Net.....	4,473,911	6,313,540	20,894,909
3. Loss adjustment expenses incurred.....	996,562	1,388,221	5,152,926
4. Other underwriting expenses incurred.....	4,265,582	5,916,322	18,042,021
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	9,736,055	13,618,083	44,089,856
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(3,110,480)	(1,645,514)	(5,907,104)
INVESTMENT INCOME			
9. Net investment income earned.....	103,829	179,219	528,430
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....	68		647,961
11. Net investment gain (loss) (Lines 9 + 10).....	103,897	179,219	1,176,391
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0		
13. Finance and service charges not included in premiums.....	1,115,448	1,790,086	6,574,926
14. Aggregate write-ins for miscellaneous income.....	(1,032,438)	(1,789,141)	(6,571,241)
15. Total other income (Lines 12 through 14).....	83,010	945	3,685
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(2,923,573)	(1,465,350)	(4,727,028)
17. Dividends to policyholders.....			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(2,923,573)	(1,465,350)	(4,727,028)
19. Federal and foreign income taxes incurred.....		(57,471)	(57,471)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(2,923,573)	(1,407,879)	(4,669,557)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	7,741,089	20,485,118	3,592,922
22. Net income (from Line 20).....	(2,923,573)	(1,407,879)	(4,669,557)
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	(844)	(427,848)	(403,515)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....			1,034,276
27. Change in nonadmitted assets.....	(859,760)	363,402	10,447,086
28. Change in provision for reinsurance.....	3,000	(369,232)	(3,000)
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....			
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....			
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	(2,257,123)
38. Change in surplus as regards policyholders (Lines 22 through 37).....	(3,781,177)	(1,841,557)	4,148,167
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	3,959,912	18,643,561	7,741,089

DETAILS OF WRITE-INS			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Subpoenas Fees.....	810	945	3,685
1402. Finance and Service Charges Retained by General Agents.....	(1,115,448)	(1,790,086)	(6,574,926)
1403. Forgiveness of PPP Loan.....	82,200		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(1,032,438)	(1,789,141)	(6,571,241)
3701. Excess of statutory reserves over statement reserves(Schedule P Interrogatories).....			
3702. Correction of an Error.....			(2,257,123)
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	(2,257,123)

Western General Insurance Company  
CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	8,534,773	12,960,489	37,363,656
2. Net investment income.....	129,149	207,687	661,137
3. Miscellaneous income.....	83,010	945	3,685
4. Total (Lines 1 through 3).....	8,746,932	13,169,121	38,028,478
5. Benefit and loss related payments.....	3,741,332	13,089,593	20,141,944
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	6,184,674	6,300,190	22,569,594
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....			
10. Total (Lines 5 through 9).....	9,926,006	19,389,783	42,711,538
11. Net cash from operations (Line 4 minus Line 10).....	(1,179,074)	(6,220,662)	(4,683,060)
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	942,197	591,351	7,236,683
12.2 Stocks.....	2,710		2,032,485
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	944,907	591,351	9,269,168
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	823,099	1,698,415	6,367,824
13.2 Stocks.....			2,643
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....			
13.7 Total investments acquired (Lines 13.1 to 13.6).....	823,099	1,698,415	6,370,467
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	121,808	(1,107,064)	2,898,701
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....			
16.3 Borrowed funds.....	(40,800)		82,200
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			
16.6 Other cash provided (applied).....	1,526,354	1,148,290	(1,757,554)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	1,485,554	1,148,290	(1,675,354)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	428,288	(6,179,436)	(3,459,713)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	6,004,140	9,463,853	9,463,853
19.2 End of period (Line 18 plus Line 19.1).....	6,432,428	3,284,417	6,004,140
Note: Supplemental disclosures of cash flow information for non-cash transactions:			
20.0001 .....	.....	.....	.....



**Note 1 - Summary of Significant Accounting Policies**

A. The accompanying financial statements of the Company have been prepared in conformity with the NAIC Accounting Practices and Procedures manual.

	SSAP	F/S Page	F/S Line #	2021	2020
<b>NET INCOME</b>					
1. Company state basis (Page 4, Line 20, Column 1 & 2)	XXX	XXX	XXX	(2,923,573)	(4,669,557)
2. State Prescribed Practices that are an increase (decrease ) from NAIC SAP					
3. State Permitted Practices that is an increase/(decrease) from NAIC SAP					
4. NAIC SAP ( 1 - 2 - 3 = 4 )	XXX	XXX	XXX	(2,923,573)	(4,669,557)

	SSAP	F/S Page	F/S Line #	2021	2020
<b>SURPLUS</b>					
5. Company state basis ( Page 3, Line 37, Column 1 & 2 )	XXX	XXX	XXX	3,959,912	7,741,089
6. State Prescribed Practices that are an increase (decrease ) from NAIC SAP					
7. State Permitted Practices that is an increase/(decrease) from NAIC SAP					
8. NAIC SAP ( 5 - 6 - 7 = 8 )	XXX	XXX	XXX	3,959,912	7,741,089

**Note 2 - Accounting Changes and Corrections of Errors - NONE**

**Note 3 - Business Combinations and Goodwill - NONE**

**Note 4 - Discontinued Operations - NONE**

**Note 5 - Investments - NO CHANGES**

D. Loan-Backed Securities - NONE

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies - NONE**

**Note 7 - Investment Income - NO CHANGE**

**Note 8 - Derivate Instruments - NONE**

**Note 9 - Income Taxes - NO SIGNIFICANT CHANGES**

**Note 10 - Information Concerning Parent, Subsidiaries and Affiliates - NO SIGNIFICANT CHANGE**

**Note 11 - Debt**

The Company received a second loan from Citibank NA in the amount of \$ 41,400 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated February 26, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Company will be eligible for forgiveness, in whole or in part. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. The company’s first PPP loan received on May 4, 2020 in the amount \$82,200 was forgiven in full on January 4, 2021.

**Note 12 - Retirement Plans - NOT APPLICABLE**

**Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - NO SIGNIFICANT CHANGE**

**Note 14 - Contingencies - NO CHANGE**

**Note 15 - Leases - NO SIGNIFICANT CHANGES**

**Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk - NO CHANGE**

**Note 17 - Sale, Transfer & Servicing of Financial Asset & Extinguishments of Liabilities**

- A.      Transfer of receivable reported as sales – Not Applicable
- B.      Transfer and servicing of financial assets – Not Applicable
- C.      Wash sales - Not Applicable

**Note 18 - Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans - NOT APPLICABLE**

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NO CHANGE**

**Note 20 – Fair Value Measurements**

- A.   Inputs Used for Assets and Liabilities Measured at Fair Value on Recurring Basis

1.      Assets and Liabilities Measured at Fair Value on Recurring Basis: Level 1, 2 and 3

The Company has NO assets and liabilities that are measured at fair value on a recurring basis into the three-level fair value hierarchy as reflected in the following table. See item 3 below for a discussion of each of these three levels.

