2019 ANNUAL REPORT

CONSERVATION & LIQUIDATION OFFICE

Conservation & Liquidation Office

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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 to 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, 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.

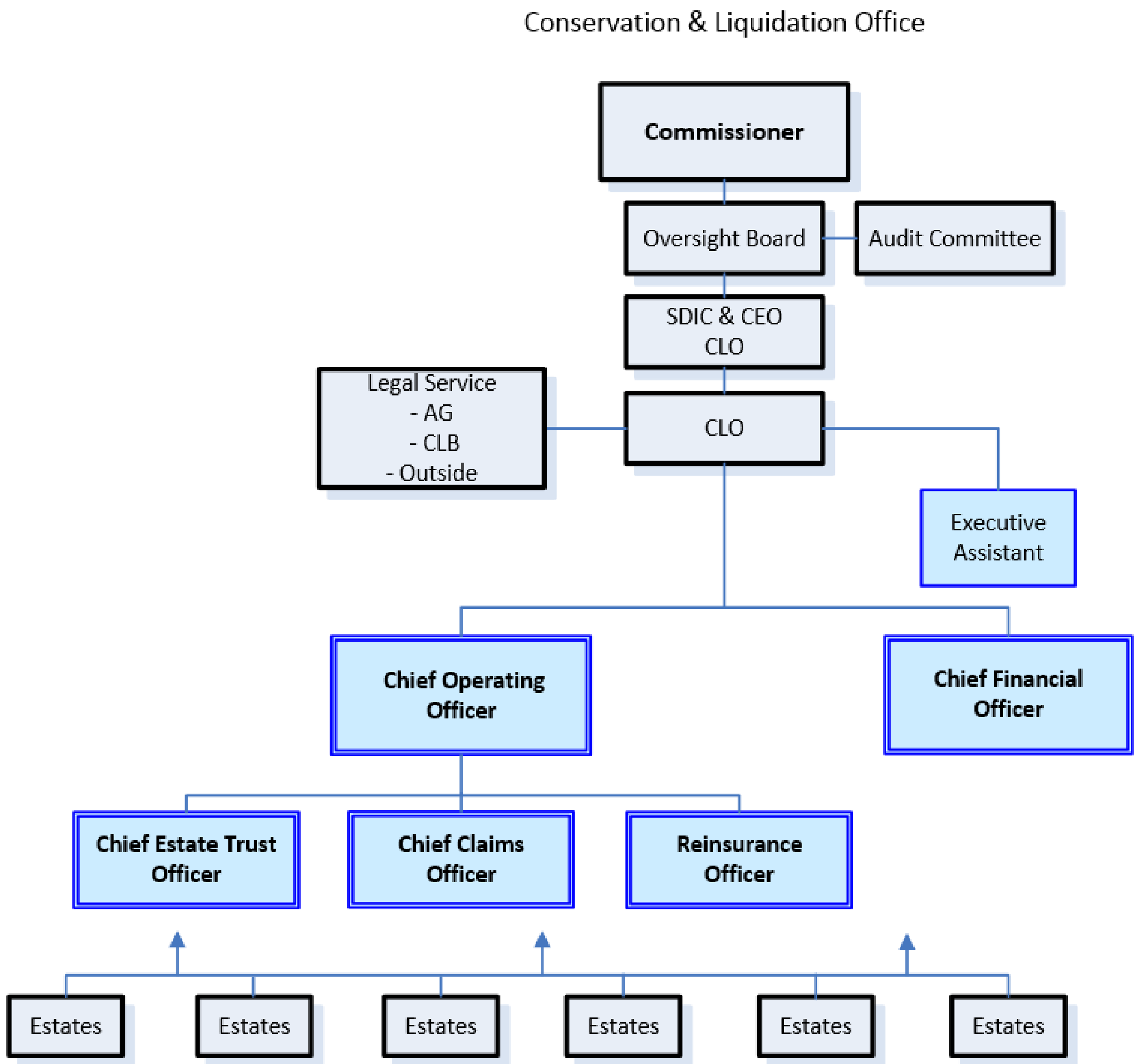
The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the Commissioner with respect to insurance companies domiciled in California.

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, 2019, the CLO is responsible for the administration of 15 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 2019, the CLO assisted with one such examination.

In 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. In 2016, the Board authorized engagements with Insurance Commissioners from the states of Colorado, Hawaii, Oregon, and Wyoming. In 2017, the Board authorized an engagement with the State of Arizona to assist in the Meritas insolvency. By providing professional receivership services to other states, the CLO and RSG are able to maintain proven receivership skills and institutional knowledge in California at a time that receiverships/liquidations are declining. These engagements further help to reduce the overall cost to California 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 three senior executives of the California Department of Insurance. During 2019 the Oversight Board and Audit Committee members are the Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner – Financial Surveillance Branch.

During 2019, the Oversight Board and Audit Committee held three regularly scheduled meetings.

Mission Statement and 2019 Organizational Goals and Results

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.

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.

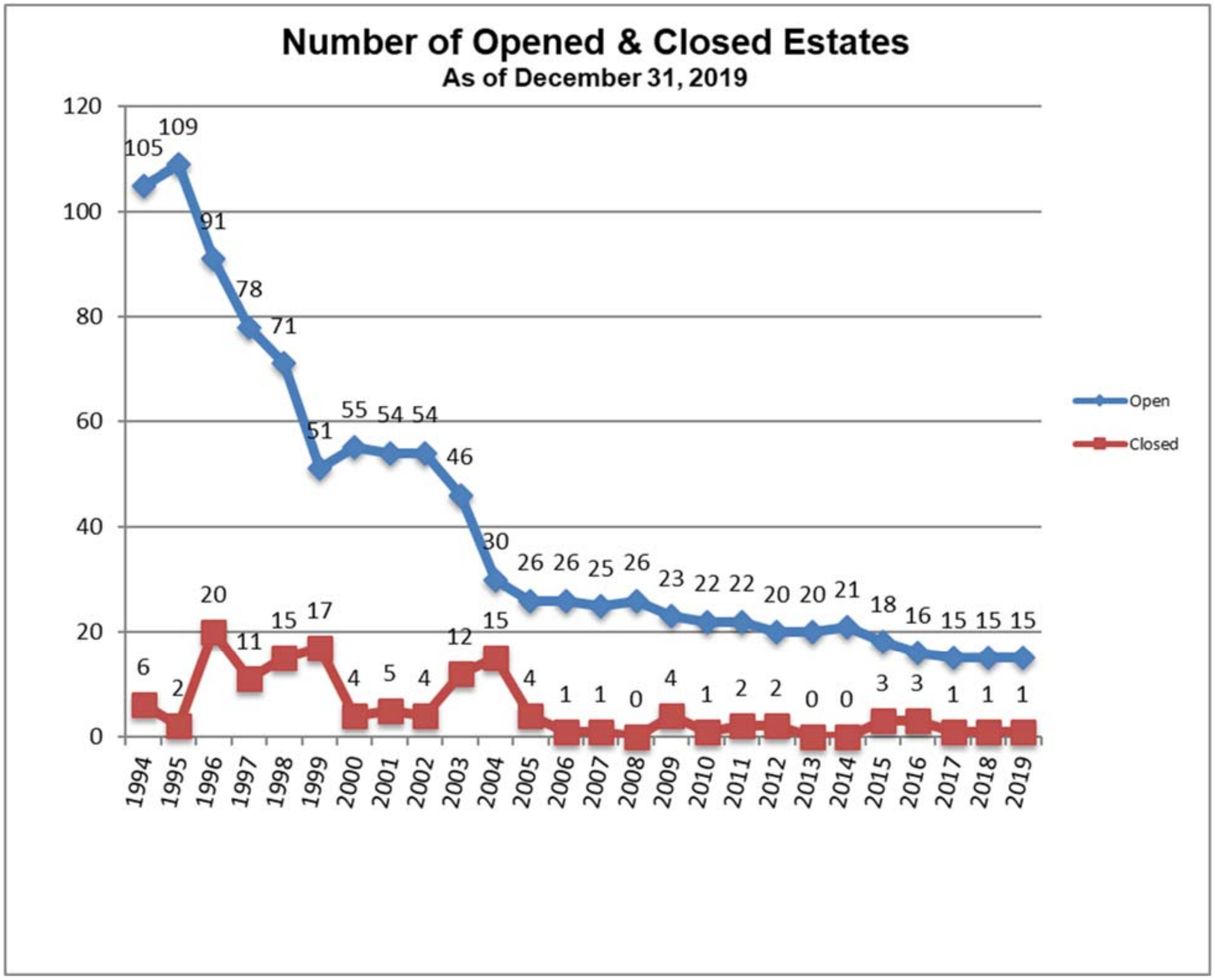
The 2019 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2019, there were 15 open estates under management. The open estates consist of 13 Property & Casualty Estates and two Life/Health Estates. The CLO goal in 2019 was to close one estate and distribute $176 million.

