2014 ANNUAL REPORT

CONSERVATION *and* LIQUIDATION OFFICE

Conservation & Liquidation Office

Section 1 – The Conservation & Liquidation Office

Section 2 – Estate Specific Information

Section 3 – Cross Reference to California Insurance Code

Background

The California Insurance Commissioner ("Commissioner"), an elected official of the State of California, acts under the supervision of the Superior Court when conserving and liquidating insurance enterprises. In this statutory capacity, the Commissioner is charged with the responsibility for taking possession and control of the assets and affairs of financially troubled insurance enterprises domiciled in California. An impaired enterprise subject to a conservation or liquidation order is referred to as an estate.

The Commissioner, through the state Attorney General's office, applies to the Superior Court for a conservation order to place the financially troubled enterprise in conservatorship. Under a conservation order, the Commissioner takes possession of the estate's financial records and real and personal property, and conducts the business of the estate until a final disposition regarding the estate is determined. The conservation order allows the Commissioner to begin an investigation that will determine, based on the estate's financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public.

If, at the time the conservation order is issued or anytime thereafter, it appears to the Commissioner that it would be futile to proceed with the conservation of the financially troubled estate, the Commissioner will apply for an order to liquidate the estate's business. In response to the Commissioner's application, the Court generally orders the Commissioner to liquidate the estate's business in the most expeditious fashion.

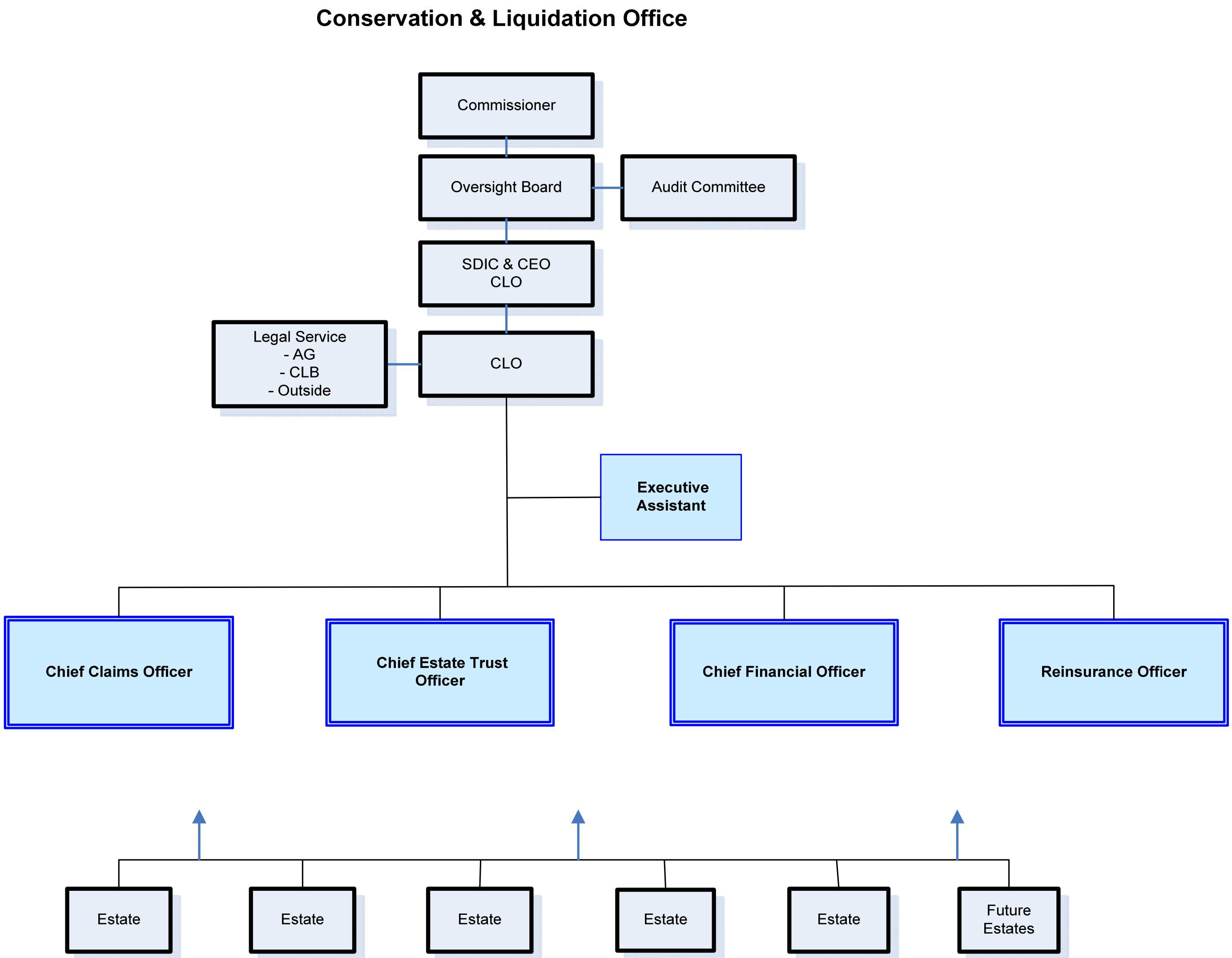
The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the California Insurance Commissioner (Commissioner) with respect to insurance companies domiciled in California.

The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2014, the CLO is responsible for the administration of 21 insurance estates.

In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2014 the CLO assisted with two such examinations.

In April 2014, the CLO's Oversight Board authorized the CLO/Regulatory Services Group (RSG) (name used when doing work other than traditional California conservation and liquidations) to enter an engagement with the Nevada Insurance Commissioner to provide receivership management services. The purpose of taking such work is to maintain receivership and institutional knowledge in California at a time that receiverships/liquidations are declining materially and to reduce the cost to current estates under the management of the CLO.

Organizational Structure



Oversight Board and Audit Committee Meetings

CLO activities are overseen by an Oversight Board composed of four senior executives of the California Department of Insurance. The current Oversight Board and Audit Committee members are Ms. Nettie Hoge, Chief Deputy Commissioner, Mr. John Finston, Deputy Insurance Commissioner – Corporate and Regulatory Affairs, Mr. Adam Cole, Deputy Commissioner and General Counsel, and Mr. Al Bottalico, Deputy Commissioner-Financial Surveillance Branch. The Oversight Board and Audit Committee meet regularly on a quarterly basis throughout the year.

During 2014, the Oversight Board and Audit Committee held four regularly scheduled meetings and two additional special meetings. For all meetings, there was a 92% attendance by the Committee members.

2014 Organizational Goals and Results

On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval. The CLO's Mission Statement is as follows:

> The CLO, on behalf of the Insurance Commissioner, rehabilitates and/or liquidates, under Court supervision, troubled insurance enterprises domiciled in the State of California. In addition the CLO provides Special Examination Services, with Commissioner and Board oversight. As a fiduciary for the benefit of claimants, the CLO handles the property of troubled or failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.

The 2014 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

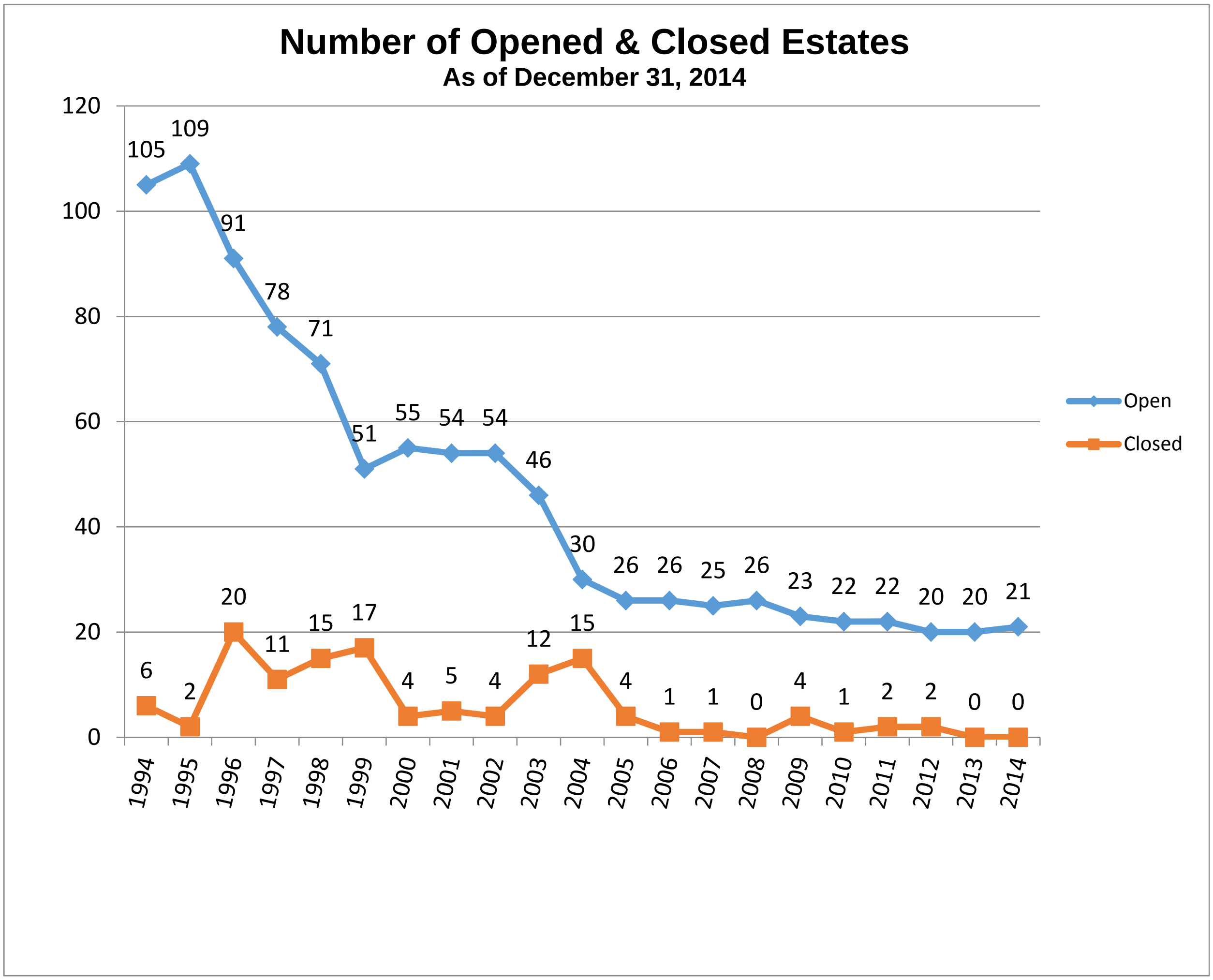
Entering 2014, there were 20 open estates under management by the CLO and two companies the CLO was providing "Special Examination Services" to the California Department of Insurance. The open estates consist of 17 Property & Casualty Estates and three Life/Health Estates. The CLO goal in 2014 was to close three estates and distribute $79 million.

The new company, SeeChange Health Insurance Company ("SeeChange") was placed in Conservation on November 19, 2014. On January 28, 2015 the Superior Court of Los Angeles entered a liquidation order.

1. Closings

GOAL	RESULTS
Close 3 Estates: 1) American Sterling Ins. Co. 2) Fremont Life Ins. Co. 3) Majestic Ins. Co.	Due to unforeseen challenges, American Sterling, Fremont Life, and Majestic will not close until 2015.