1 Description	2 Level 1	3 Level 2	4 Level 3	5 Total
Assets at fair value				
Common Stocks		NONE		
Total Assets				
Liabilites at fair value				
Total Liabilities				

2.      Rollforward of Level 3 Items

The Company has no assets or liabilities measured at fair value on a recurring basis in this category.

3.      Inputs and Techniques Used for Fair Value

Level 1 – Quoted Prices in Active Markets for Identical Assets and Liabilities: This category for items measured at fair value on a recurring basis includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 – Significant Other Observable Inputs: The Company has no assets or liabilities measured at fair value on a recurring basis in this category.

Level 3 – Significant Unobservable Inputs: The Company has no assets or liabilities measured at fair value on a recurring basis in this category.

- B.   Inputs Used for Assets and Liabilities Measured at Fair Value on nonrecurring Basis: Levels 1, 2 and 3 - Not Applicable
- C.   Other Fair Value Disclosures – Not Applicable

Type of Financial Instruments	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	17,663,585	16,909,476	2,793,167	14,870,418			
Common Stocks							

- D. Reasons Not Practical to Estimate fair Value – Not Applicable
- E. Instruments Measured at Net Asset Value – Not Applicable

**Note 21 - Other Items - NO CHANGE**

**Note 22 - Events Subsequent - NO SIGNIFICANT CHANGES**

**Note 23 – Reinsurance – NO SIGNIFICANT CHANGES**

**Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination - NONE**

**Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

- A. NONE

**Note 26 - Intercompany Pooling Arrangements - NONE**

**Note 27 - Structured Settlements - NOT APPLICABLE**

**Note 28 - Health Care Receivables - NOT APPLICABLE**

**Note 29 - Participating Policies - NOT APPLICABLE**

**Note 30 - Premium Deficiency Reserves – NO CHANGE**

**Note 31 - High Deductibles - NOT APPLICABLE**

**Note 32 - Discounting of liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses - NOT APPLICABLE**

**Note 33 - Asbestos and Environment reserves - NOT APPLICABLE**

**Note 34 - Subscriber Savings Accounts - NOT APPLICABLE**

**Note 35 - Multiple Peril Crop Insurance - NOT APPLICABLE**

**Note 36 – Financial Guaranty Insurance – NOT APPLICABLE**

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [ ☐ ] No [ ☒ ]

1.2

If yes, has the report been filed with the domiciliary state?

Yes [ ☐ ] No [ ☐ ]

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ☐ ] No [ ☒ ]

2.2

If yes, date of change:

3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1 and 1A.

Yes [ ☒ ] No [ ☐ ]

3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [ ☐ ] No [ ☒ ]

3.3

If the response to 3.2 is yes, provide a brief description of those changes.

3.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes [ ☐ ] No [ ☒ ]

3.5

If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?  
If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period.

Yes [ ☐ ] No [ ☒ ]

4.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

Yes [ ☐ ] No [ ☒ ] N/A [ ☐ ]

6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2019

6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2016

6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/28/2018

6.4

By what department or departments?  
California Department of Insurance

6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [ ☒ ] No [ ☐ ] N/A [ ☐ ]

6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [ ☒ ] No [ ☐ ] N/A [ ☐ ]

7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [ ☐ ] No [ ☒ ]

7.2

If yes, give full information:

8.1

Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?

Yes [ ☐ ] No [ ☒ ]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ☐ ] No [ ☒ ]

8.4

If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes [ ☒ ] No [ ☐ ]

9.11

If the response to 9.1 is No, please explain:

9.2

Has the code of ethics for senior managers been amended?

Yes [ ☐ ] No [ ☒ ]

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ☐ ] No [ ☒ ]

9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ]No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [ ]No [X]

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$0

13. Amount of real estate and mortgages held in short-term investments:

\$0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [ ]No [X]

14.2 If yes, please complete the following:

14.21 Bonds

14.22 Preferred Stock

14.23 Common Stock

14.24 Short-Term Investments

14.25 Mortgage Loans on Real Estate

14.26 All Other

14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)

14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above

1 Prior Year End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
\$0	\$0
0	0
0	0
0	0
0	0
0	0
0	0
\$0	\$0
\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [ ]No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [ ]No [ ]N/A [X]

If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

16.3 Total payable for securities lending reported on the liability page:

\$0

17. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X]No [ ]

17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
MUFG Union Bank NA	350 Claifornia Street 17th Floor San Francisco CA 94104

17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes [ ]No [X]

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such ["...that have access to the investment accounts", "handle securities"].

1 Name of Firm or Individual	2 Affiliation
New England Asset Management	U

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's invested assets?

Yes [X]No [ ]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?

Yes [X]No [ ]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
MUFG Union Bank NA	New England Asset Management	KUR85E5PS4GQFZTFC130	Securities and Exchange Commission	NO

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X]No [ ]

18.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

19.

By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

a.

Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.

b.

Issuer or obligor is current on all contracted interest and principal payments.

c.

The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?

Yes [ ☐ ]    No [ ☒ ]

20.

By self-designating PLGI securities, the reporting entity is certifying the following elements for each self-designated PLGI security:

a.

The security was purchased prior to January 1, 2018.

b.

The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c.

The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d.

The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [ ☐ ]    No [ ☒ ]

21.

By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

a.

The security was purchased prior to January 1, 2019.

b.

The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c.

The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.

d.

The fund only or predominantly holds bonds in its portfolio.

e.

The current reporting NAIC designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.

f.