The CLO closed Fremont Life Insurance Company in 2019, the only estate closing planned for the year. The final distribution and closing of an estate is one of the more challenging milestones to achieve in the liquidation process.

1. Closings

GOAL	RESULTS
Close 1 Estate: 1) Fremont Life Ins. Co.	On March 11, 2019, Fremont Life received an order approving its final report, terminating the conservation and transferring all remaining assets to the Fremont Indemnity estate.



Since 1994, there have been approximately 133 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 56 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

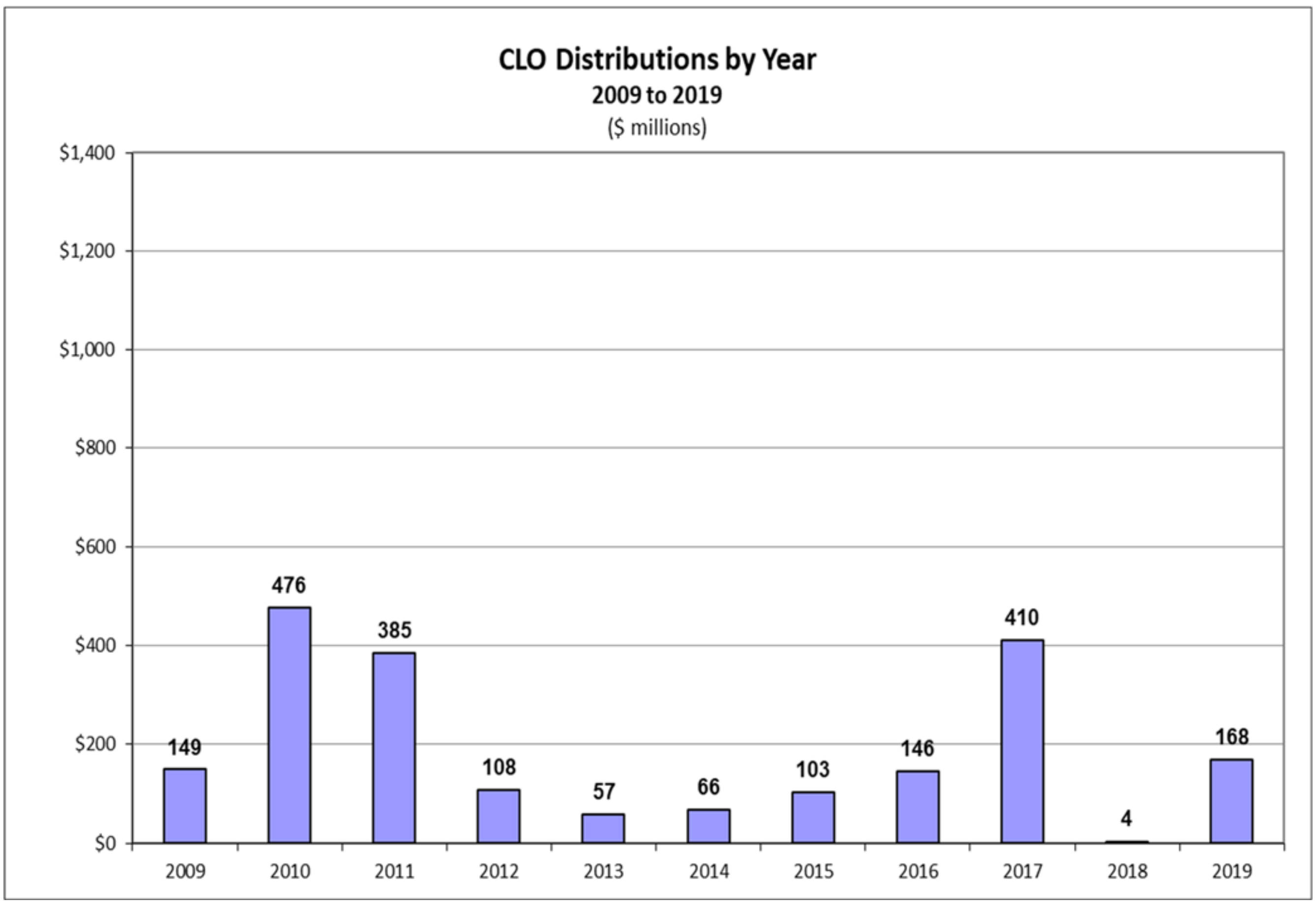
2. Distributions

Interim Distribution

Estate	2019 Actual ($ Millions)	2019 Goal ($ Millions)
Western Employers Ins. Co.	62.8	85.0
Sub-total:	**$62.8**	**$85.0**

Final Distributions

Estate	2019 Actual ($ Millions)	2019 Goal ($ Millions)
Great States Ins. Co.	$21.0	$20.0
Fremont Life Ins. Co.	$1.2	$1.0
Fremont Indemnity Co.	$83.4	$70.0
Sub-total:	**105.6**	**91.0**
TOTAL DISTRIBUTIONS:	**$168.4**	**$176.0**



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, 2019.

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, 2019, the CLO had $351.1 million of estate marketable investment securities under management.

For the year ending December 31, 2019, the average portfolio balance was approximately $383.7 million. The portfolio earned an interest yield of 2.1% and a net yield after security gains/losses and mark-to-market adjustments of 3.6%.

In addition, the CastlePoint estate has a separate portfolio (not included above) of $266 million which is managed in accordance with the CLO investment guidelines. The portfolio has a net yield of 1.9% and a book yield (mark to market valuation changes not included) of 2.6% as of December 31, 2019. This portfolio will be transferred to and combined with the CLO investment pool in 2020.