Number of Opened & Closed Estates as of 12/2014



Since 1994, there have been approximately 124 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 47 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

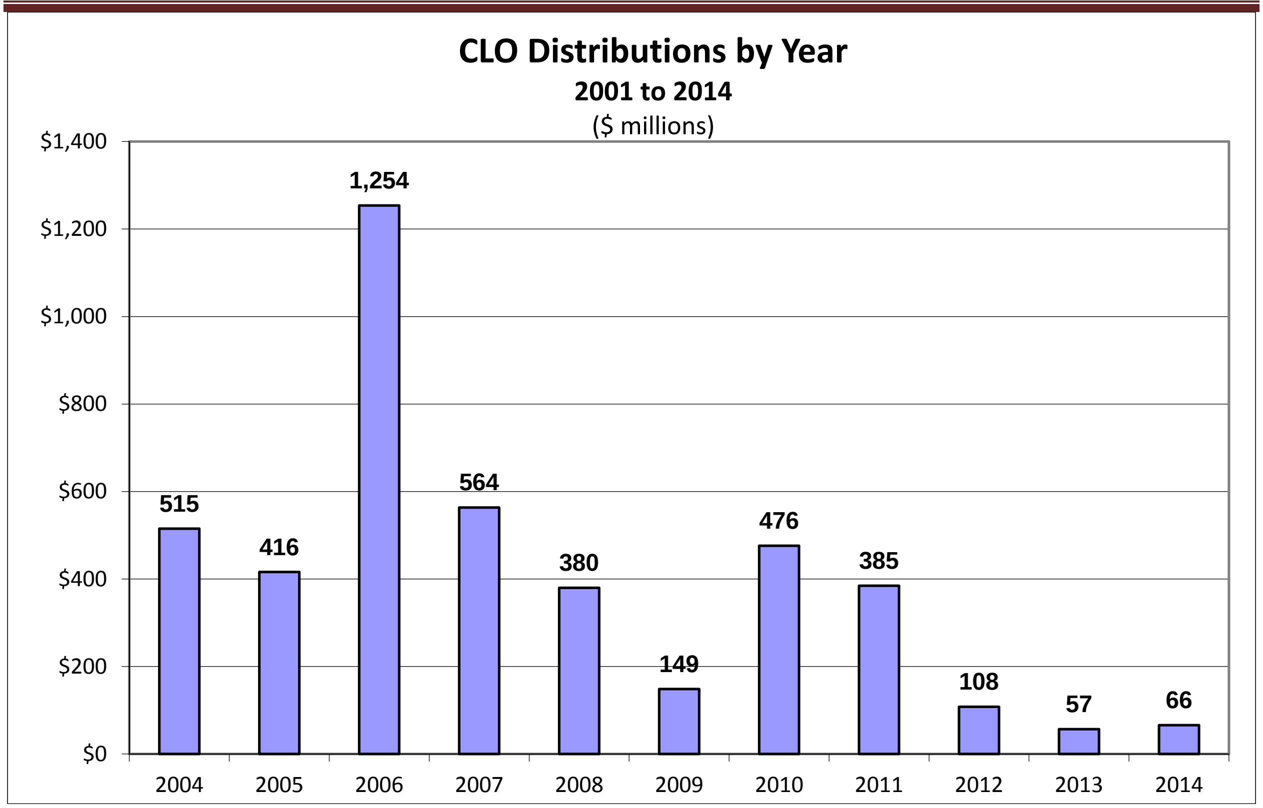
2. Distributions

Early Access and Interim Distributions

Estate	2014 Actual ($ Millions)	2014 Goal ($ Millions)
Superior National Insurance Companies In Liquidation	$20.4	$20
Fremont Indemnity	$25.4	$25
Majestic Ins. Co. (Interim 1 and 2)	$9.3	$4.5
California Compensation Ins. Co. (stat deposit release)	$.3	$0
Commercial Compensation Ins. Co. (stat deposit release)	$.3	$0
Sub-total:	**$55.7**	**$49.5**

Final Distributions

Estate	2014 Actual ($ Millions)	2014 Goal ($ Millions)
American Sterling	$0.0	$3
Great States	$0.0	$20
Majestic Ins. Co.	$0.0	$5.5
Fremont Life Ins. Co.	$0.0	$1
Enterprise Ins. Co.	$6.7	$0
Pacific National Ins. Co.	$3.8	$0
Sub-total:	**$10.5**	**$29.5**
TOTAL DISTRIBUTIONS:	**$66.2**	**$79**



CLO Investment Policy

The CLO has a formal investment policy, as approved by its Oversight Board, requiring that investments be investment grade fixed income obligations of any type. These investments may be issued or guaranteed by (1) the U.S. and agencies, instrumentalities, and political sub-divisions of the U.S., and/or (2) U.S. corporations, trusts and special purpose entities. Such securities must be traded on exchanges or in over-the-counter markets in the U.S. None of the portfolio will be invested in fixed income securities rated below investment grade quality by Standard & Poor's, Moody's, or by another nationally recognized statistical rating organization. In addition, the duration must be maintained within +/- 12 months of the Barclays Capital U.S. Government/Credit 1-3 Yr. The average duration was approximately 1.5 years at December 31, 2014.

The investments are managed in equal parts by two professional money management firms and are warehoused at the Union Bank of California.

At December 31, 2014, the CLO had $485.4 million of estate marketable investment securities under management.

For the year ending December 31, 2014, the average portfolio balance was approximately $500.9 million. The portfolio earned an interest yield of 1.6% and a net yield after security gains/losses and mark-to-market adjustments of 1.2%.

Administrative Expenses

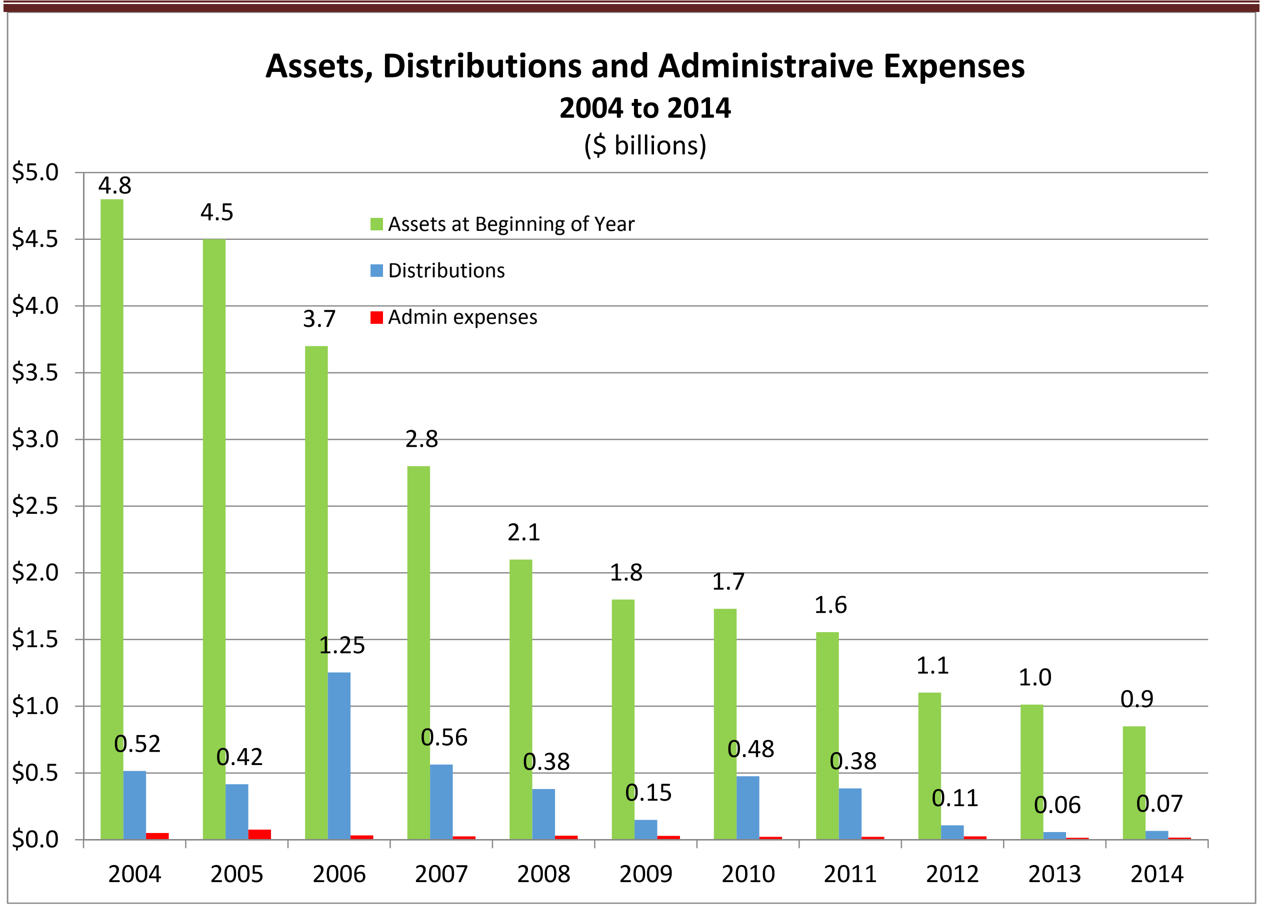
Administrative expenses consist of both direct and indirect expenses. [1]

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, office expenses, and depreciation of property and equipment.

Indirect expenses that are not incurred on behalf of a specific estate are allocated using an allocation method based on the ratio of employee hours directly charged to a specific estate to total direct hours charged to all estates, and in some instances direct contract hours charged. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours was incurred by all estates, that specific estate would be allocated 10% (200 hours divided by 2,000 total hours charged to all estates). Indirect expenses include CLO employee compensation, rent and other facilities charges and office expenses.

In accordance with California Insurance Code Section 1035, the Commissioner may petition funds from a general appropriation of the State of California Insurance Fund if an estate does not have sufficient assets to pay for administrative expenses.

[1] *See "CLO Financial Results" section of this report on the budget and actual expenditures for 2014 for direct and indirect expenses.*



The chart above displays the Conservation & Liquidation Office assets at beginning of year, distributions and administrative expenses from the year 2004 to 2014. The table below lists these figures.

Year	Assets ($ billions)	Distributions ($ millions)	Administrative Expenses ($ millions)
2004	$4.8	$515	$50
2005	$4.5	$416	$76
2006	$3.7	$1,254	$32
2007	$2.8	$564	$24
2008	$2.1	$380	$29
2009	$1.8	$149	$29
2010	$1.7	$476	$22
2011	$1.6	$385	$21
2012	$1.1	$108	$25
2013	$1.0	$57	$14
2014	$0.9	$66	$15

CLO Compensation

The CLO is not part of the State's civil service system. All employees are at-will. The CLO does not have a bonus plan or pay incentive compensation. To that end, the CLO has established policies and procedures that are more akin to the private marketplace.