The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [ ☐ ]    No [ ☒ ]

Q07.2



SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1	2	3	4	5	6	7
NAIC Company Code	ID Number	Name of Reinsurer	Domiciliary Jurisdiction	Type of Reinsurer	Certified Reinsurer Rating (1 through 6)	Effective Date of Certified Reinsurer Rating

NONE



SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.		1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
			2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1.	Alabama.....AL	...L...	.....(281)	.....1,275	.....	.....	.....	.....
2.	Alaska.....AK	...L...	.....	.....	.....	.....	.....	.....
3.	Arizona.....AZ	...L...	.....77,272	.....469,669	.....178,312	.....477,241	.....262,490	.....426,090
4.	Arkansas.....AR	...L...	.....	.....	.....	.....	.....	.....
5.	California.....CA	...L...	.....8,170,763	.....24,765,537	.....11,996,914	.....17,032,724	.....35,817,531	.....39,269,047
6.	Colorado.....CO	...L...	.....317,067	.....473,111	.....278,033	.....487,483	.....378,540	.....436,057
7.	Connecticut.....CT	...L...	.....	.....	.....	.....	.....	.....
8.	Delaware.....DE	...L...	.....	.....	.....	.....	.....	.....
9.	District of Columbia.....DC	...L...	.....	.....534	.....	.....	.....	.....
10.	Florida.....FL	...L...	.....	.....	.....(62)	.....(208)	.....	.....
11.	Georgia.....GA	...L...	.....(1,068)	.....14,414	.....1,525	.....25,000	.....	.....
12.	Hawaii.....HI	...L...	.....	.....	.....	.....	.....	.....
13.	Idaho.....ID	...L...	.....	.....	.....	.....	.....	.....
14.	Illinois.....IL	...L...	.....	.....1,370	.....	.....	.....	.....
15.	Indiana.....IN	...L...	.....	.....	.....	.....	.....	.....
16.	Iowa.....IA	...L...	.....	.....	.....	.....	.....	.....
17.	Kansas.....KS	...L...	.....	.....	.....	.....	.....	.....
18.	Kentucky.....KY	...L...	.....	.....	.....	.....	.....	.....
19.	Louisiana.....LA	...L...	.....	.....	.....	.....	.....	.....
20.	Maine.....ME	...L...	.....	.....	.....	.....	.....	.....
21.	Maryland.....MD	...L...	.....(152)	.....1,258	.....	.....6,287	.....	.....1,650
22.	Massachusetts.....MA	...N...	.....	.....	.....	.....	.....	.....
23.	Michigan.....MI	...N...	.....	.....	.....	.....	.....	.....
24.	Minnesota.....MN	...L...	.....	.....	.....	.....	.....	.....
25.	Mississippi.....MS	...L...	.....	.....	.....	.....	.....	.....
26.	Missouri.....MO	...L...	.....(190)	.....2,715	.....	.....2,189	.....1,650	.....1,650
27.	Montana.....MT	...N...	.....	.....	.....	.....	.....	.....
28.	Nebraska.....NE	...N...	.....	.....	.....	.....	.....	.....
29.	Nevada.....NV	...L...	.....12,074	.....139,997	.....18,193	.....9,473	.....8,600	.....29,000
30.	New Hampshire.....NH	...N...	.....	.....	.....	.....	.....	.....
31.	New Jersey.....NJ	...L...	.....	.....3,653	.....	.....	.....	.....
32.	New Mexico.....NM	...L...	.....	.....	.....	.....	.....	.....
33.	New York.....NY	...L...	.....19,091	.....27,571	.....85,030	.....69,257	.....47,565	.....16,772
34.	North Carolina.....NC	...L...	.....	.....	.....	.....	.....	.....
35.	North Dakota.....ND	...N...	.....	.....	.....	.....	.....	.....
36.	Ohio.....OH	...N...	.....	.....	.....	.....	.....	.....
37.	Oklahoma.....OK	...L...	.....	.....	.....	.....	.....	.....
38.	Oregon.....OR	...L...	.....	.....	.....	.....	.....	.....
39.	Pennsylvania.....PA	...L...	.....(324)	.....2,475	.....	.....	.....1,650	.....1,650
40.	Rhode Island.....RI	...L...	.....	.....	.....	.....	.....	.....
41.	South Carolina.....SC	...L...	.....	.....	.....	.....	.....	.....
42.	South Dakota.....SD	...N...	.....	.....	.....	.....	.....	.....
43.	Tennessee.....TN	...L...	.....(290)	.....2,023	.....	.....	.....	.....
44.	Texas.....TX	...L...	.....348,156	.....695,765	.....543,084	.....683,297	.....608,922	.....673,066
45.	Utah.....UT	...L...	.....1,036,078	.....3,326,314	.....2,724,449	.....2,382,041	.....2,798,376	.....3,424,843
46.	Vermont.....VT	...N...	.....	.....	.....	.....	.....	.....
47.	Virginia.....VA	...L...	.....	.....3,375	.....	.....	.....	.....1,650
48.	Washington.....WA	...L...	.....	.....	.....	.....	.....	.....
49.	West Virginia.....WV	...L...	.....	.....	.....	.....	.....	.....
50.	Wisconsin.....WI	...N...	.....	.....	.....	.....	.....	.....
51.	Wyoming.....WY	...N...	.....	.....	.....	.....	.....	.....
52.	American Samoa.....AS	...N...	.....	.....	.....	.....	.....	.....
53.	Guam.....GU	...N...	.....	.....	.....	.....	.....	.....
54.	Puerto Rico.....PR	...N...	.....	.....	.....	.....	.....	.....
55.	US Virgin Islands.....VI	...N...	.....	.....	.....	.....	.....	.....
56.	Northern Mariana Islands.....MP	...N...	.....	.....	.....	.....	.....	.....
57.	Canada.....CAN	...N...	.....	.....	.....	.....	.....	.....
58.	Aggregate Other Alien.....OT	...XXX...	.....0	.....0	.....0	.....0	.....0	.....0
59.	Totals.....	...XXX...	.....9,978,196	.....29,931,056	.....15,825,478	.....21,174,785	.....39,925,324	.....44,281,475

DETAILS OF WRITE-INS

58001.	.....XXX...	.....	.....	.....	.....	.....	.....
58002.	.....XXX...	.....	.....	.....	.....	.....	.....
58003.	.....XXX...	.....	.....	.....	.....	.....	.....
58998.	Summary of remaining write-ins for Line 58 from overflow page.....	...XXX...	.....0	.....0	.....0	.....0	.....0
58999.	Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above).....	...XXX...	.....0	.....0	.....0	.....0	.....0