Administrative Expenses

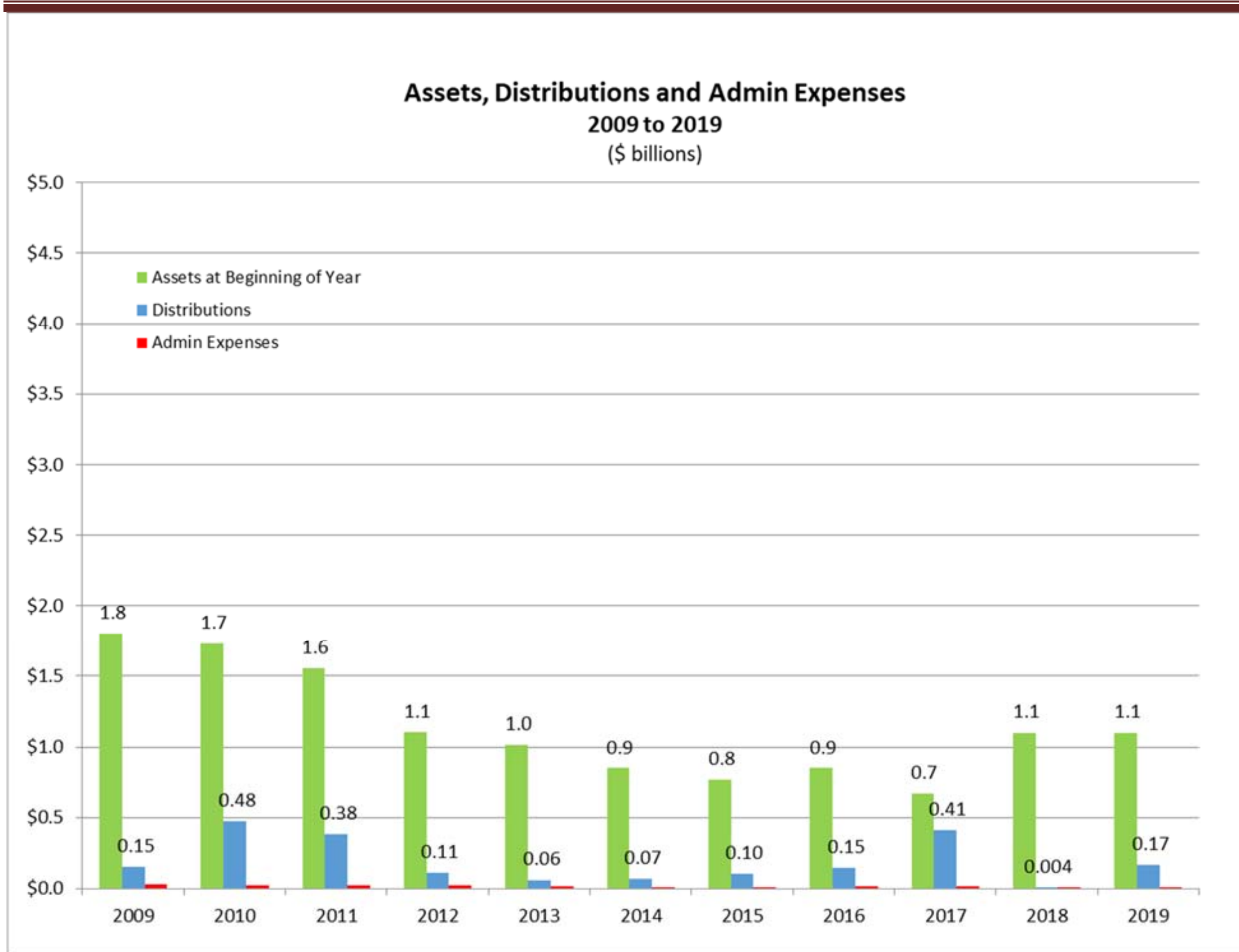
Administrative expenses consist of both direct and indirect expenses. [1]

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, if applicable, 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. 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 2019 for direct and indirect expenses.*



The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2009 to 2019. The table below lists these figures.

Year	Assets ($ billions)	Distributions ($ millions)	Administrative Expenses ($ millions)
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
2015	$0.8	$103	$16
2016	$0.9	$146	$15
2017	$0.7	$410	$11
2018	$1.1	$4	$9
2019	$1.1	$168	$13

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

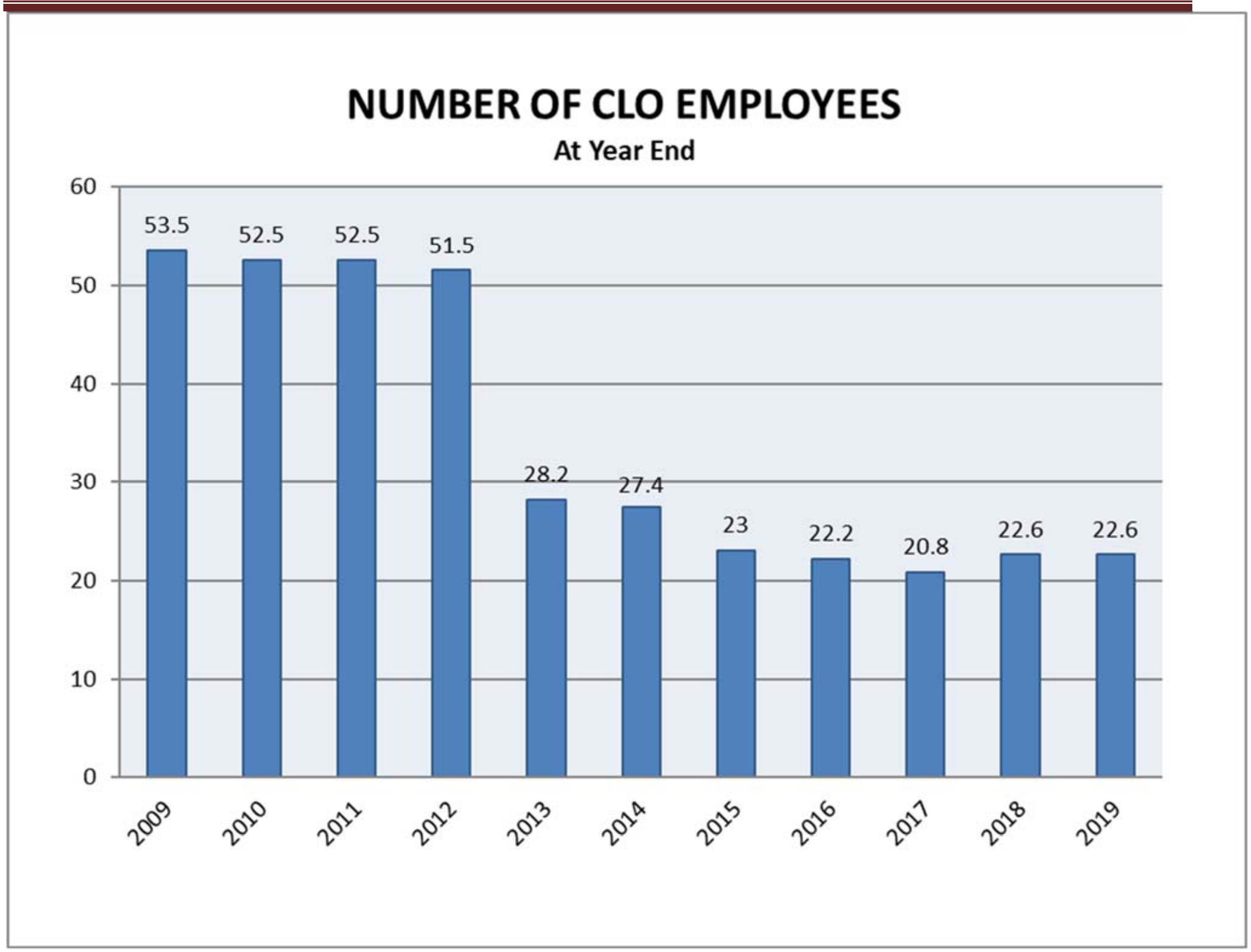
The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the Comp Analyst, which is a large survey representing thousands of companies across the U.S. which includes hundreds of jobs. This subscription 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.

