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**ACTING INSURANCE COMMISSIONER CLARK KELSO
ANNOUNCES REHABILITATION PLAN FOR
SUPERIOR NATIONAL COMPANIES**
*Also Announces Resumption of Claim Payments After Temporary
Suspension*

SACRAMENTO – Acting Insurance Commissioner J. Clark Kelso announced today the signing of an agreement that finalizes the rehabilitation plan for the Superior National Insurance Companies, which were conserved by the California Department of Insurance (CDI) on March 3 of this year. The agreement was reached very early this morning with Kemper Insurance Companies. The Commissioner also announced that the Superior National Insurance Companies have lifted the temporary suspension of claims-related payments and checks are again being issued.

"The Kemper agreement illustrates their commitment to the Superior National Insurance Companies and provides high quality claims handling to the Superior companies," said Special Deputy Insurance Commissioner Richard G. Krenz. "Not only are we pleased with Kemper's commitment to the claims operations, but also that the rehabilitation plan can now go forward and we anticipate filing the final contract documents for the rehabilitation with the court within a week."

On May 5, 2000, the Commissioner distributed a Request for Proposals (RFP) that described a plan for rehabilitating the Superior National Companies. The Commissioner's top priority was to protect policyholders' interests. Commissioner Kelso evaluated the proposal from Kemper and determined that it was acceptable.

On June 27, 2000, the Commissioner filed a motion seeking approval of Kemper as the prevailing bidder with Los Angeles Superior Court Judge Frances Rothschild, who is the judge supervising the Superior National Companies' conservation and rehabilitation proceedings.

On June 30, 2000, during an overbid proceeding, the Conservation Court determined that Kemper's bid was acceptable and entered an Order finding that Kemper was the successful bidder and approved a contract for the transfer of certain assets and liabilities of the Superior National Companies.

The next phase of the rehabilitation plan will be the application for a Liquidation Order in early September. The liquidation order will invoke the claims paying responsibilities of the California Insurance Guarantee Association and the guaranty funds in other states. This action further ensures that all policyholders and claimants of the Superior National Insurance Companies are protected.

Kemper, with 1999 revenues of approximately \$3 billion, is a leading provider of property-casualty insurance and risk management services. It operates countrywide and in many foreign markets. For more information about Kemper, visit the company's website at www.kemperinsurance.com.

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