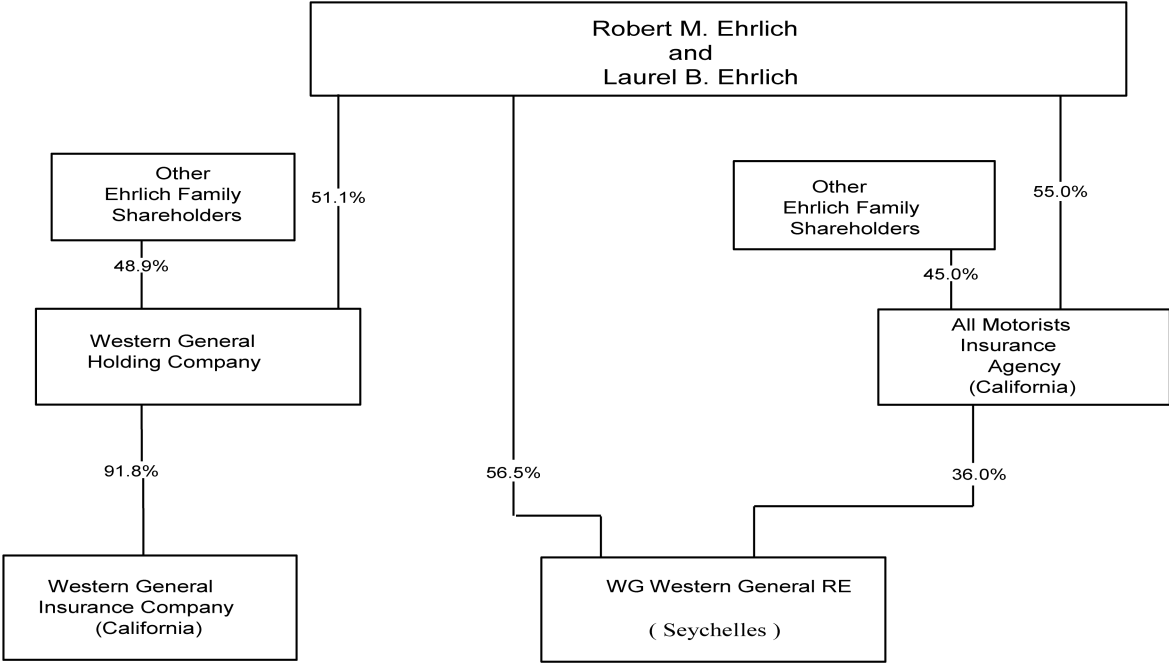
(a) Active Status Count

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	40	R - Registered - Non-domiciled RRGs.....	0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	0	Q - Qualified - Qualified or accredited reinsurer.....	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....	0	N - None of the above - Not allowed to write business in the state.....	17

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

The following chart depicts the interrelationship of the Company and it's affiliates within the holding company system.



No company has more than 99 shareholders and no outside shareholder owns more than 1,500 shares.

Management of the Company is vested in a 6 member board of directors, which is elected annually by the shareholders.

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
Members															
.....	Western General Group.....	00000...	95-4774944..	.....	.....	.....	Western General Holding Company.....	CA.....	UDP.....	Robert M. Ehrlich.....	Ownership.....	.....51.100	Robert M. Ehrlich.....	.....N.....	.....
.....	Western General Group.....	27502...	95-2773313..	.....	.....	.....	Western General Insurance Company.....	CA.....	.....	Western General Holding Company.....	Ownership.....	.....91.800	Robert M. Ehrlich.....	.....N.....	.....
.....	Western General Group.....	00000...	95-2103043..	.....	.....	.....	All Motorists Insurance Agency.....	CA.....	NIA.....	Robert M. Ehrlich.....	Ownership.....	.....55.000	Robert M. Ehrlich.....	.....N.....	.....
.....	Western General Group.....	00000...	98-0153146..	.....	.....	.....	WG Western General Re.....	SYC.....	IA.....	Robert M. Ehrlich.....	Ownership.....	.....56.500	Robert M. Ehrlich.....	.....N.....	.....
.....	Western General Group.....	00000...	98-0153146..	.....	.....	.....	WG Western General Re.....	SYC.....	IA.....	All Motorists Insurance Agency.....	Ownership.....	.....36.000	Robert M. Ehrlich.....	.....N.....	.....

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.000	
2. Allied lines.....			0.000	
3. Farmowners multiple peril.....			0.000	
4. Homeowners multiple peril.....			0.000	
5. Commercial multiple peril.....			0.000	
6. Mortgage guaranty.....			0.000	
8. Ocean marine.....			0.000	
9. Inland marine.....			0.000	
10. Financial guaranty.....			0.000	
11.1. Medical professional liability - occurrence.....			0.000	
11.2. Medical professional liability - claims-made.....			0.000	
12. Earthquake.....			0.000	
13. Group accident and health.....			0.000	
14. Credit accident and health.....			0.000	
15. Other accident and health.....			0.000	
16. Workers' compensation.....			0.000	
17.1 Other liability-occurrence.....			0.000	
17.2 Other liability-claims made.....			0.000	
17.3 Excess workers' compensation.....			0.000	
18.1 Products liability-occurrence.....			0.000	
18.2 Products liability-claims made.....			0.000	
19.1, 19.2 Private passenger auto liability.....	11,187,251	8,593,299	76.813	64.993
19.3, 19.4 Commercial auto liability.....		(2,131)	0.000	98.302
21. Auto physical damage.....	7,252,069	3,837,199	52.912	49.862
22. Aircraft (all perils).....			0.000	
23. Fidelity.....			0.000	
24. Surety.....			0.000	
26. Burglary and theft.....			0.000	
27. Boiler and machinery.....			0.000	
28. Credit.....			0.000	
29. International.....			0.000	
30. Warranty.....	49,827	108,702	218.159	146.241
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.000	
35. Totals.....	18,489,147	12,537,069	67.808	59.528
DETAILS OF WRITE-INS				
3401. Miscellaneous.....			0.000	
3402. ....			0.000	
3403. ....			0.000	
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0.000	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0.000	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1 Medical professional liability - occurrence.....			
11.2 Medical professional liability - claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1 Other liability-occurrence.....			
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....	6,887,085	6,887,085	14,671,459
19.3 19.4 Commercial auto liability.....			1,274,406
21. Auto physical damage.....	3,072,020	3,072,020	13,957,620
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....	19,091	19,091	27,571
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	9,978,196	9,978,196	29,931,056
DETAILS OF WRITE-INS			
3401. Miscellaneous.....			
3402. ....			
3403. ....			
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	<div>NO</div>
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	<div>NO</div>
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<div>NO</div>
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<div>NO</div>

Explanation:

1.

The data for this supplement is not required to be filed.
2.

The data for this supplement is not required to be filed.
3.