Compensation Methodology

The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the two primary survey sources used are described below:

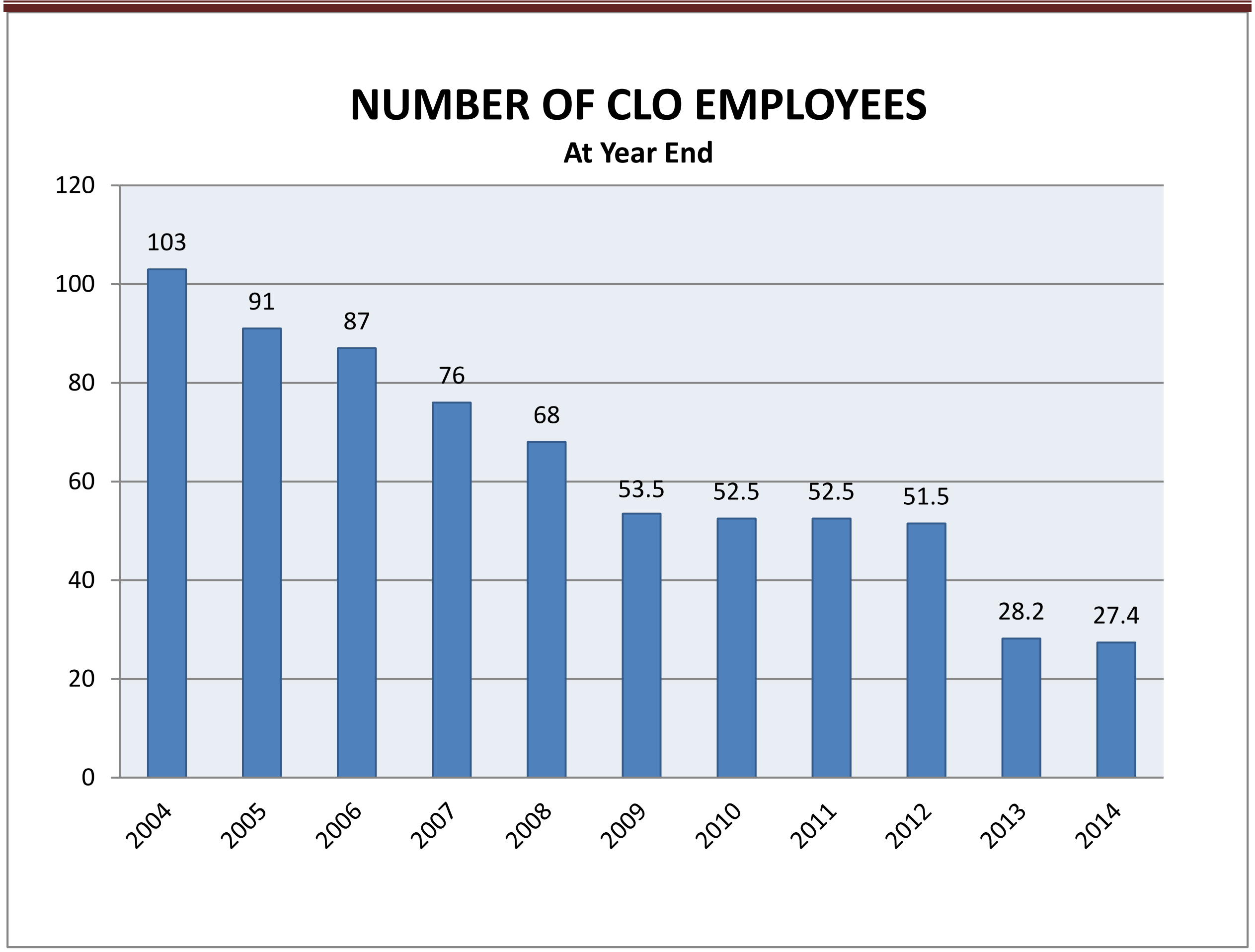
- Comp Analyst: Large survey representing thousands of companies across the U.S. which include hundreds of jobs. This subscription survey collects marketplace compensation data from many sources, and uses mathematical algorithms to predict the pay level of any of its survey jobs in major industries and geographical locations. The data used in this study was the nonprofit industry segment located in San Francisco.
- Projected Salary Increase Budgets**:** From several human resource organizations including Society for Human Resource Management, Mercer, Conference Board, Watson Wyatt, Aon Hewitt, World at Work, BLR as well as US Government published CPI data.

A summary of the compensation procedures follows:

- A written job description is developed for each position.
- Salary grades are derived from comparable external market data.
- Salary ranges are identified (low, middle, and high) based on market comparisons obtained by an outside independent compensation consultant.
- Salary ranges are updated periodically.
- The creation of a "new job position" is sent to an outside consultant for external evaluation.
- All employees receive an annual compensation review.

CLO employment and total compensation for employees are summarized below:

	31-Dec-14	**31-Dec-15 (Budget)**
Number of CLO employees at beginning of year	28.2	27.4
Total compensation and benefits for CLO employees	$5,303,427	$5,306,865



The chart above shows the number of CLO full-time employees from 2004 to 2014.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 73% compared to December 31, 2004.

CLO Financial Results

For Years Ended December 31, 2014 and December 31, 2013

Cash received	December 31, 2014		December 31, 2013
	Actual	Budget	
Litigation, reinsurance recoveries, and miscellaneous income	$55,786,100	N/A[2]	$69,479,200
Investment income, net of expenses	5,843,300	N/A[3]	3,608,900
Total:	**$61,629,400**		**$73,088,100**

[2] Litigation, reinsurance recoveries, and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.

[3] Investment income is not budgeted due to the large changes in investment balances that occur throughout the year (due to distributions), as well as changes in investment return rates.

	December 31, 2014		December 31, 2013
	Actual	Budget	
Distributions	**$66,196,600**	**$79,000,000**	**$56,853,300**

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2014		December 31, 2013
	Actual	Budget	
Legal expenses	$2,624,100	$2,713,700	$2,440,000
Consultants and contractors	1,953,000	1,414,100	1,909,000
Office expenses	2,853,900	1,177,800	1,541,000
Compensation and benefits	109,600	0	4,000
Total	$7,540,600[4]	$5,305,600	$5,894,000

[4] Variance between actual and budget amounts primarily due to Superior National Estates refunding of $1.3 million (ceding commission due to ceded losses exceeding limits set out in cession agreement). In addition, unforeseen estates events such as deconsolidation, legal and tax issues.

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2014		December 31, 2013
	Actual	Budget	
Compensation and benefits	$5,303,400	$5,129,500	$6,021,000
Office expenses	1,721,100	1,763,200	1,886,000
Consultants and contractors	101,900	70,500	92,000
Legal expenses	10,300	24,000	11,000
Total	$7,136,700	$6,987,200	$8,010,000

Administrative Totals	December 31, 2014		December 31, 2013
	Actual	Budget	
Estate Direct Expense Total	$7,540,600	$5,305,600	$5,894,000
CLO Overhead Expense Total	7,136,700	$6,987,200	8,010,000
Total:	**$14,677,300**	**$12,292,800**	**$13,904,000**

Estates Open Longer Than Ten Years

After the entry of an order placing an impaired California insurer into conservation and/or liquidation, the Insurance Commissioner and the CLO have the statutory responsibility to marshal and resolve the assets and liabilities of the failed entity.

The time required to close an insolvency proceeding is largely determined by the amount and complexity of the assets to be monetized and distributed to claimants. In addition, the length of an insolvency is equally affected by the amount of time required to make a final determination of an estate's liability.

Most of the insolvencies that remain open for more than ten years have some combination of on-going litigation; complicated tax exposure; potential collection of additional material assets; and challenges associated with the evaluation of liabilities. Until both sides of the insolvent estate's balance sheet are resolved (assets collected and liabilities fixed), the insolvency proceeding will remain open. In addition, estates are subject to federal tax reporting and escheatment requirements after the final distribution. The estates listed below have been in liquidation for ten years or more.

Executive Life & ELIC Opt Out Trust:

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The Commissioner's lawsuit against Altus S.A. et al has been completed; however the court's decision is on appeal before the U.S. Ninth Circuit. The Estate and associated trust will be required to complete any escheatment of unclaimed funds post the final distribution. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $731 million from litigation and distributed $737 million to claimants. Assets presently in the Estate are held to fund ongoing litigation and operations.

Fremont Indemnity Company:

The Fremont Estate is in the final stages of completing the run off of its extensive reinsurance program. Once the remaining treaties are commuted or otherwise resolved, the estate will be in position to determine and settle all class 2 liability, the majority of which is comprised of the state guaranty fund claims. Thereafter the estate will petition the court for approval of a final distribution and closing orders. The estate has distributed in excess of $1 billion dollars in early access distributions to state guaranty funds since 2003. The estate released its 10th early access distribution in 2014 for approximately $25M. Other than one pending claim dispute the estate is not facing any other material litigation or legal impediments.

Frontier Pacific Insurance Company:

The Estate completed a commutation settlement with National Indemnity Company (NICO) in January 2015. The Estate will be in a position to complete a final distribution in 2015 and position the Estate for closure in the first quarter of 2016.

Golden Eagle:

The Estate is in long-term run off. Although all policyholder claims have been 100% reinsured and policyholder claims are being paid timely, Golden Eagle remains liable to the policyholders should the reinsurer not be able to fulfill their obligations. The reinsurance program is structured to accommodate all remaining claims exposure. Until all claims are resolved or paid out, the Estate must remain open. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

Great States:

The Estate continues to seek a resolution on the American Home Assurance Surety Bond matters in California and Arizona. The estate continues to work with California Insurance Guarantee Association for certain claim documentation to support ongoing billing of the surety. In an effort to resolve the balance of the surety in California, the parties are exploring commutation possibilities. In Arizona the estate has encountered obstacles in that the Arizona Insurance Guaranty Fund has not been billing the surety. The estate has suggested a method of resolution to Arizona but has not yet received a meaningful response. To date the Estate has distributed 40.3 percent of the paid losses to the Insurance Guarantee Associations.

HIH America Compensation & Liability:

The Estate's remaining reinsurance program involving upper layer treaties is being reviewed for potential collectability. The upper layer exposure has proven to be a challenge to negotiate and commute at any material value with reinsurers for an extended period of time. Absent a favorable development regarding a reinsurance recovery, we anticipate a final distribution in late 2015. To date, all Insurance Guarantee Associations (IGAs) have received a payment of 52 percent of their paid losses and the non-IGAs have received 45 percent of their approved claims.

Mission/ Mission National/ Enterprise:

In 2012, Mission Insurance Company, Mission National Insurance Company, and Enterprise Insurance Company each applied to the United States Department of Justice (DOJ) for a release from super-priority claims. A release agreement has been entered into and court-approved as to Enterprise Insurance Company. As to the Mission and Mission National companies, the DOJ has not yet issued a release. Both Mission Insurance Company and Mission National Insurance Company are in discussion with the DOJ in reference to additional information the DOJ has requested.

Pacific National Insurance Company:

The Estate's remaining matter to be resolved concerns a procedural tax issue that may require a payment, which we anticipate we will largely recover. The estate obtained court approval for a closing reserve regarding this matter and to move forward with a final distribution, which was completed in December 2014. The estate plans to file a Declaration of Compliance in 2015 to effectuate estate closure.

Superior National Insurance Companies in Liquidation ("SNICIL"):

The SNICIL estates have $140 million of possible collectible reinsurance still on the books. Nearly all of the collectible reinsurance involves long tail Workers Compensation business; thus, the strategy is to attempt to commute the remaining balances. This will continue to require a significant amount of time and effort to commute all of the reinsurance contracts and programs. All of the known liabilities have been determined except the finalization of the Guaranty Association claims. The Estates completed the eleventh early access distribution in 2014 for approximately $20.4 million.

Western Employers:

Western Employers underwrote coverages on very long-tail exposures (workers compensation, asbestos, pollution , etc.) and had been subject to extensive litigation associated with claims that exceed state guaranty fund coverage limits or were altogether not covered by the guaranty funds. The CLO worked to overcome pre-receivership record-keeping issues inherited at the time of liquidation. Western Employers has several high limit claims that have not reached policy attachment points and as those liabilities are not liquidated, the estate still must obtain a court order before those claims can be determined as to liability against the estate. Western Employers coverage included many liability policies that have produced toxic tort claims by EPA Super Fund clean-up sites. Under Federal priority statutes, the Federal Government is entitled to verification that all policy liability is extinguished for the clean-ups; otherwise they believe they have a direct right of access to the policy. To close the estate we must obtain a Federal Waiver whereby they acknowledge that there is no known unresolved claim. The CLO on behalf of Western Employers has provided the Federal Government substantial supporting material to justify its waiver request. After two years of exchanging information with the Department of Justice they recently indicated a willingness to grant us the waiver. We are presently in the process of perfecting the waiver agreement. Once that is achieved we should be able to deal with certain administrative legal issues which will allow us to move forward with closing the estate.

