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13 *Attorneys for Applicant Insurance Commissioner of*
14 *the State of California as Liquidator of Western*
Employers Insurance Company

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 COUNTY OF SAN FRANCISCO
17

18 INSURANCE COMMISSIONER OF THE
19 STATE OF CALIFORNIA,

Applicant,

20
21
22 v.
23
24

25 WESTERN EMPLOYERS INSURANCE
26 COMPANY,

Respondent.
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ELECTRONICALLY
FILED
Superior Court of California,
County of San Francisco

01/14/2022
Clerk of the Court
BY: CAROL BALISTRERI
Deputy Clerk

Case No. CPF-97-984281

**DECLARATION OF SCOTT PEARCE
RE COMPLIANCE WITH FINAL
DISTRIBUTIONS**

1 I, Scott Pearce, hereby declare as follows:

2 1. I am the Senior Estate Trusts Officer (ETO) in the California Insurance
3 Commissioner's Conservation and Liquidation Office (CLO). I have been an ETO at the CLO
4 since February 2003. I have been the Senior ETO since May 2005. As Senior ETO, I have
5 supervised other ETOs at the CLO, who in turn oversee the administration of insolvent insurance
6 company estates. I make this declaration in my official capacity as Senior ETO for the CLO. One
7 of the insolvent estates that I oversee, along with Estate Trust Manager Rommel Adao, is the
8 Western Employers Insurance Company (WEIC) liquidation. I am responsible for the
9 management of financially impaired or insolvent insurance companies from the time of
10 conservation or liquidation until the court has discharged the Insurance Commissioner of his or
11 her duties as the conservator or liquidator. I lead and direct a support team consisting of
12 individuals who work in the areas of accounting, claims, reinsurance, legal, finance, information
13 technology, human resources, and administration.

14 2. I am authorized to make this declaration on behalf of applicant Insurance
15 Commissioner of the State of California, in his capacity as Liquidator of WEIC (Liquidator). The
16 following statements are based on my personal knowledge, acquired through my direct
17 involvement in the WEIC liquidation. If called upon to testify, I could and would testify
18 competently to the facts herein.

19 3. On July 19, 2021, the Court issued its Order Granting Application for Approval of
20 Final Report and Account of Liquidator of Western Employers Insurance Company, Shareholder
21 Agreement, Final Distribution of Funds and Closing of Estate. This declaration addresses
22 compliance with that order as directed by paragraph 10 of that order.

23 4. On October 6, 2021, the Liquidator distributed \$40,000,000 to shareholder Level 3
24 Parent, LLC, the successor-in-interest to WEIC's corporate parent.

25 5. The CLO anticipates that the 2021 financial statements will be finalized in
26 conjunction with the Department of Finance in the summer of 2022. The CLO projects that the
27 2021 federal corporation income tax return will be completed in October 2022. A reserve for the
28 costs of these activities as well as a reserve for potential taxes has been withheld, in line with the

1 Estimated Administrative and Closing Budget approved by the Court. When the financial
2 statements are finalized, final tax returns are filed and taxes, if any, are paid, the CLO intends to
3 distribute the remaining funds to Level 3 Parent, LLC.

4 I declare under the penalty of perjury under the laws of the State of California that the
5 foregoing facts are true and correct. Executed on this 13th day of January, 2022 at San
6 Francisco, California.



SCOTT PEARCE

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DECLARATION OF SERVICE BY U.S. MAIL

Case Name: *Insurance Commissioner v. Western Employers Insurance Company*
Case No.: CPF-97-984281

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 1515 Clay Street, 20th Floor, Oakland, CA 94612-0550.

On January 14, 2022, I served the attached **Declaration of Scott Pearce Re Compliance with Final Distributions** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Mail at Oakland, California, addressed as follows:

Jack Hom, Esq.
Office of the Chief Counsel
California Department of Insurance
1901 Harrison Street, Floor 6th
Oakland, CA 94612-3691

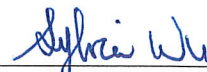
Carmel Gill
Data Protection Officer
Lumen
931 14th Street
Denver, CO 80202

Western Employer's Insurance Company
c/o Conservation and Liquidation Office
P.O. Box 26894
San Francisco, CA 94126-0894

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on January 14, 2022, at Oakland, California.

Sylvia Wu

Declarant



Signature