The data for this supplement is not required to be filed.
4.

The data for this supplement is not required to be filed.

Bar Code:



**Western General Insurance Company**  
**Overflow Page for Write-Ins**

**NONE**

Western General Insurance Company

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other-than-temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other-than-temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other-than-temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	17,048,638	19,789,030
2. Cost of bonds and stocks acquired.....	823,099	6,370,467
3. Accrual of discount.....	3,313	13,280
4. Unrealized valuation increase (decrease).....	(844)	(403,516)
5. Total gain (loss) on disposals.....	68	627,359
6. Deduct consideration for bonds and stocks disposed of.....	944,907	9,269,169
7. Deduct amortization of premium.....	19,896	99,416
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees.....		20,603
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10).....	16,909,471	17,048,638
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	16,909,471	17,048,638



SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

	1	2	3	4	5	6	7	8
NAIC Designation	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	14,812,928	823,099	712,187	(13,144)	14,910,696			14,812,928
2. NAIC 2 (a).....	2,502,214		500,000	(3,439)	1,998,775			2,502,214
3. NAIC 3 (a).....					0			
4. NAIC 4 (a).....					0			
5. NAIC 5 (a).....					0			
6. NAIC 6 (a).....					0			
7. Total Bonds.....	17,315,142	823,099	1,212,187	(16,583)	16,909,471	0	0	17,315,142
PREFERRED STOCK								
8. NAIC 1.....					0			
9. NAIC 2.....					0			
10. NAIC 3.....					0			
11. NAIC 4.....					0			
12. NAIC 5.....					0			
13. NAIC 6.....					0			
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	17,315,142	823,099	1,212,187	(16,583)	16,909,471	0	0	17,315,142

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

Sch. DA - Pt. 1  
NONE

Sch. DA - Verification  
NONE

Sch. DB - Pt. A - Verification  
NONE

Sch. DB - Pt. B - Verification  
NONE

Sch. DB - Pt. C - Sn. 1  
NONE

Sch. DB - Pt. C - Sn. 2  
NONE

Sch. DB - Verification  
NONE

SCHEDULE E - PART 2 - VERIFICATION

Cash Equivalents

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	373,686	2,963,898
2. Cost of cash equivalents acquired.....	980,659	7,511,179
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	1,093,793	10,101,391
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	260,552	373,686
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	260,552	373,686

Sch. A Pt. 2  
NONE

Sch. A Pt. 3  
NONE

Sch. B - Pt. 2  
NONE

Sch. B - Pt. 3  
NONE

Sch. BA - Pt. 2  
NONE

Sch. BA - Pt. 3  
NONE

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Quarter

1	2		3	4	5	6	7	8	9	10
CUSIP Identification	Description		Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
Bonds - U.S. Special Revenue and Special Assessment										
3133L8 DS 1	FHLMC UMBS 15Y FIXED.....			03/01/2021.....	Union Bank.....		515,130	496,661	414	1.....
31418D YH 9	FNMA UMBS INT 20 YEAR.....			03/01/2021.....	BNY/SUNTRUST CAPITAL MARKETS.....		307,969	300,000	167	1.....
3199999	Total - Bonds - U.S. Special Revenue and Special Assessments.....						823,099	796,661	581	XXX
8399997	Total - Bonds - Part 3.....						823,099	796,661	581	XXX
8399999	Total - Bonds.....						823,099	796,661	581	XXX
9999999	Total - Bonds, Preferred and Common Stocks.....						823,099	XXX	581	XXX

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Quarter

1	2			3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
												11	12	13	14	15							
CUSIP Identification	Description			F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
Bonds - U.S. Political Subdivisions of States																							
658570	EZ	5	NORTH CHARLESTON S C SWR DIST.....	..	01/01/2021.	CALLED @ 100.0000000.....	.....	.....350,000	.....350,000	.....370,815	.....350,000	.....	.....	.....	.....0	.....	.....350,000	.....	.....	.....0	.....8,050	01/01/2024.	1.B FE.....
2499999.	Total - Bonds - U.S. Political Subdivisions of States.....							.....350,000	.....350,000	.....370,815	.....350,000	.....0	.....0	.....0	.....0	.....0	.....350,000	.....0	.....0	.....0	.....8,050	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment																							
3140KP	JP	9	FNMA UMBS LNG 30 YEAR.....	..	03/25/2021.	PRINC PAL RECEIPT.....	.....	.....42,684	.....42,684	.....44,138	.....44,136	.....	.....(1,452)	.....	.....(1,452)	.....	.....42,684	.....	.....	.....0	.....174	09/01/2050.	1. ....
3140KD	Q8	6	FNMA UMBS LNG 30 YEAR.....	.	03/25/2021.	PRINC PAL RECEIPT.....	.....	.....11,659	.....11,659	.....12,111	.....12,109	.....	.....(450)	.....	.....(450)	.....	.....11,659	.....	.....	.....0	.....54	06/01/2050.	1. ....
3199999.	Total - Bonds - U.S. Special Revenue and Special Assessments.....							.....54,343	.....54,343	.....56,249	.....56,245	.....0	.....(1,902)	.....0	.....(1,902)	.....0	.....54,343	.....0	.....0	.....0	.....228	XXX	XXX
Bonds - Industrial and Miscellaneous																							
02004V	AC	7	ALLY AUTO RECV TR 2018-2.....	..	03/15/2021.	PRINC PAL RECEIPT.....	.....	.....37,854	.....37,854	.....37,847	.....37,850	.....	.....4	.....	.....4	.....	.....37,854	.....	.....	.....0	.....179	11/15/2022.	1.A FE.....
94974B	FR	6	WELLS FARGO CO MTN BE.....	.	01/22/2021.	MATURITY.....	.....	.....500,000	.....500,000	.....521,745	.....500,232	.....	.....(232)	.....	.....(232)	.....	.....500,000	.....	.....	.....0	.....7,500	01/22/2021.	2.A FE.....
3899999.	Total - Bonds - Industrial and Miscellaneous.....							.....537,854	.....537,854	.....559,592	.....538,082	.....0	.....(228)	.....0	.....(228)	.....0	.....537,854	.....0	.....0	.....0	.....7,679	XXX	XXX
8399997.	Total - Bonds - Part 4.....							.....942,197	.....942,197	.....986,656	.....944,327	.....0	.....(2,130)	.....0	.....(2,130)	.....0	.....942,197	.....0	.....0	.....0	.....15,957	XXX	XXX
8399999.	Total - Bonds.....							.....942,197	.....942,197	.....986,656	.....944,327	.....0	.....(2,130)	.....0	.....(2,130)	.....0	.....942,197	.....0	.....0	.....0	.....15,957	XXX	XXX
Common Stocks - Industrial and Miscellaneous (Unaffiliated) Publicly Traded																							
92556V	10	6	VIATRIS NC.....	..	03/01/2021.	VARIOUS.....	.....186.002	.....2,710	XXX	.....2,642	.....3,486	.....(844)	.....	.....	.....(844)	.....	.....2,642	.....	.....68	.....68	.....	XXX	XXX
9099999.	Total - Common Stocks - Industrial and Miscellaneous (Unaffiliated) Publicly Traded.....							.....2,710	XXX	.....2,642	.....3,486	.....(844)	.....0	.....0	.....(844)	.....0	.....2,642	.....0	.....68	.....68	.....0	XXX	XXX
9799997.	Total - Common Stocks - Part 4.....							.....2,710	XXX	.....2,642	.....3,486	.....(844)	.....0	.....0	.....(844)	.....0	.....2,642	.....0	.....68	.....68	.....0	XXX	XXX
9799999.	Total - Common Stocks.....							.....2,710	XXX	.....2,642	.....3,486	.....(844)	.....0	.....0	.....(844)	.....0	.....2,642	.....0	.....68	.....68	.....0	XXX	XXX
9899999.	Total - Preferred and Common Stocks.....							.....2,710	XXX	.....2,642	.....3,486	.....(844)	.....0	.....0	.....(844)	.....0	.....2,642	.....0	.....68	.....68	.....0	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks.....							.....944,907	XXX	.....989,298	.....947,813	.....(844)	.....(2,130)	.....0	.....(2,974)	.....0	.....944,839	.....0	.....68	.....68	.....15,957	XXX	XXX