Claims History

Property and Casualty Estates

Estate	Liquidation Date	Proof Of Claims Filed	Proof Of Claims Resolved	Open POCs
American Sterling	10/26/2011	93	93	0
Frontier Pacific	11/30/2001	43,573	43,572	1
Fremont	7/2/2003	45,669	45,372	297
Golden Eagle [5]	2/18/1998		n/a (see below)	
HIH (2 estates)	5/8/2001	3,175	3,170	5
Majestic	n/a	90	90	0
Mission (3 estates)	2/24/1987	173,920	173,920	0
Pacific National	8/5/2003	4,448	4,448	0
Superior (5 estates)	9/26/2000	13,936	13,890	46
Western Employers	4/19/1991	9,809	9,727	82
	Total:	**294,713**	**294,282**	**431**

[5] Golden Eagle is not subject to a finding of statutory insolvency. All claims are covered under a reinsurance agreement and are being paid by the reinsurer.

Life Insurance Estates

Executive Life Insurance Company: Executive Life is a life insurance company and has policies rather than claims. There were 327,000 policies/contracts at time of liquidation.

Fremont Life Insurance Company: Fremont Life transferred approximately 3,500 in-force policies to assuming insurers via reinsurance agreements prior to conservation. All policy administration is handled by the successor insurers. The Estate is a wholly owned subsidiary of the Fremont Indemnity insolvency estate.

Golden State Mutual Life Insurance Company: Golden State transferred approximately 120,000 in-force policies to an assuming insurer via a reinsurance agreement. All remaining policy liabilities not assumed through the reinsurance transaction were covered by the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) via a consensual agreement approved by the liquidation court.

2015 Business Goals

The 2015 Business Plan is focusing on estate closings and distributions, collecting/converting assets, evaluating claims and refining operating efficiencies.

Entering 2015, there are 21 open estates under management by the CLO. The open estates consist of 17 Property & Casualty Estates and four Life/Health Estates. Our goal in 2015 is to close six estates and distribute $87 million.

Starting 2015, we have 27.4 full-time employees. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2015 Goals are as follows:

1. Close 6 Estates[6]
   - Fremont Life Ins. Co.
   - Golden State Mutual Life Ins. Co.
   - HIH America Compensation & Liability Ins. Co.
   - Majestic Ins. Co.
   - Enterprise Ins. Co.
   - Pacific National Ins. Co.

[6] *Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.*

2. Early Access, Interim, and Final Distributions

Early Access and Interim Distributions:	
Superior National Estates	$15,000,000
Fremont	25,000,000
Western Employers	20,000,000
Final Distributions:	
HIH America Compensation & Liability Ins. Co.	12,000,000
Frontier Pacific	11,000,000
Majestic	3,000,000
Fremont Life	1,000,000
	$87,000,000

Section 2 – Estate Specific Information

Page

Conservation or Liquidation Estates Opened During the Year 2014

- SeeChange Health Ins. Co.

Conservation or Liquidation Estates Closed During the Year 2014

- None.

Current Year and Cumulative Distributions by Estate (in $000) [7]

	Year Ended 12/31/2014				Cumulative to 12/31/2014			
	Policyholders	Federal and State Claims	General Creditors	Total	Policyholders	Federal and State Claims	General Creditors	Total
American Sterling Ins Co	-	-	-	-	205	-	-	205
Executive Life Ins Co	-	-	-	-	-	-	-	737,276
Fremont Indemnity Co	25,427	-	-	25,427	1,005,724	-	-	1,005,724
Frontier Pacific Ins Co	(46)	-	-	(46)	24,440	-	-	24,440
Great States Ins Corp	-	-	-	-	10,155	-	-	10,155
HIH America Ins Co	-	-	-	-	328,500	-	-	328,500
Majestic Ins Co	-	-	9,282	9,282	-	-	9,282	9,282
Mission Ins Co	-	-	-	-	846,833	111	265,664	1,112,608
Mission National Ins Co	-	-	-	-	499,852	-	27,077	526,929
Enterprise Ins Co	-	-	6,736	6,736	120,573	40	12,076	132,689
Pacific National Ins Co	3,835	-	-	3,835	56,252	-	-	56,252
California Comp Ins Co	7,747	-	-	7,747	902,599	-	-	902,599
Combined Benefits Ins Co	2,500	-	-	2,500	26,055	-	-	26,055
Superior National Ins Co	6,500	-	-	6,500	406,610	-	-	406,610
Superior Pacific Cas Co	3,000	-	-	3,000	43,970	-	-	43,970
Commercial Comp Cas Co	1,215	-	-	1,215	97,187	-	-	97,187
Western Employers Ins Co	-	-	-	-	68,190	-	-	68,190
	$50,178	$0	$16,018	$66,196	4,437,145	$151	$314,099	$5,488,671

*Since administration was transferred to CLO in 1997.

[7] *Fremont Life, Golden Eagle, Golden State Mutual, and SeeChange estates are not included on this schedule as no distributions have occurred.*

Estates in Conservation and/or Liquidation as of December 31, 2014

Estate Name	Date Conserved	Date Liquidated
American Sterling Insurance Company	09/26/11	10/26/11
California Compensation Insurance Company	03/06/00	09/26/00
Combined Benefits Insurance Company	03/06/00	09/26/00
Commercial Compensation Casualty Company	06/09/00	09/26/00
Enterprise Insurance Company	11/26/85	02/24/87
Executive Life Insurance Company	04/11/91	12/06/91
Fremont Indemnity Company	06/04/03	07/02/03
Fremont Life Insurance Company	06/05/08	*
Frontier Pacific Insurance Company	09/07/01	11/30/01
Golden Eagle Insurance Company	01/31/97	02/18/98
Golden State Mutual Life Insurance Company	09/30/09	01/28/11
Great States Insurance Company	03/30/01	05/08/01
HIH America Comp. & Liability Insurance Company	03/30/01	05/08/01
Majestic Insurance Company	04/21/11	*
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
Pacific National Insurance Company	05/14/03	08/05/03
SeeChange Health Insurance Company	11/19/14	01/28/15
Superior National Insurance Company	03/06/00	09/26/00
Superior Pacific Casualty Company	03/06/00	09/26/00
Western Employers Insurance Company	04/02/91	04/19/91

*No Liquidation Order obtained

Report on Individual Estates

Each estate has its own unique set of challenges to monetizing assets, valuing the claims, distributing assets and closing. No two estates are the same. The remaining portion of Section 2 provides a brief summary of the 2014 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.[8]

In reviewing the financial information, the following must be taken into account:

- The Statement of Assets and Liabilities have been prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets reported on the financial statements are assets that are determined to be collectible. The liabilities may change during the course of the liquidation depending on the types of business written by the company, and as claims are reviewed and adjudicated.
- No estimates for future administrative expenses are included in the liabilities, unless the estate has been approved for final distribution and closure by the Court.
- California Insurance Code Section 1033 prescribes that claims on estate assets are paid according to a priority, except when otherwise provided in a rehabilitation plan. The probability of a valid claim being paid is dependent on the valuation of the claim, the order of preference of the claim, and the amount of funds remaining after other claims having higher preference have been discharged. Each priority class of claims must be fully paid before any distribution may be made to the next priority class. All members of a class receiving partial payment must receive the same pro-rata amount.
- For estates where available assets are insufficient to pay all policyholder claims, the CLO intentionally does not evaluate the lower priority proofs of claims, since to do so would incur unnecessary administrative time and expenses, reducing funds available for distribution to higher-priority claimants.
- Shareholders receive any remaining residual value of the estate's net assets only after the general creditors have been paid.
- Beginning Monetary Assets at takeover represent cash and investment balances at the time of liquidation or, in cases where the estate was first liquidated and managed by other parties, at the time the estate was taken over by the Conservation & Liquidation Office.

[8] *Estates under management of the CLO have an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the CLO webpage (www.caclo.org). Annual audits or reviews are waived for estates with little or no assets or activity.*

ESTATE SPECIFIC INFORMATION

American Sterling Insurance Company

Conservation Order: September 26, 2011
Liquidation Order: October 26, 2011

2014 Report

American Sterling Insurance Company (ASIC) was a California domiciled property and casualty insurance company formerly located in Laguna Nigel, California. ASIC is a wholly owned subsidiary of American Sterling Corporation (ASC), a California corporation. ASIC has a wholly owned subsidiary American Sterling Productions, Ltd, which in turn has four wholly owned subsidiaries, three that appear dormant and one that held a material real estate investment.

ASIC was licensed to write multiple classes of coverage. Pre-liquidation ASIC wrote only liability and automobile classes of insurance in Arizona, Kansas and Nevada. ASIC was not writing business in California.

Due to a lack of adequate cash flow to meet claims and overhead obligations, ASIC and its subsidiaries were placed into conservation on September 26th 2011. No immediate or reliable prospect of new cash materialized through efforts of the shareholder. As a result, the conservator had to seek an insolvency order to trigger the state guaranty funds to timely honor claims payments. ASIC and its subsidiaries were placed into liquidation on October 26, 2011.

As of December 31, 2011 all open policyholder claims had been transferred to the three participating IGAs, 30-day cancellation notices were issued at liquidation to all in force policyholders and insolvency orders were either served on key entities and principals or recorded in counties where ASIC or its subsidiaries have assets.

The focus of the estate in 2014 was to take possession and monetize the final real estate asset in the liquidation estate. ASIC foreclosed its security interest in a residential property in Orange County that was pledged as collateral for a defaulted loan made by ASIC (Monarch Bay residence). After failing to negotiate a consensual resolution with the long-term occupants of the Monarch Bay residence, the estate was forced to file an unlawful detainer action and incur the costs and delay of the formal eviction process.

The shareholder of ASIC, who also was the occupant of the Monarch Bay residence, has filed for protection under the federal bankruptcy code. The estate continues to operate through year–end 2014 without sufficient cash to honor all claims and cover the estimated administrative cost to close the insolvency proceeding. In 2015 the estate will secure and place the Monarch Bay residence on the market for resale. Upon the disposition of the residence the estate will determine the final guaranty claims and seek a distribution and closing orders.

American Sterling Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$1,973,900	$1,669,100
Other assets	5,374,700	5,373,300
Total assets	7,348,600	7,042,400

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	41,300	41,200
Claims against policies, before distributions	2,250,887	2,250,900
Less distributions to policyholders	(205,100)	(205,100)
All other claims	419,313	504,600
Total liabilities	2,506,400	2,591,600
Net assets (deficiency)	$4,842,200	4,450,800

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$22,200	$19,500
Litigation recoveries	1,200	-
Salvage and other recoveries	443,600	46,600
Total income	467,000	66,100

Expenses	2013	2014
Loss and claims expenses	654,300	88,400
Administrative expenses	732,500	369,100
Total expenses	1,386,800	457,500
Net income (loss)	($919,800)	($391,400)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$104,500
Recoveries, net of expenses	1,769,700
Distributions	(205,100)
Monetary assets available for distribution	$1,669,100

Executive Life Insurance Company

Conservation Order: **April 11, 1991**
Liquidation Order: **December 6, 1991**

2014 Report

Executive Life Insurance Company (ELIC) was placed in conservation by order of the Los Angeles County Superior Court on April 11, 1991. At the time, ELIC, which had more than 330,000 policyholders, was the largest life insurance insolvency in United States history. In the summer and fall of 1991, the Commissioner conducted an auction seeking bids to acquire the junk bond portfolio and insurance assets of ELIC. In December 1991, the Commissioner's selection of a group of French and European investors (the Altus/MAAF group) as the winning bidder, and the transaction was approved by the Conservation Court.

In March 1992, ELIC's junk bond portfolio was transferred to Altus Finance for a purchase price of approximately $3 billion. In August 1993, the Court approved a final Rehabilitation Plan under which the majority of ELIC's assets and its restructured insurance policies were transferred to a new California insurance company created by the European consortium that had won the 1991 bid. The Rehabilitation Plan became effective in September 1993. Under the terms of the Rehabilitation Plan, former ELIC policyholders were given a choice either to accept new coverage (Opt In) from Aurora National Life Assurance Company (Aurora) or to terminate their ELIC policies (Opt Out) in return for a pro rata share of ELIC's assets. The Rehabilitation Plan also provided for the establishment of various trusts, collectively known as the Enhancement Trusts, to marshal and distribute assets for the benefit of former ELIC policyholders.