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 on a full-time equivalent basis and total compensation for employees are summarized below:

	2019	**2020 (Budget)**
Number of CLO full-time equivalent employees at beginning of year	22.6	21.6
Total compensation and benefits for CLO employees	$5,240,375	$4,675,692



The chart above shows the number of CLO full-time employee equivalent from 2009 to 2019.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 58% compared to December 31, 2009.

CLO Financial Results

For Years Ended December 31, 2019 and December 31, 2018

Cash received	December 31, 2019 Actual	December 31, 2019 Budget	December 31, 2018
Reinsurance recoveries, and miscellaneous income	$86,729,900	N/A[2]	$6,766,200
Investment income, net of expenses	32,716,300	N/A[3]	6,581,700
Total:	**$119,446,200**		**$13,347,900**

[2] *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, 2019 Actual	December 31, 2019 Budget	December 31, 2018
Distributions	**$168,464,580**	**$176,000,000**	**$3,727,900**

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2019 Actual	December 31, 2019 Budget	December 31, 2018
Legal expenses	$1,458,800	$974,700	$543,400
Consultants and contractors	1,495,700	1,099,800	1,151,600
Office expenses	1,953,900	748,500	658,900
Compensation and benefits	943,900	612,200	0
Total:	$5,852,300	$3,435,200	$2,353,900

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2019 Actual	December 31, 2019 Budget	December 31, 2018
Compensation and benefits	$5,240,400	$5,069,000	$4,592,200
Office expenses	1,316,900	1,357,900	1,501,600
Consultants and contractors	146,800	101,700	102,600
Legal expenses	21,700	8,400	15,500
Total:	$6,725,800	$6,537,000	$6,211,900

Administrative Totals	December 31, 2019 Actual	December 31, 2019 Budget	December 31, 2018
Estate Direct Expense Total	$5,852,300	$3,435,200	$2,353,900
CLO Overhead Expense Total	6,725,800	6,537,000	6,211,900
Total:	**$12,578,100**	**$9,972,200**	**$8,565,800**

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:

The Estate has remained open until the full resolution of any remaining contingencies. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $853 million to claimants. Assets presently in the Estate will fund a final distribution presently scheduled for July 1, 2020.

Fremont Indemnity Company:

Fremont released a $83.4 million final distribution to approved Class 2 creditors on September 26th. The distribution paid 43.25% of approved policyholder claims. The estate will have significant post distribution and closing activities through the balance of 2019. In addition, the estate continues to hold certain non-transferrable assets that will generate material payments to the estate over the next number of years. Together with the pending Fremont Life sale proceeds, the liquidation court has authorized the estate to retain the non-transferrable assets to be collected, and to distribute those funds when collections reach a $5 million threshold.

Golden Eagle:

The Estate remains in long-term run off. All policyholder claims have been 100% reinsured and are being paid timely. Because this reinsurance program ensures Golden Eagle's ability to pay all policyholder claims when and as they become payable (up to the reinsurer's aggregate limit of liability), the Commissioner has not asked the court to set a bar date or to take any other action that would prematurely cut off any policyholders right to submit and be paid on a claim covered under a Golden Eagle policy. Golden Eagle and the insurance guaranty associations remain liable to the policyholders in the very unlikely event the reinsurance is not sufficient to satisfy all claim obligations. The reinsurance program is believed to have sufficient coverage to accommodate all remaining claims exposure, but if the reinsurance protection is ever exhausted (by reaching the reinsurer's aggregate limit of liability) the Commissioner will take steps to trigger guaranty association protection for Golden Eagle's policyholders. 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 finally resolved a surety bond matter in Arizona that had been keeping the estate open. Additionally Arizona had a legislative change which complicated the process of determining the proper payee for distribution purposes and that was resolved. Resolution of those impasse issues allowed the estate to proceed to a distribution in 2019 that was intended to allow the estate to close. Sufficient further assets exist in the estate that require a very small final distribution in 2020 with the estate projected to close by the end of 2020.

Mission/Mission National:

Both Mission Insurance Company and Mission National Insurance Company have paid 100% of all Policyholder claim exposure. In addition to entering into agreements with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Mission estate received a material distribution in November 2019 from the Receivership estate of Centaur in Illinois. The Mission estate anticipates seeking approval to release an additional distribution to general creditors in late 2020. Mission and Mission National will remain open estates to collect material reinsurance obligations from other insolvent estates.

Superior National Insurance Companies in Liquidation (SNICIL):

The estate obtained a Court sanctioned final claims cut-off date as of June 30, 2019, preparatory to initiating closure activities in 2020. The estate plans to finalize all claims from the Guaranty Funds by mid-year 2020 preparatory to filing a Motion for a final distribution in early 2021. Collectively, the 5 estates have already distributed approximately $1.5 billion dollars in early access distributions to state Guaranty Funds since 2001. Other than a very small claim from the Federal Government, all non-Guaranty Fund claims are resolved. The estate is trying to finalize commutations with three remaining reinsurers with modest amounts of dollars at issue.

Western Employers:

Following a Court sanctioned final claims cut-off date in 2017, the estate was able to resolve all outstanding claims existing as of that time. All approved claims did receive a final distribution in October, 2019, in the amount of 100% of their approved claim plus 100% of the interest on that claim from the date of its approval until the date of the distribution. However, the Federal Government submitted a claim after the claims cut-off date, arguing that the state court does not have the authority to bar the claim. Thus, the estate is not fully and finally closed until the legal issues surrounding the Federal Government claim are resolved. However, all claims other than that of the Federal Government have been paid in full. When the Federal Government claim is resolved there will be some residual money available for the equity holder.

Claims History

Property and Casualty Estates

Estate	Liquidation Date	Proof Of Claims Filed	Proof Of Claims Resolved	Open POCs
California Ins Co	N/A	TBD	TBD	TBD
CastlePoint National	4/1/2017	1900	637	1,263
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle [4]	2/18/1998		n/a (see below)	
Great States	5/8/2001	1,169	1,169	0
Merced*	12/3/2018	434	0	434
Mission (2 estates)	2/24/1987	141,646	141,646	0
Superior (5 estates)	9/26/2000	13,951	13,911	40
Western Employers	4/19/1991	9,792	9,791	1
	Total:	**214,565**	**212,827**	**1,738**

[4] 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.

**POCs issued in 2019*

Life and Health 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.