QE05

Sch. DB - Pt. A - Sn. 1  
NONE

Sch. DB - Pt. B - Sn. 1  
NONE

Sch. DB - Pt. D - Sn. 1  
NONE

Sch. DB - Pt. D - Sn. 2  
NONE

Sch. DB - Pt. E  
NONE

Sch. DL - Pt. 1  
NONE

Sch. DL - Pt. 2  
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount or Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
Citibank Operating.....	Encino CA.....				1,789,017	1,875,033	3,281,603	XXX
Wells Fargo Concentration Account.....	Woodland Hills CA.....		12		(2,743,876)	4,872,806	(54,716)	XXX
California United Bank.....	Encino CA.....				13,087	13,087	13,087	XXX
California United Bank.....	Encino CA.....				27,250	27,250	27,250	XXX
California United Bank.....	Encino CA.....				13,556	13,556	13,556	XXX
California United Bank.....	Encino CA.....				3,114	3,114	3,114	XXX
Citibank Money Market.....	Encino CA.....	0.050	10		79,347	88,534	88,541	XXX
California United Bank Money Market.....	Encino CA.....	0.020	3		65,361	65,362	65,362	XXX
Union Bank Money Market.....	Encino CA.....	0.050	4		38,164	37,077	33,961	XXX
Union Bank Claims Account.....	Los Angeles CA.....				27	27	27	XXX
Bank Of America CD.....	Encino CA.....	0.050	6		400,000	400,000	400,000	XXX
One West Bank CD.....	Encino CA.....	0.150	142		383,066	383,066	383,066	XXX
Union Bank.....	Encino CA.....	0.150	117		300,000	300,000	300,000	XXX
Wells Fargo Bank CD.....	Woodland Hills CA.....	0.050	12		500,000	500,000	500,000	XXX
Avenue Insights & Analytics.....	Massachussets.....				13	13	13	XXX
Wells Fargo.....	Encino CA.....				630,444	630,444	630,444	XXX
Citibank.....	Encino CA.....				1,850,000	350,000	350,000	XXX
US Bank CD.....	Encino CA.....	0.200			136,567	136,567	136,567	XXX
0199999. Total Open Depositories.....	XXX	XXX	308	0	3,485,137	9,695,936	6,171,875	XXX
0399999. Total Cash on Deposit.....	XXX	XXX	308	0	3,485,137	9,695,936	6,171,875	XXX
0599999. Total Cash.....	XXX	XXX	308	0	3,485,137	9,695,936	6,171,875	XXX



SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1			2				3	4	5	6	7	8	9
CUS P			Description				Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
Exempt Money Market Mutual Funds as Identified by the SVO													
31846V	41	9	FIRST AMERN FDS NC.....					11/30/2020.....			1		
94975H	29	6	WELLS FARGO FDS TR.....					03/31/2021.....			55,011		2
8599999. Total - Exempt Money Market Mutual Funds as Identified by the SVO.....											55,012	0	2
All Other Money Market Mutual Funds													
6UBITD	AP	2	MUFG INSTITUTIONAL TRUST.....					03/22/2021.....			205,541		205
94984B	79	3	WELLS FARGO ADVANTAGE FDS HRTG MMF.....					12/01/2017.....					
996085	25	4	DREYFUS CASH MGMT FUND.....					11/04/2020.....					
8699999. Total - All Other Money Market Mutual Funds.....											205,541	0	205
9999999. Total - Cash Equivalents											260,553	0	207

# **EXHIBIT B**

**Western General Insurance Company**  
**Cash Flow Projection**  
**June, 2021**

	June	July	August	September
<b>Beginning Cash</b> *	1,533,540	(827,551)	(4,089,051)	(5,802,176)
<b>Cash inflows:</b>				
Premium less commissions	1,950,000	1,462,500	1,096,875	822,656
Reinsurance recoveries-Maiden	1,249,909	480,000	400,000	400,000
Reinsurance recoveries-Partner			1,250,000	2,500,000
Fees				
Investment income	40,000	40,000	40,000	40,000
State collateral release	300,000			
<b>Total Cash inflows</b>	3,539,909	1,982,500	2,786,875	3,762,656
<b>Cash outflow:</b>				
Losses gross	4,250,000	3,750,000	3,500,000	3,250,000
Salaries	700,000	600,000	500,000	400,000
Other Exp	700,000	600,000	500,000	400,000
IRS 1099 penalty	251,000	294,000		
<b>Total cash outflow</b>	5,901,000	5,244,000	4,500,000	4,050,000
<b>Monthly cash flow</b>	(2,361,091)	(3,261,500)	(1,713,125)	(287,344)
<b>Ending Cash</b>	(827,551)	(4,089,051)	(5,802,176)	(6,089,520)

**ASSUMPTIONS:**

\*Claim checks prepared from May 3-May 31 totalling \$4.1 mil have not been released by WG but have been deducted from the June beginning cash balance.