The Commissioner commenced a civil action in 1999 against Altus Finance S.A. (Altus) and other defendants alleging that they had acquired the junk bond portfolio and insurance assets of ELIC through fraud. Settlements were reached with Altus and some of the other co-defendants in 2004 and 2005.

A trial against the remaining defendant in 2005 resulted in a jury verdict finding Artemis S.A., a two-thirds owner of Aurora, liable for knowing participation in a conspiracy with members of the Altus/MAAF group to defraud the Commissioner, but the Commissioner was not awarded damages. In August 2008, the jury's verdict of liability was upheld on appeal and the case was remanded to the U.S. District Court for a new trial on the issue of damages.

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The new trial concluded on October 29, 2012 and the jury rendered a verdict finding no damages. On April 2, 2013, the trial court reinstated the restitution award in favor of the Commissioner and entered judgment against defendant Artemis in the amount of $241,092,020 less a credit of $110,000,000 that the Commissioner received at an earlier date. The Commissioner appealed to the U.S. Court of Appeals for the Ninth Circuit and on April 16, 2013, the U.S. District Court issued an order staying execution of the restitution judgment pending the appeal decision. On April 24, 2013 defendants, Artemis S.A. filed its Notice of Cross-Appeal against the restitution judgment.

In accordance with the U.S. Appeals Court Ninth Circuit Briefing schedule, the Commissioner and defendants have completed briefing the court.

The Estate is a party to a proceeding brought by certain Indenture Trustee policyholders who challenged various CLO administrative expenses for the period January 1, 1997 to June 30, 2008. The Court issued an order on December 7, 2009 approving those expenses and subsequently denied the request by the Indenture Trustee policyholders for attorney fees. On February 4, 2010, the Indentured Trustee Policyholders filed a Notice of Appeal against the court's approval of CLO administrative expenses of ELIC for the period January 1, 1997 to June 30, 2008 (approximately $12 million), as well as the court's denial of ITP's attorney fees of $395,730.50. The ITP's appeal brief was filed in December 2010 and the Commissioner's response brief was filed January 27, 2011. The appeal was scheduled for hearing on December 13, 2013 but prior to the hearing date the parties agreed to settle the litigation for a consideration of $300,000.00 subject to approval of the court. This matter is now closed.

ELIC Opt-Out Trust

The Opt-Out Trust receives approximately 33% of ELIC assets which are distributed to approximately 27,300 former ELIC policyholders ("Opt-Outs") who elected to terminate their policies. A distribution of $211 million of Altus Litigation Funds was made to Opt-Out policyholders in February 2006. Presently the remaining assets of the Opt-Out Trust consist of distributions allocated to policyholders with whom contact has been lost, in most cases due to bad addresses (such funds will be escheated to the last known state of residence). This trust however, continues to remain open to effect additional distributions to Opt-Out policyholders if the Commissioner is successful in the ELIC estate's pending litigation.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$31,933,700	$23,792,600
Other assets	574,300	592,900
Total assets	32,508,000	24,385,500

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	9,479,800	3,025,500
Policyholder liability	6,379,864,700	6,607,487,900
All other claims	428,800	428,800
Total liabilities	6,389,773,300	6,610,942,200
Net assets (deficiency)	($6,357,265,300)	($6,586,556,700)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$206,900	$315,600
Litigation recoveries	498,200	-
Miscellanoues income	-	2,600
Total income	705,100	318,200

Expenses	2013	2014
Administrative expenses	2,173,700	2,346,800
Interest on policyholder liability	227,453,500	227,262,800
Total expenses	229,627,200	229,609,600
Net income (loss)	($228,922,100)	($229,291,400)

CHANGE IN MONETARY ASSETS [9]

Beginning monetary assets at takeover	$112,111,400
Recoveries, net of expenses	648,957,100
Distributions	(737,275,900)
Monetary assets available for distribution	$23,792,600

[9] *This schedule represents changes in monetary assets from August 1, 1997, when Executive Life's estate accounting was transferred to the CLO, to December 31, 2010.*

ELIC Opt Out Trust

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$8,415,800	$8,103,400
Total assets	8,415,800	8,103,400

Liabilities	12/31/2013	12/31/2014
Secured claims	6,130,200	5,956,600
Unclaimed funds payable	2,238,500	2,238,500
Payable to Affiliates	571,500	590,000
Reserve for administrative expenses	(524,400)	(681,700)
Total liabilities	8,415,800	8,103,400

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income and Expenses	2013	2014
Investment income	$53,500	$92,500
Miscellanoues income	-	100
Administrative expenses	163,200	250,000
Net income (loss)	($109,700)	($157,400)

Fremont Indemnity Company
Conservation Order: June 04, 2003
Liquidation Order: July 02, 2003

<u>2014 Report</u>
Fremont was authorized as a multi-line Property & Casualty insurer, but at the time of liquidation operated as a “Monoline” Workers’ Compensation insurer writing only Workers’ Compensation and Employer Liability coverage in 48 states. Fremont is the successor by merger of six affiliate insurers that were under the common ownership of Fremont Compensation Insurance Group, Inc. (“FCIG”), Fremont’s immediate parent company. FCIG was wholly-owned by a publicly traded holding company, Fremont General Corporation (“FGC”). Approximately 65% of Fremont’s Workers’ Compensation claims are attributable to business written in California. Most of the general liability business was assumed by a group of life insurance companies and administered through a third party administrator named Riverstone. The “Claims Bar Date”, or the final date to submit a claim against the insolvent entity, was June 30, 2004.

All legal disputes with the exception of one Order to Show Cause proceeding associated with a toxic tort claim have been resolved. The unresolved matter is proceeding in the liquidation court which has continued the proceedings to allow the parties the opportunity to settle the dispute without litigating the myriad of issues. The estate will continue to work to avoid costly litigation and to negotiate a reasonable compromise of the disputed claim in 2015.

The Estate continues to bill and collect on the remaining active reinsurance treaties, as well as seeking commutations where advantageous.

The Estate released its tenth early access distribution in July 2014. The estate is planning a eleventh early access distribution in 2015.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$80,007,800	$70,274,400
Recoverable from reinsurers	40,365,200	39,373,400
Other assets	20,879,100	19,556,500
Total assets	141,252,100	129,204,300

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	15,631,600	15,631,600
Claims against policies, before distributions	3,062,614,200	3,130,912,400
Less distributions to policyholders	(980,297,700)	(1,005,724,300)
All other claims	316,732,800	319,903,600
Total liabilities	2,414,680,900	2,460,723,300
Net assets (deficiency)	($2,273,428,800)	($2,331,519,000)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2013	2014
Investment income	$413,400	$800,200
Salvage and other recoveries	6,754,300	26,826,200
Total income	7,167,700	27,626,400

Expenses	2013	2014
Loss and claims expenses	31,748,500	83,312,300
Administrative expenses	3,280,000	2,404,300
Total expenses	35,028,500	85,716,600
Net income (loss)	($27,860,800)	($58,090,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$434,855,900
Recoveries, net of expenses	641,142,800
Distributions	(1,005,724,300)
Monetary assets available for distribution	$70,274,400

Fremont Life Insurance Company
Conservation Order: June 05, 2008

2014 Report

Fremont Life Insurance Company ("Fremont Life"), a California domiciled life insurance company was located in Costa Mesa, California. Fremont Life was is a wholly owned subsidiary of Fremont Compensation Insurance Group Inc., whose ultimate parent is Fremont General Corporation ("FGC"). FGC filed for protection under Chapter 11 of the U.S. Bankruptcy Code in June of 2008. At the time of the parent's bankruptcy filing Fremont Life was unable to maintain the minimum required capital and surplus of $4,500,000. At about the time of the subsequent bankruptcy filing by its parent FGC, the California insurance regulators opted to seek a conservation of Fremont Life.

All active insurance contracts have been transferred to successor insurance companies, and the operations of Fremont Life have been discontinued. The conserved estate has the responsibility to ensure all risk associated with the remaining policies and life products are properly assumed by the successor insurers.

The Estate has recovered the last remaining protective deposits, and has documented that all policy risk has been transferred and novated.

The Estate has completed the withdrawal process from doing business in Guam and completed the release of all statutory deposits associated with the Guam business.

The Estate is also working with the California Department of Justice to resolve an outstanding restitution order in connection with the Alliance for Mature Americans Insurance Services, Inc. judgment.

Once these issues are resolved the Estate will be positioned to make a final distribution and the Conservation will be closed.

Fremont Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$1,569,300	$1,515,400
Other assets	500	500
Total assets	1,569,800	1,515,900

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	5,969	6,600
All other claims	1,609,200	1,609,200
Total liabilities	1,615,200	1,615,800
Net assets (deficiency)	($45,400)	($99,900)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$9,600	$16,800
Salvage and other recoveries	-	-
Total income	9,600	16,800

Expenses	2013	2014
Loss and claims expenses	-	-
Administrative expenses	54,300	71,300
Total expenses	54,300	71,300
Net income (loss)	($44,700)	($54,500)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$1,443,100
Recoveries, net of expenses	72,300
Monetary assets available for distribution	$1,515,400

Frontier Pacific Insurance Company

Conservation Order: September 7, 2001
Liquidation Order: November 30, 2001

2014 Report

Frontier Pacific Insurance Company ("FPIC"), a California domiciled property and casualty insurer, was licensed in California, Nevada, New York and South Carolina. FPIC primarily wrote surety and private passenger auto liability. In August 2001, FPIC's parent company, Frontier Insurance Company ("FIC") of New York, voluntarily entered rehabilitation under the control of the New York Liquidation Bureau. As a result of the FIC rehabilitation, reinsurance recoverables due FPIC from FIC were never paid. A subsequent financial examination by the California regulators disallowed the FIC reinsurance receivable, resulting in a negative surplus by FPIC, and FPIC was placed into conservation on September 7, 2001. During conservation, the Commissioner determined that FPIC's financial condition was such that rehabilitation was futile and an Order of Liquidation was obtained on November 30, 2001. The "Claims Bar Date," or the final date to submit a claim against the Estate, was August 30, 2002. The FPIC claims operation was transferred to the CLO in October 2005.

FPIC and its agents (including its parent, FIC) held collateral in various forms as security for the issuance of surety bonds, including large numbers of bail bonds. The Liquidator has finalized and released security for those obligations which have expired. All items of collateral associated with bail bonds have been returned, except those associated with forfeited bonds. As for those outstanding unliquidated obligations, the Liquidator is making suitable arrangements to affect release to the appropriate parties, including escheatment. The Liquidator has reached an agreement with the New York Liquidation Bureau on a procedure for the disposition of collateral securing joint and several obligations of FPIC and FIC.

Since FPIC's liquidation in November 2001, the Liquidator continues to marshal FPIC's assets to pay approved claims. In 2011, an arbitration proceeding against NICO, the main reinsurer of FPIC, not only awarded FPIC approximately $18 million, but also preserved FPIC's right to pursue an Unallocated Loss Adjustment Expense (ULAE) claim of approximately $3.4 million.

As a result of the arbitration proceedings against National indemnity Company (NICO) in which FPIC was awarded approximately $18 million, FPIC in cooperation with its parent company, Frontier Insurance Company (FIC) filed its ULAE claim against NICO for approximately $3.4 million. Concerning the unpaid ULAE, the Commissioner again filed for arbitration to recover this amount from NICO. Instead of proceeding with the arbitration scheduled for January 2015,the parties agreed to a commutation settlement in which FPIC received $1,650,000. Frontier Pacific's remaining reinsurance programs are labor intensive to administer, but known case reserves are relatively small. In 2014, the Commissioner collected $825,000 from some of these reinsurers. The Estate completed an interim distribution in the third quarter of 2012 for approximately $22 million and is positioned to complete a final distribution by July 2015.