2020 Business Goals

The 2020 Business Plan is focusing on estate closings and distributions.

Entering 2020 there are 15 open estates under management by the CLO. The open estates consist of 14 Property & Casualty Estates and one Life/Health Estate. Our goal in 2020 is to distribute $120 million.

Starting 2020, we have 21.6 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2020 Goals are as follows:

1. Close 1 Estate[5]
   Great States Ins. Co.

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

2. Final Distributions

   Final Distributions:

Executive Life Ins. Co.	80,000,000
Mission Ins. Cos.	40,000,000
	$120,000,000

Section 2 – Estate Specific Information

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Conservation or Liquidation Estates Opened During the Year 2019

California Insurance Company (placed in Conservation on 11/04/19)

Conservation or Liquidation Estates Closed During the Year 2019

Fremont Life Insurance Company

Current Year and Cumulative Distributions by Estate[6]

Conservation & Liquidation Office

Current Year and Cumulative Distributions by Estate

	Year Ended 12/31/2019				Cumulative to 12/31/2019			
		Federal and State				Federal and State		
	Policyholders	Claims	General Creditors	Total	Policyholders	Claims	General Creditors	**Total
*Executive Life Ins Co	-	-	-	-	852,575,548	-	-	852,575,548
Fremont Indemnity Co	84,635,825	-	-	84,635,825	1,106,139,443	-	-	1,106,139,443
Great States Ins Corp	20,990,747	-	-	20,990,747	61,818,395	-	-	61,818,395
Mission Ins Co	-	-	-	-	846,832,560	23,861,132	351,683,224	1,222,376,917
Mission National Ins Co	-	-	-	-	499,851,864	4,850,000	56,223,406	560,925,270
California Comp Ins Co	-	-	-	-	922,059,067	-	-	922,059,067
Combined Benefits Ins Co	-	-	-	-	28,078,314	-	-	28,078,314
Superior National Ins Co	-	-	-	-	423,167,934	-	-	423,167,934
Superior Pacific Cas Co	-	-	-	-	56,969,739	-	-	56,969,739
Commercial Comp Cas Co	-	-	-	-	100,028,802	-	-	100,028,802
Western Employers Ins Co	53,863,636	-	8,974,372	62,838,008	174,675,358	59,669	8,974,372	183,709,399
	159,490,208	-	8,974,372	168,464,580	5,072,197,025	28,770,801	416,881,002	5,517,848,828

*Since administration was transferred to CLO in 1997.

**In addition, the CastlePoint estate made statutory deposit releases of $227.6 million (2017), $4.9 million (2018), and $19 million (2019) for a cumulative total of $251.5 million.

[6]Golden Eagle, California Ins. Co., and Merced estates are not included on this schedule as no distributions have occurred.

Estates in Conservation and/or Liquidation as of December 31, 2019

Estate Name	Date Conserved	Date Liquidated
California Ins Company	11/04/19	*
California Compensation Insurance Company	03/06/00	09/26/00
CastlePoint National Insurance Company	07/28/16	04/01/17
Combined Benefits Insurance Company	03/06/00	09/26/00
Commercial Compensation Casualty Company	06/09/00	09/26/00
Executive Life Insurance Company	04/11/91	12/06/91
Fremont Indemnity Company	06/04/03	07/02/03
Golden Eagle Insurance Company	01/31/97	02/18/98
Great States Insurance Company	03/30/01	05/08/01
Merced Property and Casualty Company	*	12/03/18
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
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 Conservation or 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 2019 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.[7]

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 scheme, except when otherwise provided in a rehabilitation plan. The probability of a claim being paid is dependent on the valuation of the claim, the order of priority 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 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.

[7] *Each estate under management of the CLO has an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the CLO webpage (http://www.caclo.org/perl/). Annual audits or reviews are waived for estates with little or no assets or activity.*

ESTATE SPECIFIC INFORMATION

California Insurance Company

Conservation Order: November 4, 2019

2019 Report

California Insurance Company ("CIC") was placed into Conservation on November 4, 2019 by the California Superior Court for the County of San Mateo. The Conservator continues to work with CIC and the California Department of Insurance to resolve their regulatory differences.

California Ins Co

ASSETS AND LIABILITIES
As of December 31, 2019

Assets	12/31/2019
Cash and investments	$1,115,132,707
Other assets	61,111,021
Total assets	$1,176,243,728

Liabilities	12/31/2019
Claims against policies	$416,881,632
All other claims	168,717,178
Total liabilities	585,598,810
Net assets (deficiency)	$590,644,918

INCOME AND EXPENSES
For Year Ended December 31, 2019

Income	2019
Net premium income	$231,048,317
Investment income	74,249,691
Other income	10,456
Total income	$305,308,464

Expenses	2019
Loss and claims expense	$215,713,991
Federal Income Tax expense	17,258,633
Total expenses	232,972,624
Net income (loss)	$72,335,840

CastlePoint National Insurance Company

Conservation Order: July 28, 2016
Liquidation Order: April 1, 2017

2019 Report

CastlePoint National Insurance Company (CastlePoint) was a California domiciled property and casualty insurer that was placed into Conservation on July 28, 2016 and Liquidation effective April 1, 2017 by the San Francisco Superior Court.

CastlePoint is the successor by merger with the following companies prior to Conservation:

Tower Insurance Company of New York	Hermitage Insurance Company
Tower National Insurance Company	North East Insurance Company
CastlePoint Florida Insurance Company	Preserver Insurance Company
Massachusetts Homeland Insurance Company	CastlePoint Insurance Company
York Insurance Company of Maine	

A Conservation and Liquidation Plan approved by the Court allowed CastlePoint to deconsolidate from its parent and from the consolidated taxpayer group. In addition, it allowed the Receiver to commute stop loss reinsurance treaties in return for a cash payment of $200 million which enabled CastlePoint to continue to make claim payments while the claim files were being prepared for the transfer to the 47 affected guaranty associations. A total of 5,977 claim files were transferred through this process.

Since the order of liquidation, the Receiver has opened and/or re-opened approximately 2,821 claim files for the various guaranty associations. CastlePoint has also collected in excess of $50 million in miscellaneous assets and $53 million in reinsurance recoveries.

An addendum to an administrative services agreement between CastlePoint and AmTrust/National General was executed to continue to support the claims, IT and accounting functions of the insolvency through June 30, 2020.

CastlePoint has one litigated matter where a claimant is seeking damages from CastlePoint and/or AmTrust as the third party administrator. The case didn't settle before a mediation judge and is proceeding through the Court.

CastlePoint National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$326,502,000	$333,866,800
Recoverable from reinsurers	-	253,016,200
Other assets	258,345,000	17,575,600
Total assets	584,847,000	604,458,600

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	-	8,052,300
Claims against policies, before distributions	731,194,000	1,056,396,200
Less distributions to policyholders	-	(251,520,000)
All other claims	138,487,000	69,005,400
Total liabilities	869,681,000	881,933,900
Net assets (deficiency)	($284,834,000)	(277,475,300)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$7,493,000	$19,717,800
Salvage and other recoveries	(240,000)	2,808,700
Total income	7,253,000	22,526,500

Expenses	2018	2019
Loss and claims expenses	-	4,104,700
Other underwriting expenses incurred	5,445,000	-
Administrative expenses	-	6,094,000
Total expenses	5,445,000	10,198,700
Net income (loss)	$1,808,000	$12,327,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$519,264,000
Recoveries, net of expenses	66,122,800
Distributions	(251,520,000)
Monetary assets available for distribution	$333,866,800

Executive Life Insurance Company

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

2019 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, now RGA Reinsurance/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 certain defendants and some of the co-defendants in 2004 and 2005.