Premiums collected: April approximately \$3 million and May approximately \$2.6 million. Decrease approximately 13%. Assume decrease increases to 25% per month.

- Premiums collected represents amounts collected by WG. Approximately \$1.2 mil in premiums collected in May is currently held by AMIA and will be remitted in June.
- Premium collected by AMIA in June could be remitted sooner to WG providing a short term, temporary increase in WG cash flows.

Maiden Re continues routine payments: March 31 due in June of approximately \$620k and April 30 due in July of \$480K. Assume \$400k per month thereafter.

Partner Re will swing from payable to recoverable in June which would be due in August. Ceded losses due of approximately \$2.5 million per month.

Half offset by premiums June payable in August and full recoverable in July payable in September.

Have not considered interest potentially due Partner Re which would reduce recovery.

Have not considered any fees which would be retained by AMIA. Not material to overall analysis.

Commissions and fees collected by AMIA totalled approximately \$390K in March declining to approximately \$350K in April.

Investment income has been running about \$40k per month. Use for all 4 months

North Carolina deposit to be liquidated in June. No other release of state deposits appears imminent.

Gross losses paid (excluding fronting) was about \$5.3 mil in April and 4.4 mil in May. Assume \$4.25 mil paid in June decreasing by \$250K per month thereafter.

Combined (WG and AMIA) salaries and other expenses are both running at approximately \$700k per month respectively.

The IRS penalty was due June 24. Additionally, another \$294K was due in July.

# **EXHIBIT C**

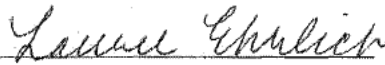
## CORPORATE SECRETARY'S CERTIFICATE

The undersigned, Laurel Ehrlich, does hereby state, declare, and certify under penalty of perjury under the laws of the State of California as follows:

1. I am the duly elected and acting Corporate Secretary of Western General Insurance Company, a California stock insurance company (the "Company");
2. Attached hereto is a copy of Resolutions Adopted by the Unanimous Written Consent in Lieu of Meeting of the Directors of the Company dated July 12, 2021 (the "Director Resolutions");
3. Also attached hereto is a copy of Resolutions Adopted by the Written Consent of the Majority Shareholder in Lieu of Meeting dated July 12, 2021 (the "Shareholder Resolutions");
4. The attached Director Resolutions and Shareholder Resolutions have not been changed since approval and adoption by the Directors and Majority Shareholder, respectively, and remain in full force and effect.

IN WITNESS WHEREOF, I hereby subscribe my signature and affix the Company's Seal to this Certificate on this the 12th day of July 2021.

[SEAL]

  
Laurel Ehrlich, Corporate Secretary

**RESOLUTIONS ADOPTED BY THE UNANIMOUS WRITTEN CONSENT IN LIEU OF  
A MEETING OF THE DIRECTORS OF  
WESTERN GENERAL INSURANCE COMPANY,  
a California stock insurance company in conservation**

Pursuant to the authority granted under Section 307, subparagraph (b) of the California Corporations Code and the bylaws of WESTERN GENERAL INSURANCE COMPANY, a California stock insurance company in conservation (the "Company"), the undersigned, being all of the members of the Board of Directors of the Company (collectively, the "Directors"), do hereby take the following actions and approve the following resolutions by our unanimous written consent in lieu of meeting effective as of the 12th day of July, 2021 (the "Effective Date"):

WHEREAS, the Insurance Commissioner of the State of California has been appointed the conservator of the Company (the "Conservator") pursuant to Section 1010 *et seq.* of the California Insurance Code (the "CIC"); and

WHEREAS, the Conservator has determined that the Company's financial condition has continued to deteriorate such that it is in the best interests of the Company, its policyholders, and creditors that the Conservator seek a court order which authorizes liquidation and winding up of the Company and its affairs pursuant to CIC Section 1016 (the "Liquidation"); and

WHEREAS, the Conservator has requested that the Company agree to Liquidation; and

WHEREAS, the Conservator has provided to the Company, and the Company's management and the Directors have reviewed and discussed, a draft Verified Petition for Order Liquidating the Company (the "Petition") in the form attached hereto marked as **Exhibit "A"**; and

WHEREAS, the Directors believe it to be in the best interests of the Company's policyholders, creditors, and all other interested parties that the Company voluntarily agree to Liquidation as set forth in the Petition;

NOW, THEREFORE, BE IT RESOLVED, that the Directors do hereby consent to and approve the Liquidation; *provided, however*, that such approval does not extend to and the Directors specifically do not approve any proposal at this time by the Commissioner as Conservator or other statutory liquidator to dissolve the Company or to sell its corporate charter and license(s) as authorized under CIC Section 1017; *provided, further*, the Directors acknowledge and understand that the Commissioner as Liquidator in his sole discretion may subsequently make the determination to apply to the court for an order dissolving the Company as authorized under CIC Section 1017 and the Company and Directors reserve their respective rights to file an objection to any such application;

RESOLVED FURTHER, that the Directors do hereby approve the Petition and the filing of same substantially in the form attached hereto; *provided, however*, that such approval does not extend to and the Directors specifically do not approve any proposal by the Conservator or other statutory liquidator to dissolve the Company or to sell its corporate charter and license(s) as authorized under CIC Section 1017; *provided, further*, the Directors acknowledge and understand that the Commissioner as Liquidator in his sole discretion may subsequently make the determination to apply to the court for an order dissolving the Company as authorized under CIC Section 1017 and the Company and Directors reserve their respective rights to file an objection to any such application;

RESOLVED FURTHER, that the Directors do hereby authorize and empower the Company's President and all other senior executive officers to take such other or additional actions and sign such other or additional documents as are necessary and proper to consummate the actions discussed herein;

RESOLVED FURTHER, that these Resolutions may be signed in one or more counterparts, each of which shall be an original, but all of which, taken together, shall constitute one and the same instrument;

RESOLVED FURTHER, that once these Resolutions are signed by all Directors, the Company's Corporate Secretary is hereby directed to file said fully-signed Resolutions in the Company's minute book.

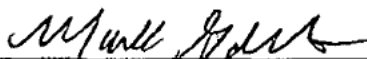
IN WITNESS WHEREOF, we have subscribed our names effective as of the Effective Date set forth above.