Frontier Pacific Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$12,089,100	$11,960,400
Recoverable from reinsurers	15,493,500	825,000
Other assets	1,358,200	1,358,200
Total assets	28,940,800	14,143,600

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	4,748,100	4,745,100
Claims against policies, before distributions	42,968,700	42,608,000
Less distributions to policyholders	(24,486,500)	(24,440,100)
All other claims	13,510,000	8,675,600
Total liabilities	36,740,300	31,588,600
Net assets (deficiency)	($7,799,500)	($17,445,000)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$69,100	$122,100
Salvage and other recoveries	28,200	10,400
Total income	97,300	132,500

Expenses	2013	2014
Loss and claims expenses	(6,900)	5,367,000
Post-liquidation Federal tax expense	-	-
Administrative expenses	1,029,100	1,129,700
Total expenses	1,022,200	6,496,700
Net income (loss)	($924,900)	($6,364,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,531,900
Recoveries, net of expenses	17,868,600
Distributions	(24,440,100)
Monetary assets available for distribution	$11,960,400

Golden Eagle Insurance Company

Conservation Order:	**January 31, 1997**
Rehab./Liquidation Plan Approved:	**August 4, 1997**
Liquidation Order:	**February 18, 1998**

2014 Report

Golden Eagle Insurance Company ("Golden Eagle") is the subject of a Plan of Rehabilitation and Liquidation ("Plan") approved by the Superior Court in 1997. Under the Plan, Golden Eagle's insurance operating assets and future business were sold to affiliates of Liberty Mutual Insurance Company. The Plan also provides for an orderly "run-off" of claims under Golden Eagle's pre-1997 insurance policies, a process which is ongoing.

As part of the process to run off the remainder of the Golden Eagle estate additional reinsurance coverage was purchased from Liberty Mutual affiliates to cover all the remaining covered insurance policy exposures. Because payment in full of Golden Eagle's insurance liabilities is provided for under the Plan, the Liquidation Order does not contain a formal finding of insolvency, and thus the claim payment obligations of the Insurance Guaranty Associations (IGAs) have not been triggered. As a result, no bar date has been set for the filing of insurance claims covered under a Golden Eagle policy. Such claims will continue to be received, adjusted and paid in the ordinary course of the run-off of Golden Eagle's policyholder liabilities. The IGAs remain as a back-up, in the unlikely event that the claims payment assets available under the Plan are exhausted prior to the final policyholder claim payment. The judicial proceeding (and the liquidation estate) must be kept open to allow for IGA coverage to be triggered in the event the existing claims paying capacity provided for under the Rehabilitation Plan is exhausted.

All remaining policyholder claims are being administered and paid under the Plan's indemnity reinsurance and excess of loss reinsurance agreements with Liberty Mutual affiliates. . Policyholder claims continue to run off within the range of expected cost and reinsurance coverage. Until the entire remaining exposure is paid, assumed or novated, the Estate must remain open to monitor the long-term claim run-off and to give policyholders access to appeal rights through the OSC process that is incorporated into the Rehabilitation Plan.

The only assets that remain in the Estate consist of a reserve to fund the administrative expenses that the CLO will incur while monitoring the duration of the run off process.

Golden Eagle Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$1,871,600	$1,841,800
Total assets	1,871,600	1,841,800

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	-	-
Total liabilities	-	-
Net assets (deficiency)	$1,871,600	$1,841,800

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$11,900	$20,800
Salvage and other recoveries	-	2,700
Total income	11,900	23,500

Expenses	2013	2014
Administrative expenses	58,300	53,200
Total expenses	58,300	53,200
Net income (loss)	($46,400)	($29,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover [10]	$2,029,000
Recoveries, net of expenses	(187,200)
Monetary assets available for distribution	$1,841,800

[10] *As of December 31, 2006, when Golden Eagle's estate accounting was transferred to the CLO.*

Golden State Mutual Life Insurance Company
Conservation Order: September 30, 2009
Liquidation Order: January 28, 2011

2014 Report

Golden State Mutual Life Insurance Company (GSM), was a mutual life and health insurance company domiciled and incorporated in California, with its principal place of business and home office located in Los Angeles, California. Golden State's business provided life insurance products to the minority middle-income marketplace primarily in California, Texas, North Carolina, Michigan and Illinois.

As of June 30, 2009, Golden State filed its Quarterly Statement reporting surplus that was less than the minimum paid-in capital and surplus required by the Insurance Code. Consequently, Golden State was deemed statutorily impaired and placed into conservation on September 30, 2009.

In November 2009, the Conservator conducted a national "request for proposal" process seeking a healthy successor insurer to purchase the mutual company or assume its book of business. IA American Life Insurance Company was the successful bidder and the Superior Court approved IA's assumption of all in-force GSM policies on June 24, 2010.

By December 2010, after the assumption by IA American, the Conservator determined Golden State's estimated liabilities exceeded its estimated remaining assets by over $3 million. A hearing on the Liquidation Motion was held on January 28, 2011, and an order of insolvency was entered.

During 2011 Golden State obtained court approval and completed the transfer of the company's remaining pension plan obligation and its administration to the Federal Pension Benefit Guaranty Corporation. Additionally, the estate negotiated an agreement with the National Association of Life and Health Insurance Guaranty Associations (NOLHGA) whereby all un-assumed policy liability will be honored by the respective state guaranty association subject to any statutory limitations.

Due to a continuing lack of available funds to distribute, the estate has filed annual requests with the court to suspend the formal proof of claim process and to extend the planned claims bar date.

The estate is positioned to confirm sales contracts on the final two assets in the estate, an REO property and the remaining art collection. Once these asset sales are closed the estate will prepare pleadings seeking a closure order.

Golden State Mutual Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$317,600	$227,200
Other assets	275,000	190,000
Total assets	592,600	417,200

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	1,026,000	1,026,000
Policyholder claims	1,664,200	1,664,200
All other claims	7,571,900	7,571,900
Total liabilities	10,262,100	10,262,100
Net assets (deficiency)	($9,669,500)	($9,844,900)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income (loss)	($3,700)	$2,400
Cessions and premium income	-	-
Other income	7,900	75,100
Total income	4,200	77,500

Expenses	2013	2014
Loss and claims expenses	-	-
Administrative expenses	678,300	236,400
Total expenses	678,300	236,400
Net income (loss)	(674,100)	(158,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$72,139,200
Recoveries, net of expenses	(71,912,000)
Monetary assets available for distribution	$227,200

HIH America Comp. & Liability Insurance Company
Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

2014 Report

HIH America Compensation Liability Insurance Company (HIH) was domiciled in California and licensed to transact business in 31 states with California being the primary state accounting for 82% of the business written. HIH wrote only workers' compensation insurance. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

Given the number of states in which HIH wrote business, a significant effort was required at the time of liquidation to properly transfer all open covered claims to the insurance guaranty community. The Estate had a significant amount of intercompany relationships with various affiliates that required a considerable amount of work to resolve such intercompany balances. Additionally, the Estate had a significant reinsurance program that was placed under a run off plan.

The balance of the reinsurance program has been essentially run-off to conclusion. All material assets have been collected or resolved. The Estate continues to collect periodic claim payments from the insolvency estate of its parent company and are actively seeking the sale of the unliquidated portion of the claim. Depending on the resolution of the final upper layer reinsurance treaties together with the claim against the bankrupt parent, the estate will work to schedule a final distribution in 2015.

HIH America Comp & Liability Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$12,828,200	$13,423,300
Recoverable from reinsurers	284,200	664,900
Other assets	-	-
Total assets	13,112,400	14,088,200

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	68,200	68,100
Claims against policies, before distributions	777,903,700	774,771,100
Less distributions to policyholders	(328,499,900)	(328,499,900)
All other claims	1,990,400	1,990,400
Total liabilities	451,462,400	448,329,700
Net assets (deficiency)	($438,350,000)	($434,241,500)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$80,200	$146,400
Salvage and other recoveries	1,219,600	(180,000)
Total income	1,299,800	(33,600)

Expenses	2013	2014
Loss and claims expenses	6,010,800	(4,431,600)
Administrative expenses	217,800	289,600
Total expenses	6,228,600	(4,142,000)
Net income (loss)	($4,928,800)	$4,108,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$147,637,800
Recoveries, net of expenses	194,285,400
Distributions	(328,499,900)
Monetary assets available for distribution	$13,423,300

Great States Insurance Company
Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

<u>2014 Report</u>

Great States Insurance Company was domiciled in California and was licensed to transact business in 14 states. Great States wrote only workers' compensation insurance and concentrated in Arizona, Colorado, and Nevada. Great States wrote a minimal amount in California and Illinois. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

A significant portion of the Estate's statutory deposits are held in the form of surety bonds and are released as claims arise and formal awards are issued. The entity that has issued the surety bond has off-set rights related to certain reinsurance recoveries by Great States. The process of reconciling these releases and offsets has been an on-going requirement of the Estate.

The Estate continues to seek a resolution of the surety bond issue with American Home Assurance. Absent an agreement on the development of loss reserves, the Estate will consider foregoing a settlement and seek agreeable arrangement with the California Guarantee Association to assign the surety bonds and prepare the Estate for a final distribution and closing in 2016.

Great States Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$20,502,100	$20,599,600
Recoverable from reinsurers	746,400	740,100
Total assets	21,248,500	21,339,700

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	34,400	26,000
Claims against policies, before distributions	80,446,100	79,121,100
Less distributions to policyholders	(10,154,800)	(10,154,800)
All other claims	11,917,600	11,917,600
Total liabilities	82,243,300	80,909,900
Net assets (deficiency)	($60,994,800)	($59,570,200)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$127,400	$230,000
Salvage and other recoveries	2,752,400	290,100
Total income	2,879,800	520,100

Expenses	2013	2014
Loss and claims expenses	2,759,300	(1,149,600)
Administrative expenses	205,500	245,200
Total expenses	2,964,800	(904,400)
Net income (loss)	($85,000)	$1,424,500

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$7,889,700
Recoveries, net of expenses	22,864,700
Distributions	(10,154,800)
Monetary assets available for distribution	$20,599,600

Majestic Insurance Company
Conservation Order: April 21, 2011

2014 Report

On April 21, 2011, an Order appointing Conservator and Restraining Orders ("Conservation Order") was entered by the Superior Court of the State of California with respect to Majestic Insurance Company, a California Corporation. The California Department of Insurance (CDI) conducted an examination of Majestic for the period January 1, 2005 through December 31, 2010. CDI found Majestic's recorded loss and loss adjustment expense reserves to be deficient by approximately $40.9 million. Also, due to the increase in reserves, a premium deficiency reserve was required in the amount of $5.5 million. After these examination adjustments, Majestic's Risk-Based Capital (RBC) fell within the Mandatory Control Level. The CDI Examination determined that Majestic was operating in a hazardous financial condition in accordance with California Insurance Code Section (CICS) 1011(d). These findings were incorporated into the Commissioner's application for the Conservation Order.

The Commissioner was appointed as Conservator and directed to conduct the business of Majestic. The Conservator is authorized, in his discretion, to operate the business of Majestic, or so much of the business as he deems appropriate, and to pay or defer payment of some or all proper claims, expenses, liabilities and obligations of Majestic, in whole or in part, accruing prior or subsequent to his appointment. The Conservator continued to operate Majestic's business in substantially the manner the company was operating prior to conservation, solely for the purpose of preserving Majestic's business assets and going-concern value in order to facilitate a Plan of Rehabilitation (the "Plan").

Immediately after the entry of the Conservation Order, the Conservator filed a motion seeking court approval of the Plan. Court approval of the Plan was granted on June 2, 2011 and the transaction contemplated by the Plan closed on July 1, 2011. The Plan provided for the assumption of 100% of Majestic's workers' compensation claim liabilities by an A-rated insurance company affiliate of AmTrust North America, Inc. ("AmTrust") via a Loss Portfolio Transfer and Quota Share Reinsurance Agreement (the "Reinsurance Agreement"). Under the Reinsurance Agreement, AmTrust (through an insurance company affiliate, Technology Insurance Company) assumed the majority of Majestic's assets and liabilities relating to its workers' compensation business. Majestic's in-force policies and expired policies with reported claims were novated to Technology Insurance Company. The Reinsurance Agreement also provides that all reinsurance contracts providing coverage for the business written by Majestic shall inure to the benefit of AmTrust.