The Commissioner's lawsuit against Altus S.A. et al was resolved in the fourth quarter of 2015. In September 2016, the ELIC estate completed an interim distribution of $110.8 million to policyholder claimants pursuant to the ELIC Rehabilitation Plan.

On December 4, 2019, the Commissioner obtained court approval to distribute the remaining Altus funds to policyholders on July 1, 2020 and close ELIC's proceedings in 2021. In accordance with the approved court order policyholder liabilities as stated in the estate financial statements were reduced to the approved distribution amount leaving a small residual asset balance to cover distribution and estate closure expenses. Prior to the closure, ELIC unclaimed distribution checks will be escheated to the Unclaimed Property Division of the respective State of the policyholder's domicile on record. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $853 million to claimants.

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. On July 1, 2020, the remaining assets of the Opt-Out Trust will be distributed to policyholders and the Opt-Out Trust will be finally closed in July 2021. Policyholders, with whom contact has been lost in most cases due to bad addresses, will have their funds escheated to the last known state of residence.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$77,842,500	$81,177,800
Total assets	77,842,500	81,177,800

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	89,900	89,300
Policyholder liability	7,385,233,200	79,814,400
Total liabilities	7,385,323,100	79,903,700
Net assets (deficiency)	(7,307,480,600)	1,274,100

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$1,345,200	$2,721,300
Total income	1,345,200	2,721,300

Expenses	2018	2019
Post-liquidation Federal income tax	-	(1,623,000)
Administrative expenses	467,400	1,008,400
Interest on policyholder liability	219,864,304	109,934,300
Total expenses	220,331,704	109,319,700
Net income (loss)	(218,986,504)	(106,598,400)

CHANGE IN MONETARY ASSETS [9]

Beginning monetary assets at takeover	$112,111,400
Recoveries, net of expenses	821,641,900
Distributions	(852,575,500)
Monetary assets available for distribution	$81,177,800

[8] *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 Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$12,038,000	$12,086,600
Total assets	12,038,000	12,086,600

Liabilities	12/31/2018	12/31/2019
Secured claims	9,653,800	9,615,800
Unclaimed funds payable	1,793,700	1,793,700
Reserve for administrative expenses	590,500	677,100
Total liabilities	12,038,000	12,086,600

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income and Expenses	2018	2019
Investment income	$230,300	$414,600
Administrative expenses	234,200	324,400
Net income (loss)	($3,900)	$90,200

Fremont Indemnity Company

Conservation Order: June 04, 2003
Liquidation Order: July 02, 2003

<u>2019 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.

The Estate resolved the remaining reinsurance treaties and essentially closed down all routine reinsurance operations in 2017.

Legal Counsel for the Estate obtained an Insurance Code §1025 “tail-cutting” motion to establish July 28, 2017 as the date by which all remaining open claims must be liquidated, with a final date of September 29, 2017, for the claim to be perfected and submitted to the Liquidator. This has enabled the Liquidator to complete final claim determinations and seek authority to distribute its remaining assets. Fremont released an $83.4 million final distribution to approved Class 2 creditors on September 26, 2019. The distribution paid 43.25% of approved policyholder claims. The estate will have significant post distribution and closing activities continuing into 2020. In addition the estate continues to hold certain non-transferrable assets that will generate material payments to the estate over the next number of years. the liquidation court has authorized the estate to retain the non-transferrable assets to be collected and to distribute those funds when collections reach a $5 million threshold.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$81,963,600	$2,721,000
Recoverable from reinsurers	2,279,700	1,858,700
Other assets	1,409,100	67,200
Total assets	85,652,400	4,646,900

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	39,500	32,300
Claims against policies, before distributions	2,510,633,100	2,532,388,200
Less distributions to policyholders	(1,023,591,800)	(1,106,139,400)
All other claims	220,995,500	221,395,500
Total liabilities	1,708,076,300	1,647,676,600
Net assets (deficiency)	($1,622,423,900)	($1,643,029,700)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$1,388,200	$2,499,000
Salvage and other recoveries	1,593,600	305,900
Total income	2,981,800	2,804,900

Expenses	2018	2019
Loss and claims expenses	(161,913,300)	22,155,100
Federal Income Tax Expense	99,000	663,000
Administrative expenses	702,500	508,600
Total expenses	(161,111,800)	23,326,700
Net income (loss)	$164,093,600	(20,521,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$434,855,900
Recoveries, net of expenses	674,004,500
Distributions	(1,106,139,400)
Monetary assets available for distribution	$2,721,000

Golden Eagle Insurance Company

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

2019 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. The Plan 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.

All remaining policyholder claims continue to be administered and paid under the Plan's indemnity reinsurance and excess of loss reinsurance agreements all within the range of expected cost and reinsurance coverage. The Plan agreements will remain in full force and effect until the entire remaining exposure is paid, assumed, or novated. Even if the legal proceeding is temporarily dismissed, the liquidation 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 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 Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$1,407,000	$1,390,000
Total assets	1,407,000	1,390,000

Liabilities	12/31/2018	12/31/2019
Total liabilities	-	-
Net assets (deficiency)	$1,407,000	$1,390,000

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$24,600	$48,200
Total income	24,600	48,200

Expenses	2018	2019
Administrative expenses	163,800	65,300
Total expenses	163,800	65,300
Net income (loss)	($139,200)	($17,100)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover [9]	$2,029,000
Recoveries, net of expenses	(639,000)
Monetary assets available for distribution	$1,390,000

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

Great States Insurance Company

Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

2019 Report

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, California, Colorado, and Nevada. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

The Estate has finally resolved a contentious surety bond matter in Arizona that had been keeping the estate open. Additionally Arizona had a legislative change which complicated the process of determining the proper payee for distribution purposes and that was resolved. Resolution of those impasse issues allowed the estate to proceed to a distribution in 2019 that was intended to allow the estate to close. Sufficient further assets exist in the estate that require a very modest final distribution in 2020 with the estate projected to close by the end of 2020.

Great States Ins Co

ASSETS AND LIABILITIES
As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$20,965,000	$652,900
Total assets	20,965,000	652,900

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	(4,900)	66,900
Claims against policies, before distributions	71,768,700	70,352,500
Less distributions to policyholders	(15,669,800)	(61,818,400)
All other claims	11,917,600	11,917,600
Total liabilities	68,011,600	20,518,600
Net assets (deficiency)	($47,046,600)	(19,865,700)

INCOME AND EXPENSES
For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$362,200	$623,600
Salvage and other recoveries	600	900
Total income	362,800	624,500

Expenses	2018	2019
Loss and claims expenses	352,400	(1,416,200)
Federal Income Tax Expense	-	(215,400)
Administrative expenses	147,000	233,200
Total expenses	499,400	(1,398,400)
Net income (loss)	($136,600)	$2,022,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$7,889,700
Recoveries, net of expenses	54,581,600
Distributions	(61,818,400)
Monetary assets available for distribution	$652,900

Merced Property & Casualty Company

Liquidation Order: December 3, 2018

2019 Report

Merced Property & Casualty Company ("Merced") located in Atwater, California was duly organized and domiciled to transact business in California. Merced was a wholly owned subsidiary of United Heritage Financial Group, and was licensed and authorized to transact homeowners insurance including fire, surety, plate glass, liability, burglary and automobile.