\_\_\_\_\_  
Robert M. Ehrlich, Director

\_\_\_\_\_  
Laurel Ehrlich, Director

\_\_\_\_\_  
Marleen Kushner, Director

\_\_\_\_\_  
Justin Martin, Director

  
\_\_\_\_\_  
Mark Goldsmith, Director

\_\_\_\_\_  
John Albanese, Director

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John Albanese, Director



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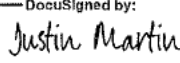
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Marleen Kushner, Director

\_\_\_\_\_  
Mark Goldsmith, Director

\_\_\_\_\_  
Laurel Ehrlich, Director

DocuSigned by:  
  
7A0067B4F6EE4CC

\_\_\_\_\_  
Justin Martin, Director

\_\_\_\_\_  
John Albanese, Director

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IN WITNESS WHEREOF, we have subscribed our names effective as of the Effective Date set forth above.

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Laurel Ehrlich, Director

  
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RESOLVED FURTHER, that once these Resolutions are signed by all Directors, the Company's Corporate Secretary is hereby directed to file said fully-signed Resolutions in the Company's minute book.

IN WITNESS WHEREOF, we have subscribed our names effective as of the Effective Date set forth above.



Robert M. Ehrlich, Director



Laurel Ehrlich, Director

Marleen Kushner, Director

Justin Martin, Director

Mark Goldsmith, Director

John Albanese, Director

**RESOLUTIONS ADOPTED IN LIEU OF A MEETING BY THE WRITTEN CONSENT  
OF THE MAJORITY SHAREHOLDER OF  
WESTERN GENERAL INSURANCE COMPANY,  
a California stock insurance company in conservation**

Pursuant to the authority granted under Section 603, subparagraph (a) of the California Corporations Code and the bylaws of WESTERN GENERAL INSURANCE COMPANY, a California stock insurance company in conservation (the "Company"), the undersigned holding company, being the record and beneficial owner of more than 90% of the issued and outstanding shares of stock of the Company (the "Shareholder"), does hereby take the following actions and approve the following resolutions by its written consent in lieu of meeting effective as of the 12th day of July, 2021 (the "Effective Date"):

WHEREAS, the Insurance Commissioner of the State of California has been appointed the conservator of the Company (the "Conservator") pursuant to Section 1010 *et seq.* of the California Insurance Code (the "CIC"); and

WHEREAS, the Conservator has determined that the Company's financial condition has continued to deteriorate such that it is in the best interests of the Company, its policyholders, and creditors that the Conservator seek a court order which authorizes liquidation and winding up of the Company and its affairs pursuant to CIC Section 1016 (the "Liquidation"); and

WHEREAS, the Conservator has requested that the Company agree to Liquidation; and

WHEREAS, the Conservator has provided to the Company, and the Company's management and the Board of Directors have reviewed and discussed, a draft Verified Petition for Order Liquidating the Company (the "Petition") in the form attached hereto marked as Exhibit "A"; and

WHEREAS, the Shareholder owns, beneficially and of record, more than 90% of the issued and outstanding shares of stock of the Company; and

WHEREAS, the Shareholder believes it to be in the best interests of the Company's policyholders, creditors, minority shareholders, and all other interested parties that the Company voluntarily agree to the Liquidation as set forth in the Petition;

NOW, THEREFORE, BE IT RESOLVED, that the Shareholder does hereby consent to and approve the Liquidation; *provided, however*, that such approval does not extend to and the Shareholder specifically does not approve at this time any proposal by the Conservator or other statutory liquidator to dissolve the Company or to sell its corporate charter and license(s) as authorized under CIC Section 1017; *provided, further*, the Shareholder acknowledges and understands that the Commissioner as Liquidator in his sole discretion may subsequently make the determination to apply to the court for an order dissolving the Company as authorized under CIC Section 1017 and the Company and Shareholder reserve their respective rights to file an objection to any such application;

RESOLVED FURTHER, that the Shareholder does hereby approve the Petition and the filing of same substantially in the form attached hereto; *provided, however*, that such approval does not extend to and the Shareholder specifically does not approve at this time any proposal by the Commissioner as Conservator or other statutory liquidator to dissolve the Company or to sell its corporate charter and license(s) as authorized under CIC Section 1017; *provided, further*, the Shareholder acknowledges and understands that the Commissioner as Liquidator in his sole discretion may subsequently make the determination to apply to the court for an order dissolving the Company as authorized under CIC Section 1017 and the Company and Shareholder reserve their respective rights to file an objection to any such application;

RESOLVED FURTHER, that the Shareholder does hereby authorize and empower the Company's Board of Directors, and each member thereof, to take such other or additional actions and sign such other or additional documents as are necessary and proper to consummate the actions discussed herein;

RESOLVED FURTHER, that following the execution of these Resolutions by the Shareholder, the Company's Corporate Secretary is hereby directed to file said fully-signed Resolutions in the Company's minute book;

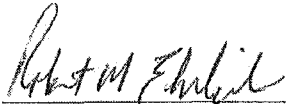
RESOLVED FURTHER, that all other shareholders of the Company shall be given prompt notice of the Shareholder's actions pursuant to these Resolutions as required under California Corporations Code Section 603, subparagraph (b)(2) thereof.

IN WITNESS WHEREOF, the undersigned Shareholder hereby signs these Resolutions effective as of the Effective Date set forth above.

"Shareholder"

WESTERN GENERAL HOLDING COMPANY, INC.,  
a California corporation

By:



Robert M. Ehrlich, President

By:



Laurel Ehrlich, Secretary

**DECLARATION OF SERVICE BY E-MAIL**

Case Name: **INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA,  
v. WESTERN GENERAL INSURANCE COMPANY,**

Case No.: **21STCP01655**

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.

On **August 4, 2021**, I served the attached **VERIFIED APPLICATION FOR ORDER OF LIQUIDATION; VERIFICATION; MEMORANDUM OF POINTS AND AUTHORITIES [INS. CODE § 1016]** by transmitting a true copy via electronic mail, addressed as follows:

**John E. McPherson  
Hinshaw & Culbertson LLP  
350 South Grand Ave., Suite 3600  
Los Angeles, CA 90071-3476  
Tel.: 213-614-7320  
[jmcperson@hinshawlaw.com](mailto:jmcperson@hinshawlaw.com)**

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **August 4, 2021**, at Los Angeles, California.

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Martha Ochoa  
Declarant



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Signature