Pursuant to the Conservation Order, continued prosecution of the lawsuits and the filing of any other claims, lawsuits or actions against the Company outside of the conservation proceedings pending in the Superior Court of the State of California, County of San Francisco (the "Conservation Court"), is enjoined. Alternative remedies for the assertion of any and all such claims are provided for under the Conservator's Rehabilitation Plan. The Rehabilitation Plan provides that the Conservator may request the Conservation Court to establish a claims bar date for filing proofs of claim against Majestic by non-policyholder creditors. The Rehabilitation Plan further provides that the

Conservator shall administer, investigate, adjust and determine all such proofs of claim in a manner consistent with California Insurance Code Sections 1010 through 1062. In accordance with these provisions of the Rehabilitation Plan, the Conservation Court established a claims bar date of January 31, 2012 for filing non-policyholder proofs of claim with the Conservator. The Conservator received a total of 90 proofs of claim which set forth claims of non-policyholder creditors in the aggregate amount of $205 million.

Majestic solicited potential purchasers for the insurance company, together with certain residual assets and licenses, to be sold as a clean “shell”, free and clear of pre-acquisition liabilities. The request for proposal (RFP) required bids to be received by August 31, 2012. The request for proposal (RFP) process was completed shortly thereafter by selecting a winning bid. Agreements have been negotiated, signed, and approved by the court. The estate’s shell was transferred to purchaser as of May 31, 2013.

In 2013, the Conservator finalized all proofs of claims and received court approval in December 2013 and completed its first interim distribution in February 2014.

In June 2014, the estate filed an application in the San Francisco Superior Court to approve the Conservator’s proposal to disburse assets to the approved creditor and to approve special publication notice relating to “Great Western” policies. The order was approved on July 8, 2014 and the Great Western policies publication notice was advertised in three newspapers on July 14, 2014. Pursuant to the order, the Conservator is authorized, if no newly reported claims potentially subject to coverage under the Great Western policies are received within forty-five (45) days following the last publication of the Great Western Notice, to distribute and pay a total of $5,000,000 to the Class 9 Creditor (Embarcadero Holdings, the Liquidating Trustee) as a section 1033(a)(9) claimant.

On September 18, 2014, the Conservator filed a status report indicating no new claims or reports had been received that could be entitled to payment under any of the Great Western Policies, and pursuant to the authorization set forth in the in the Distribution Order, the Conservator completed a second interim distribution to the Class 9 Creditor in the amount of $5 million on September 24, 2014.

Once all estate matters are completed, the Commissioner will petition the San Francisco Superior Court to the close the estate and any remaining funds will be sent to Embarcadero Holdings, the parent of Majestic Insurance Company.

Majestic Ins Co

ASSETS AND LIABILITIES
As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$14,008,200	$3,872,600
Other assets	27,600	27,600
Total assets	14,035,800	3,900,200

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	434,200	346,100
All other claims	1,723,500	-
Total liabilities	2,157,700	346,100
Net assets (deficiency)	11,878,100	3,554,100

INCOME AND EXPENSES
For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$250,300	$92,300
Other income	506,700	6,800
Total income	757,000	99,100

Expenses	2013	2014
Loss and claims expenses	633,600	8,267,300
Administrative expenses	940,500	784,700
Total expenses	1,574,100	9,052,000
Net income (loss)	(817,100)	(8,952,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$14,895,600
Recoveries, net of expenses	(11,023,000)
Monetary assets available for distribution	$3,872,600

Mission Insurance Company
Conservation Order: October 31, 1985
Liquidation Order: February 24, 1987

Mission National Insurance Company

Conservation Order: November 26, 1985
Liquidation Order: February 24, 1987

Enterprise Insurance Company

Conservation Order: November 26, 1985
Liquidation Order: February 24, 1987

2014 Report

The Mission Insurance Companies' insolvency proceedings began with a court-ordered conservation of the Mission entity on October 31, 1985 with the balance of the entities being conserved in November 1985. All were placed into conservation due to their hazardous financial condition. Efforts to rehabilitate the companies did not succeed, and on February 24, 1987, the companies were ordered into liquidation. Ancillary proceedings in California for Holland America Insurance Company and Mission Reinsurance Company were initiated concurrent with the Missouri Insurance Director's obtaining a receivership order as the domiciliary liquidator.

In accordance with a court approved closing plan, the Mission estates completed a final policyholder distribution in 2006 whereby all policyholder claimants for Mission, Mission National and Enterprise were paid 100% of their approved claim. As of year-end 2014, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims. The Enterprise estate has completed a final distribution in December 2014 and anticipates closing in 2015 while keeping the shell open for tax purposes.

The Mission estates participate as members of a consolidated tax group (Covanta being the parent) and, as such, are joint and severally liable for the tax exposure of the group. With guidance and advice from tax counsel, the estates have established proper tax reserves for certain open tax years. Covanta has commenced an audit with the IRS of the consolidated group returns for a number of tax years and is undergoing an administrative appeal process from the result.

The Mission estates contacted the Department of Justice (DOJ) in late 2011 in an effort to obtain a Federal Claim waiver primarily to avoid any possibility of the Federal Government presenting any late claims for toxic tort clean-ups where a Mission policyholder may have had exposure. Given the Federal priority statute, obtaining a waiver that the companies had considered all the known potential policyholder liabilities prior to closure of the estate was of paramount importance. Enterprise was given the waiver because the nature of its business did not contain significant policyholder exposure for any government claims. Mission and Mission National have continued to be engaged in a back and forth with the DOJ to give them all the necessary documentation for the DOJ to issue the waiver. Owing to the nature of the two remaining estates portfolio of policyholders, this has been a tedious, time consuming process which we foresee continuing into 2015.

The Enterprise estate completed its final distribution in December 2014 and plans to file a Declaration of Compliance in 2015 to effectuate estate closure.

Mission Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$110,234,400	$110,903,600
Recoverable from reinsurers	21,066,600	20,791,300
Other assets	23,816,500	23,816,400
Total assets	155,117,500	155,511,300

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	78,753,500	78,753,500
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	198,438,500	198,438,500
Total liabilities	277,192,000	277,192,000
Net assets (deficiency)	($122,074,500)	($121,680,700)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$749,500	$1,246,000
Salvage and other recoveries	3,662,500	30,400
Total income	4,412,000	1,276,400

Expenses	2013	2014
Loss and claims expenses	-	-
Administrative expenses	716,700	882,500
Total expenses	716,700	882,500
Net income (loss)	$3,695,300	$393,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$133,667,000
Recoveries, net of expenses	1,089,844,600
Distributions	(1,112,608,000)
Monetary assets available for distribution	$110,903,600

Mission National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$25,355,300	$30,326,600
Recoverable from reinsurers	3,542,300	2,706,800
Other assets	34,000	34,500
Total assets	28,931,600	33,067,900

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	17,753,800	17,753,800
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(499,851,900)	(499,851,900)
All other claims	16,838,100	16,838,100
Total liabilities	130,838,500	130,838,500
Net assets (deficiency)	($101,906,900)	($97,770,600)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$161,200	$295,800
Salvage and other recoveries	41,100	300
Total income	202,300	296,100

Expenses	2013	2014
Loss and claims expenses	(40,400)	(4,087,100)
Administrative expenses	152,900	246,800
Total expenses	112,500	(3,840,300)
Net income (loss)	$89,800	$4,136,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,289,000
Recoveries, net of expenses	538,966,800
Distributions	(526,929,200)
Monetary assets available for distribution	$30,326,600

Enterprise Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$7,475,500	$356,300
Total assets	7,475,500	356,300

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	1,240,500	255,800
Claims against policies, before distributions	120,573,400	120,573,400
Less distributions to policyholders	(120,573,400)	(120,573,400)
All other claims	30,780,900	24,044,700
Total liabilities	32,021,400	24,300,500
Net assets (deficiency)	($24,545,900)	($23,944,200)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$47,500	$78,000
Salvage and other recoveries	61,400	37,100
Total income	108,900	115,100

Expenses	2013	2014
Administrative expenses	68,800	(486,700)
Total expenses	68,800	(486,700)
Net income (loss)	$40,100	$601,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$3,281,000
Recoveries, net of expenses	129,764,000
Distributions	(132,688,700)
Monetary assets available for distribution	$356,300

Pacific National Insurance Company
Conservation Order: May 14, 2003
Liquidation Order: August 5, 2003

2014 Report

Pacific National Insurance Company ("PNIC") is a subsidiary of the Highlands Insurance Group. PNIC's principal business lines include workers' compensation, commercial multiple-peril, general liability, and commercial automobile insurance. PNIC wrote business exclusively in California.

In October 2002, Highlands Insurance Group and five of its non-insurance subsidiaries commenced Chapter 11 bankruptcy proceedings in the U.S. Bankruptcy Court in the District of Delaware.

On May 14, 2003, the Commissioner was appointed as Conservator of PNIC and on August 5, 2003, the Superior Court appointed the Commissioner as Liquidator of PNIC. Upon liquidation, covered claims were transferred to the appropriate insurance guaranty associations. PNIC's assets consist primarily of cash and reinsurance receivables. The "Claims Bar Date," the final date to submit a claim against the Estate, was July 30, 2004.

Highlands Insurance Company ("HIC") in New Jersey, a subsidiary of Highlands Insurance Group handled routine administrative services for PNIC under an inter-company agreement. HIC was placed in conservation by the Texas Department of Insurance in November 2003. The CLO worked with the Texas Department of Insurance on data transfer/storage and reinsurance collections.

The Estate was successful in commuting a significant reinsurance treaty completing the transaction and recovery in time to prepare for and release a $19 million early access distribution to the California Insurance Guarantee Association in October 2011. The Estate team was successful in commuting the remaining reinsurance treaties and completed collection of the remaining reinsurance recoveries in 2014. The estate completed its final distribution in December 2014 and plans to file a Declaration of Compliance in 2015 to effectuate estate closure.

Pacific National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$4,657,600	$1,934,000
Recoverable from reinsurers	885,700	-
Total assets	5,543,300	1,934,000

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	1,550,600	1,550,600
Claims against policies, before distributions	107,777,300	107,777,300
Less distributions to policyholders	(52,416,400)	(52,416,400)
All other claims	246,500	(3,588,900)
Total liabilities	57,158,000	53,322,600
Net assets (deficiency)	($51,614,700)	($51,388,600)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$26,800	$64,100
Salvage and other recoveries	1,700	879,700
Total income	28,500	943,800

Expenses	2013	2014
Loss and claims expenses	1,073,400	515,100
Administrative expenses	199,300	202,500
Total expenses	1,272,700	717,600
Net income (loss)	($1,244,200)	$226,200

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$36,519,100
Recoveries, net of expenses	21,666,800
Distributions	(56,251,900)
Monetary assets available for distribution	$1,934,000

SeeChange Health Insurance Company
Conservation Order: November 19, 2014
Liquidation Order: January 28, 2015

2014 Report

On November 19, 2014, the Insurance Commissioner of the State of California (the "Commissioner") was appointed as Conservator of SeeChange Health Insurance Company ("SeeChange") by the Los Angeles County Superior Court pursuant to Section 1011 of the California Insurance Code. The Conservation Order authorizes the Commissioner, through his Conservation & Liquidation Office, as Conservator to conduct the business of SeeChange or so much of the business as he may deem appropriate. All policies will terminate on December 31, 2014. Policyholders will have 12 months from their termination date to file their claims.