In November of 2018 the Camp Fire started in Butte County, California and ultimately burned an area in excess of 153,000 acres causing at least 85 civilian casualties and destroyed 18,793 structures including 13,696 single-family homes. Merced wrote significant homeowners coverage in the cities of Paradise and Magalia, and suffered terminal claim development as a result.

Merced was placed into liquidation by the Merced County Superior Court on December 3, 2018. In late November 2018 at the time of the Commissioner's urgent filing for an insolvency order, Merced reported approximately $23 million in admitted assets and $63 million in total estimated liabilities resulting in a reported negative surplus of $40 million. Merced's negative surplus position violates the minimum capital and surplus requirements of $5.4 million as set forth in Insurance Code sections 700.01, 700.02 & 700.025.

The liquidation team has completed the issuance of all required legal notifications, cancellations and transfer of all legal control and custody of Merced assets and business accounts. Further, all in-force policy and claim data has been transferred to the California Insurance Guarantee Association (CIGA). Upon entry of the liquidation order, CIGA's statutory obligation to adjust and pay Merced claims was triggered.

As of December 31, 2019 the Merced Estate, in coordination with the Californa Insurance Guarantee Association (CIGA), has paid approximately $71.2 million in loss payments to insureds and loss expenses and currently estimates an additional $7.8 million in expected case reserves to develop over the next couple quarters. In addition CIGA has paid out approximately $3 million in unearned premium refunds. As of June 30, 2019 all of Merced's liquidation estate operations are now managed from the CLO's San Francisco office. The estate has filed a $26.6 million proof of claim in the Pacific Gas & Electric (PGE) bankruptcy proceeding seeking recovery of the estate's expenses incurred to date as well as a reserve for future costs of administration. The Estate filed it's first status report and fee application with the court and attended a status conference on September 5th. The court accepted the status report and approved the liquidation fees and expenses. The Atwater home office building and land have been placed under an exclusive listing with the Merced branch of CB Richard Ellis Real Estate.

Merced Property and Casualty Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$31,389,110	$30,705,200
Recoverable from reinsurers	-	74,200
Other assets	1,287,212	767,400
Total assets	32,676,322	31,546,800

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	281,090	79,100
Claims against policies, before distributions	71,855,044	83,201,500
All other claims	417,111	400,400
Total liabilities	72,553,245	83,681,000
Net assets (deficiency)	(39,876,923)	(52,134,200)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$843,871	$435,000
Other income	6,558,546	800,000
Total income	7,402,417	1,235,000

Expenses	2018	2019
Loss and claims expenses	60,022,944	11,907,600
Administrative expenses	3,305,176	1,556,200
Federal income tax expense	(7,582)	-
Total expenses	63,320,538	13,463,800
Net income (loss)	(55,918,121)	(12,228,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$23,011,357
Recoveries, net of expenses	7,693,843
Distributions	-
Monetary assets available for distribution	$30,705,200

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

2019 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

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 2018, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims.

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. The Mission estate has been indemnified from certain tax issues by the taxpayer.

Legal Counsel for the estate reached an agreement with the United States Department of Justice and the EPA on a Federal Waiver settlement and release. The Federal Waiver and Settlement agreement have been fully ratified by both the federal government and the liquidation court in 2017. The Estates made a material distribution in 2017 to all creditors. In November the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. Counsel for the Mission estate anticipates seeking court approval to distribute the Centaur distribution proceeds to general creditors later in 2020. Both estates must remain open as there is still substantial assets to recover from other insolvent entities.

Mission Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$4,703,300	$40,425,100
Recoverable from reinsurers	20,788,400	649,700
Other assets	23,816,400	23,816,500
Total assets	49,308,100	64,891,300

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	1,980,100	1,170,600
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	112,419,500	113,850,200
Total liabilities	114,399,600	115,020,800
Net assets (deficiency)	($65,091,500)	($50,129,500)

INCOME AND EXPENSES

As of Decemeber 31, 2018 and December 31, 2019

Income	2018	2019
Investment income	$82,600	$223,600
Salvage and other recoveries	182,700	95,200
Total income	265,300	318,800

Expenses	2018	2019
Loss and claims expenses	-	(15,026,300)
Administrative expenses	418,000	383,100
Total expenses	418,000	(14,643,200)
Net income (loss)	($152,700)	$14,962,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$133,667,000
Recoveries, net of expenses	1,105,385,000
Distributions	(1,198,626,900)
Monetary assets available for distribution	$40,425,100

Mission National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$3,829,000	$8,124,900
Recoverable from reinsurers	2,610,000	1,793,200
Total assets	6,439,000	9,918,100

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	1,297,800	1,258,100
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(528,997,900)	(528,997,900)
All other claims	16,838,100	16,838,100
Total liabilities	85,236,500	85,196,800
Net assets (deficiency)	($78,797,500)	($75,278,700)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$74,600	$142,200
Salvage and other recoveries	86,400	83,200
Total income	161,000	225,400

Expenses	2018	2019
Loss and claims expenses	-	(3,387,600)
Administrative expenses	135,200	94,400
Total expenses	135,200	(3,293,200)
Net income (loss)	$25,800	3,518,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,289,000
Recoveries, net of expenses	545,911,200
Distributions	(556,075,300)
Monetary assets available for distribution	$8,124,900

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

2019 Report

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 ordered the liquidation of each of the five Superior National Estates, Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Commercial Compensation Casualty Company, and Combined Benefits Insurance Company based on insolvency. The Court appointed the Commissioner to serve as Liquidator of the insurers. All five of the estates were primarily workers compensation estates, and most of the losses were referred to Insurance Guaranty Funds to administer and resolve.

The estate obtained a Court sanctioned final claims cut-off date as of June 30, 2019, preparatory to initiating closure activities in 2020. The estate plans to finalize all claims from the Guaranty Funds by mid-year 2020 preparatory to filing a Motion for a final distribution in early 2021. Collectively, the 5 estates have already distributed approximately $1.5 billion dollars in early access distributions to state Guaranty Funds since 2001. Other than a very small claim from the Federal Government, all non-Guaranty Fund claims are resolved. The estate is trying to finalize commutations with three remaining reinsurers with modest amounts of dollars at issue.

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California Compensation Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$15,746,100	$16,120,400
Recoverable from reinsurers	1,034,600	619,400
Total assets	16,780,700	16,739,800

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	231,200	231,200
Claims against policies, before distributions	2,002,168,600	1,942,215,900
Less distributions to policyholders	(922,388,300)	(922,059,100)
All other claims	119,228,500	119,228,500
Total liabilities	1,199,240,000	1,139,616,500
Net assets (deficiency)	($1,182,459,300)	($1,122,876,700)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$271,900	$535,700
Salvage and other recoveries	2,779,700	3,279,800
Total income	3,051,600	3,815,500

Expenses	2018	2019
Loss and claims expenses	4,936,900	(56,280,700)
Administrative expenses	634,400	535,600
Total expenses	5,571,300	(55,745,100)
Net income (loss)	($2,519,700)	$59,560,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$165,879,200
Recoveries, net of expenses	772,300,300
Distributions	(922,059,100)
Monetary assets available for distribution	$16,120,400

Combined Benefits Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$7,288,600	$7,391,300
Recoverable from reinsurers	1,100	-
Total assets	7,289,700	7,391,300

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	600	600
Claims against policies, before distributions	33,868,700	30,981,600
Less distributions to policyholders	(28,078,300)	(28,078,300)
All other claims	6,228,400	6,157,400
Total liabilities	12,019,400	9,061,300
Net assets (deficiency)	($4,729,700)	(1,670,000)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$125,200	$247,200
Salvage and other recoveries	18,800	292,000
Total income	144,000	539,200

Expenses	2018	2019
Loss and claims expenses	(80,800)	(2,594,000)
Administrative expenses	76,000	73,500
Total expenses	(4,800)	(2,520,500)
Net income (loss)	$148,800	$3,059,700

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$11,115,400
Recoveries, net of expenses	24,354,200
Distributions	(28,078,300)
Monetary assets available for distribution	$7,391,300

Superior National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$29,688,000	$24,405,200
Recoverable from reinsurers	7,984,400	326,600
Other assets	(395,400)	-
Total assets	37,277,000	24,731,800

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	77,500	77,500
Claims against policies, before distributions	832,612,500	807,408,000
Less distributions to policyholders	(423,517,700)	(423,167,900)
All other claims	28,722,700	28,722,700
Total liabilities	437,895,000	413,040,300
Net assets (deficiency)	($400,618,000)	($388,308,500)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$412,400	$840,200
Salvage and other recoveries	516,000	469,500
Total income	928,400	1,309,700

Expenses	2018	2019
Loss and claims expenses	361,800	(22,897,900)
Administrative expenses	279,700	233,400
Total expenses	641,500	(22,664,500)
Net income (loss)	$286,900	$23,974,200

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$68,622,300
Recoveries, net of expenses	378,950,800
Distributions	(423,167,900)
Monetary assets available for distribution	$24,405,200

Superior Pacific Casualty Co

ASSETS AND LIABILITIES
As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$11,377,100	$14,271,200
Recoverable from reinsurers	8,592,500	2,090,300
Total assets	19,969,600	16,361,500

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	400	400
Claims against policies, before distributions	216,891,600	194,518,400
Less distributions to policyholders	(56,969,700)	(56,969,700)
All other claims	62,365,700	62,365,700
Total liabilities	222,288,000	199,914,800
Net assets (deficiency)	($202,318,400)	($183,553,300)

INCOME AND EXPENSES
For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$187,400	$406,600
Salvage and other recoveries	601,400	26,000
Total income	788,800	432,600

Expenses	2018	2019
Loss and claims expenses	643,300	(18,483,600)
Administrative expenses	173,000	151,000
Total expenses	816,300	(18,332,600)
Net income (loss)	($27,500)	18,765,200

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$58,666,300
Recoveries, net of expenses	12,574,600
Distributions	(56,969,700)
Monetary assets available for distribution	$14,271,200

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$11,165,200	$23,286,600
Recoverable from reinsurers	6,800	-
Total assets	11,172,000	23,286,600

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	682,600	682,600
Claims against policies, before distributions	140,661,000	142,875,900
Less distributions to policyholders	(100,161,600)	(100,028,800)
All other claims	13,918,500	13,918,500
Total liabilities	55,100,500	57,448,200
Net assets (deficiency)	($43,928,500)	($34,161,600)

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$192,000	$389,500
Salvage and other recoveries	98,200	81,600
Total income	290,200	471,100

Expenses	2018	2019
Loss and claims expenses	(23,400)	2,302,700
Administrative expenses	74,700	83,100
Total expenses	51,300	2,385,800
Net income (loss)	$238,900	($1,914,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$6,420,700
Recoveries, net of expenses	116,894,700
Distributions	(100,028,800)
Monetary assets available for distribution	$23,286,600

Western Employers Insurance Company

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

2019 Report

Western Employers Insurance Company (WEIC) was licensed in 38 states plus D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. WEIC went into voluntary run-off in 1987 and then was formally liquidated on April 19, 1991.

WEIC underwrote many commercial liability policies on both primary and excess basis, and many of those policies involved claims that had EPA toxic tort exposures, and the estate spent several years in attempting to resolve all the EPA claims with the Government.

Following a Court sanctioned final claims cut-off date in 2017, the estate was able to resolve all outstanding claims existing as of that time. All approved claims did receive a final distribution in October, 2019, in the amount of 100% of their approved claim plus 100% of the interest on that claim from the date of its approval until the date of the distribution. However, the Federal Government submitted a claim after the claims cut-off date, arguing that the state court does not have the authority to bar the claim. Thus, the estate is not fully and finally closed until the legal issues surrounding the Federal Government claim is resolved. However, all claims other than that specific Federal Government claim have been paid in full. When the Federal Government claim is resolved and paid, there will be some residual money available for the equity holder.

Western Employers Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2018 and December 31, 2019

Assets	12/31/2018	12/31/2019
Cash and investments	$102,559,200	$41,436,300
Total assets	102,559,200	41,436,300

Liabilities	12/31/2018	12/31/2019
Secured claims and accrued expenses	350,000	193,400
Claims against policies, before distributions	162,295,200	174,034,100
Less distributions to policyholders	(115,074,900)	(174,703,200)
All other claims	3,012,100	-
Total liabilities	50,582,400	(475,700)
Net assets (deficiency)	$51,976,800	$41,912,000

INCOME AND EXPENSES

For Year Ended December 31, 2018 and 2019

Income	2018	2019
Investment income	$1,746,600	$3,251,300
Salvage and other recoveries	-	1,100
Total income	1,746,600	3,252,400

Expenses	2018	2019
Loss and claims expenses	402,600	17,718,100
Federal Income Tax Expense	116,000	757,000
Administrative expenses	597,000	623,800
Total expenses	1,115,600	19,098,900
Net income (loss)	$631,000	($15,846,500)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$74,867,900
Recoveries, net of expenses	150,305,600
Distributions	(183,737,200)
Monetary assets available for distribution	$41,436,300

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

CIC Section 1035 – Deputy Commissioners, clerks, and assistants, and executive officers; chief executive officer of Conservation and Liquidation Office

(a) In any proceeding under this article, the commissioner may appoint and employ under his or her hand and official seal, special deputy commissioners, as his or her agents, and to employ clerks and assistants and to give to each of them those powers that he or she deems necessary. Upon appointing or employing special deputy commissioners or executive officers, the commissioner shall notify the Chair of the Joint Legislative Budget Committee, by letter, of the action. The costs of employing special deputy commissioners, clerks, and assistants appointed to carry out this article, and all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of that person under this article, shall be fixed by the commissioner, subject to the approval of the court, and shall be paid out of the assets of that person to the department. In the event the property of that person does not contain cash or liquid assets sufficient to defray the cost of the services required to be performed under the terms of this article, the commissioner may at any time or from time to time pay the cost of those services out of the appropriation for the maintenance of the department, but not out of the assets of other estates. Any amounts so paid shall be deemed expenses of administration and shall be repaid to the fund out of the first available moneys in the estate.

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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