On January 28, 2015, the Insurance Commissioner of the State of California was appointed as Liquidator of SeeChange Health Insurance Company ("SeeChange") by the Los Angeles County Superior Court pursuant to Section 1016 of the California Insurance Code. The Liquidator is directed to liquidate and wind up the business of SeeChange and to act in all ways and exercise all powers necessary for the purpose of the Order and the liquidation provisions of the Insurance Code.

SeeChange Ins Co

ASSETS AND LIABILITIES

For Period Ended September 30 and December 31, 2014[11]

Assets	9/30/2014	12/31/2014
Cash and investments	$20,683,493	$7,007,448
Other assets	2,673,565	1,033,590
Total assets	23,357,058	8,041,038

Liabilities	9/30/2014	12/31/2014
Policyholders claims	16,758,162	17,963,658
All other liabilities	5,391,135	6,556,741
Total liabilities	22,149,297	24,520,399
Capital and Surplus		
Common stock	3,000,000	3,000,000
Additional paid-in capital	82,228,055	82,228,055
Unassigned surplus	(84,020,294)	(101,707,416)
Net assets (deficiency)	$1,207,761	($16,479,361)

INCOME AND EXPENSES

For Period Ended September 30 and December 31, 2014[11]

Income	9/30/2014	12/31/2014
Investment income (loss)	$144,694	$155,916
Cessions and premium income	81,136,915	98,749,898
Other income	14,824	19,094
Total Income	81,296,433	98,924,908

Expenses	9/30/2014	12/31/2014
Loss and claims expenses	147,149,891	101,880,832
Adminstrative expenses	19,270,828	23,556,068
Total expenses	90,041,178	125,436,900
Net Income (loss)	(8,744,745)	(26,511,992)

[11] 9/30/14 and 12/31/14 figures are per the quarterly statement filed with the CA Dept. of Ins. using statutory basis of accounting. The 9/30/14 figures were used in support of the Conservation Order in lieu of an 11/19/14 conservation date balance sheet.

Superior National Insurance Companies In Liquidation ("SNICIL") (California Compensation Insurance Company, Combined Benefits Insurance Company, Commercial Compensation Casualty Company, Superior National Insurance Company, and Superior Pacific Casualty Company)

Conservation Order: March 6, 2000
Liquidation Order: September 26, 2000

<u>2014 Report</u>

On March 6, 2000, the Los Angeles County Superior Court (the "Court") ordered and appointed the Insurance Commissioner to serve as Conservator of four workers' compensation insurance companies: Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company and Combined Benefits Insurance Company. On June 9, 2000, the Court ordered and appointed the Commissioner to serve as conservator of a fifth workers' compensation insurance company named Commercial Compensation Casualty Company. In his capacity as Conservator, the Insurance Commissioner obtained title to and possession of all the property and assets of the five estates, collectively identified as Superior National Insurance Companies in Liquidation ("Superior National Estates").

In September 26, 2000, the Court found that each of the Superior National Estates was insolvent and that it would be futile to proceed as Conservator. The Court terminated the Insurance Commissioner's status as conservator of the five insurers and ordered and appointed the Commissioner to serve as Liquidator of the insurers.

In 2012, the Superior National Estates obtained court approval of an indemnity settlement agreement with the SNTL Litigation Trust and the Oversight Committee of the SNTL Litigation Trust. Final indemnity payment was made in December 2014 and the matter is now closed.

In 2014 the Superior National Estates released its eleventh early access distribution to guaranty associations. The Estates are planning a twelfth early access distribution in 2015.

Under the most optimistic estimates, SNICL has insufficient assets to fully pay the policyholder claims. Consequently, once all asset recoveries are fully monetized, the Estate will seek court approval not to review any claims below the policyholder class.

The largest remaining asset on the books of the estates are reinsurance recoverables of approximately $140,300,000 (includes IBNR). The Estates' continuing and ultimate goal is to fully resolve its reinsurance recoverables through treaty commutations since Workers Compensation claims are such long tailed claims that conceivably there could be reinsurance billing for the next 50 years. Once reinsurance has been resolved, there are no significant issues remaining and the Liquidator can seek closure.

California Compensation Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$18,503,400	$17,819,700
Recoverable from reinsurers	75,933,000	71,675,100
Other assets	-	-
Total assets	94,436,400	89,494,800

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	5,359,400	232,700
Claims against policies, before distributions	2,078,815,500	2,081,819,000
Less distributions to policyholders	(894,851,900)	(902,599,100)
All other claims	119,300,100	119,289,200
Total liabilities	1,308,623,100	1,298,741,800
Net assets (deficiency)	($1,214,186,700)	($1,209,247,000)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$73,600	$195,500
Litigation recoveries	-	10,969,400
Salvage and other recoveries	6,207,400	6,258,200
Total income	6,281,000	17,423,100

Expenses	2013	2014
Loss and claims expenses	20,512,300	10,592,800
Administrative expenses	993,000	1,890,700
Total expenses	21,505,300	12,483,500
Net income (loss)	($15,224,300)	$4,939,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$165,879,200
Recoveries, net of expenses	754,539,600
Distributions	(902,599,100)
Monetary assets available for distribution	$17,819,700

Combined Benefits Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$11,414,300	$8,858,500
Recoverable from reinsurers	206,700	687,900
Total assets	11,621,000	9,546,400

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	47,900	600
Claims against policies, before distributions	37,057,400	36,016,900
Less distributions to policyholders	(23,554,800)	(26,054,800)
All other claims	6,667,100	6,274,800
Total liabilities	20,217,600	16,237,500
Net assets (deficiency)	($8,596,600)	($6,691,100)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$68,400	$129,200
Litigation recoveries	-	41,900
Salvage and other recoveries	4,500	358,000
Total income	72,900	529,100

Expenses	2013	2014
Loss and claims expenses	1,396,600	(1,568,000)
Administrative expenses	88,700	191,500
Total expenses	1,485,300	(1,376,500)
Net income (loss)	($1,412,400)	$1,905,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$11,115,400
Recoveries, net of expenses	23,797,900
Distributions	(26,054,800)
Monetary assets available for distribution	$8,858,500

Superior National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$25,292,700	$22,483,500
Recoverable from reinsurers	44,888,800	38,505,400
Other assets	-	-
Total assets	70,181,500	60,988,900

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	1,236,600	77,500
Claims against policies, before distributions	888,170,600	894,047,400
Less distributions to policyholders	(400,114,400)	(406,610,200)
All other claims	28,723,600	28,723,400
Total liabilities	518,016,400	516,238,100
Net assets (deficiency)	($447,834,900)	($455,249,200)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$250,000	$237,100
Litigation recoveries	-	1,830,200
Salvage and other recoveries	3,142,600	4,203,700
Total income	3,392,600	6,271,000

Expenses	2013	2014
Loss and claims expenses	4,912,300	13,227,000
Administrative expenses	356,600	458,300
Total expenses	5,268,900	13,685,300
Net income (loss)	($1,876,300)	($7,414,300)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$68,622,300
Recoveries, net of expenses	360,471,400
Distributions	(406,610,200)
Monetary assets available for distribution	$22,483,500

Superior Pacific Casualty Co

ASSETS AND LIABILITIES
As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$6,888,300	$7,688,400
Recoverable from reinsurers	28,753,600	23,703,900
Total assets	35,641,900	31,392,300

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	17,200	400
Claims against policies, before distributions	231,295,900	225,053,700
Less distributions to policyholders	(40,969,700)	(43,969,700)
All other claims	62,365,700	62,365,700
Total liabilities	252,709,100	243,450,100
Net assets (deficiency)	($217,067,200)	($212,057,800)

INCOME AND EXPENSES
For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$42,200	$102,500
Litigation recoveries	-	14,900
Salvage and other recoveries	436,400	597,000
Total income	478,600	714,400

Expenses	2013	2014
Loss and claims expenses	5,844,100	(4,653,400)
Administrative expenses	222,400	358,400
Total expenses	6,066,500	(4,295,000)
Net income (loss)	($5,587,900)	$5,009,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$58,666,300
Recoveries, net of expenses	(7,008,200)
Distributions	(43,969,700)
Monetary assets available for distribution	$7,688,400

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$11,660,800	$10,562,000
Recoverable from reinsurers	7,277,500	5,740,200
Total assets	18,938,300	16,302,200

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	939,800	682,600
Claims against policies, before distributions	140,127,100	144,641,400
Less distributions to policyholders	(95,971,800)	(97,187,200)
All other claims	13,754,500	13,754,500
Total liabilities	58,849,600	61,891,300
Net assets (deficiency)	($39,911,300)	($45,589,100)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2013	2014
Investment income	$66,400	$124,800
Litigation recoveries	-	228,100
Salvage and other recoveries	350,500	478,300
Total income	416,900	831,200

Expenses	2013	2014
Loss and claims expenses	1,788,600	6,435,200
Administrative expenses	63,100	73,800
Total expenses	1,851,700	6,509,000
Net income (loss)	($1,434,800)	($5,677,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$6,420,700
Recoveries, net of expenses	101,328,500
Distributions	(97,187,200)
Monetary assets available for distribution	$10,562,000

Western Employers Insurance Company

Conservation Order: April 2, 1991
Liquidation Order: April 19, 1991

2014 Report

Western Employers Insurance Company ("WEIC") began as a New York-domiciled insurer known as Leatherby Insurance Company and was re-domesticated to California in the late 1970's. The company was licensed in all 50 states and D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. After four years of attempted self-liquidation, WEIC determined it could no longer continue to liquidate without the assistance of the California Department of Insurance. An order placing WEIC into liquidation was entered on April 19, 1991.

WEIC's primary objective will be to resolve all asset recoveries, principally reinsurance assets at this juncture, determine final estate liability and position the Estate for closure by 2017. A significant requirement to meet that objective is to determine how to quantify the remaining long-tail exposure.

In 2010 the San Francisco Superior Court set a deadline by which all holders of claims, other than workers' compensation claims, must submit detailed claim updates which set forth the facts regarding the further developments of those claims. Currently all claims that were submitted with the update continue to be reviewed.

Two distinct problems slow the claims determination process. First, is the fact that claims must be liquidated before they can be approved, and WEIC wrote a significant number of excess and umbrella policies for environmental type exposure, and the losses continue to accumulate but have not reached an attachment point yet. Secondly, in 2012, the CLO made an initial reporting to the Federal Government. After two years of exchanging information with the Department of Justice they recently indicated a willingness to grant us the waiver. We are presently in the process of perfecting the waiver agreement. Once that is achieved we should be able to deal with certain administrative legal issues which will allow us to move forward with closing the estate.

Western Employers Ins Co

ASSETS AND LIABILITIES

As of December 31, 2013 and December 31, 2014

Assets	12/31/2013	12/31/2014
Cash and investments	$134,020,600	$144,496,300
Recoverable from reinsurers	16,439,500	5,657,700
Total assets	150,460,100	150,154,000

Liabilities	12/31/2013	12/31/2014
Secured claims and accrued expenses	350,000	350,000
Claims against policies, before distributions	167,914,800	166,685,200
Less distributions to policyholders	(68,190,000)	(68,190,000)
All other claims	2,971,800	2,971,800
Total liabilities	103,046,600	101,817,000
Net assets (deficiency)	$47,413,500	$48,337,000

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2013	2014
Investment income	$872,100	$1,495,600
Salvage and other recoveries	258,800	3,069,800
Total income	1,130,900	4,565,400

Expenses	2013	2014
Loss and claims expenses	(17,083,500)	2,735,300
Administrative expenses	990,300	924,800
Total expenses	(16,093,200)	3,660,100
Net income (loss)	$17,224,100	$905,300

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$74,867,900
Recoveries, net of expenses	137,818,400
Distributions	(68,190,000)
Monetary assets available for distribution	$144,496,300

Section 3 – Cross Reference to California Insurance Code (CIC)

CIC Section 1060 - The Commissioner shall transmit all of the following to the Governor, the Legislature, and to the committees of the Senate and Assembly having jurisdiction over insurance in the annual report submitted pursuant to Section 12922:

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