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Superior Court Of California
County Of Los Angeles

MAY 16 2017

Sherri R. Carter, Executive Officer/Clerk
By: Charlie L. Coleman, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DAVE JONES, INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA, Applicant, vs. MISSION INSURANCE COMPANY, A CALIFORNIA CORPORATION, ET AL Respondent. Consolidated with Case Numbers C 576 324; C 576 416; C 576 323; C 576 325; C 629709	Case No.: C 572 724 Honorable Teresa A. Beaudet **THE INSURANCE COMMISIONER'S UPDATED STATUS CONFERENCE REPORT AND UPDATED CLOSING PLAN**

Dave Jones, Insurance Commissioner of the State of California, in his capacity as Trustee of the Mission Insurance Company Trust, the Mission National Insurance Company Trust, and the Enterprise Insurance Company Trust, respectfully submits this updated Status Report and shows:

The Status of the Case

This status report updates the prior status reports on the insolvency of Mission Insurance Company, Mission National Insurance Company and Enterprise Insurance Company. Each of these property and casualty insurance companies entered conservation on October 31, 1985 and entered liquidation on February 24, 1987. The Insurance Commissioner as Liquidator adjusted the claims and marshaled the assets, with the assistance of a staff of former personnel of the insurance companies and of employees of the Insurance Commissioner's Conservation and Liquidation Office. Over 166,000 proofs of claim forms were sent out in this matter, and over one billion dollars in assets were collected in this matter. Each policyholder of the insurance companies holding an approved claim has been approved for a distribution of one hundred cents on the dollar of the principal amount of her, his or its approved claim(s). The distributions so far resulted in over one billion dollars being paid out to claimants. Financial statements for the trusts are attached as Exhibit "A". These financial statements include estimates and reserve figures about some unliquidated assets whose value will depend on the collectibility of these assets. Thus, the unaudited financial statements should not be taken as forecasts of the likely distributions.

This Court approved a rehabilitation plan in 1990 in which the insurance companies' corporations were transferred, while all the liabilities were transferred to liquidating trusts for administration by the Insurance Commissioner as Trustee. Covanta Holding Corporation is the ultimate parent company of the now-transferred insurance companies. The Insurance Commissioner is now Trustee of the Mission Insurance Company Trust, the Mission National Insurance Company Trust and the Enterprise Insurance Company Trust. These trusts administer the remaining assets of and claims against each of the trusts. Mission Insurance Company Trust and Enterprise Insurance Company Trust continue to have outstanding general creditor obligations, while Mission National Insurance Company Trust has outstanding interest obligations.

Developments

Enterprise Insurance Company Trust, Mission National Insurance Company Trust, and Mission Insurance Company Trust obtained closing orders in 2006. The trusts have distributed substantial assets, but each trust has substantial assets which have not been distributed. Some additional assets have continued to be collected.

The trusts have been waiting to make further distributions until some further events take place. The Insurance Commissioner advises in this report of substantial progress with respect to events that will assist in wrapping up these trusts.

I. New Developments in the effort to secure a super-priority release from the United States Department of Justice

The Insurance Commissioner as Trustee applied in 2011 for a release from the United States Department of Justice from any super-priority claims. In past status reports, the Insurance Commissioner reported that Enterprise Insurance Company Trust had received its super-priority release. An extensive process ensued in which the United States, and in particular the United States Environmental Protection Agency, analyzed whether it intended to file claims with the Trustee as to Mission Insurance Company Trust and Mission National Insurance Company Trust.

As described in further detail in earlier status reports, the review process began with a substantial number of EPA sites, requiring substantial site-by-site analysis. Subsequently, by 2014, the process appeared to focus on fewer sites. Eventually, the process focused on 55 policies. Ultimately, the United States filed a total of four proofs of claims.

Each of the United States' claims related to alleged insurance claims arising from environmental sites. The four proofs of claims filed by the United States sought to recover in excess of $ 81,000,000 from the Mission Insurance Company Trust and the Mission National Insurance Company Trust.

In this report, the Insurance Commissioner as Trustee is able to announce that an agreement has been reached, subject to court approval, to resolve those proofs of claim. The Insurance Commissioner as Trustee submitted for filing a motion set for June 22, 2017 at 8:30 a.m., in Department 50 to approve a settlement with the United States and to approve entry into a super-priority release agreement. Under the settlement, Mission Insurance Company Trust will pay $ 23,750,000 to the United States in return for a release. Mission National Insurance Company Trust will pay $ 4,850,000 to the United States in return for a release.

II. The Approval and Payment of the Settlement Amount will Permit the Insurance Commissioner as Trustee to seek Approval for a Further Distribution in the Mission Insurance Company Trust and Mission National Insurance Company Trust Matters

Assuming that the Court approves the settlement agreements, the Insurance Commissioner as Trustee anticipates filing a motion for approval of further distributions in the Mission Insurance Company Trust and Mission National Insurance Company Trust matters.

The motion for approval in the Mission Insurance Company Trust matter will seek approval to increase the distribution percentage to general creditors of Mission Insurance Company Trust. The motion for approval to make a distribution in the Mission National Insurance Company Trust will seek permission to pay a further distribution of interest to approved policyholder class claimants. If the court approves the motion(s), the distribution is expected to occur by year-end.

III. Additional asset collection activities have taken place since March 2016

The Insurance Commissioner as Trustee has collected the following reinsurance sums since March 2016 (the date of the last Status Report):

From: Universale Ruck, a Swiss company in receivership:

Mission Insurance Company Trust $248,559

Mission National Insurance Company Trust $754,329

Enterprise Insurance Company Trust $24,765

From: Dublin International Re:

Mission Insurance Company Trust: $ 2904

Further, the Insurance Commissioner as Trustee filed a motion to approve a settlement with Settlement Capital Corporation about a disputed death benefit on a structured settlement. If approved, this settlement will result in a $ 62,500 payment to Mission Insurance Company Trust.

IV. Mission Insurance Company Trust, Mission National Insurance Company Trust, and Enterprise Insurance Company Trust have further receivables which may but are not guaranteed to result in further distributions

Mission Insurance Company Trust has a receivable from its affiliate, Missouri-based Holland America Insurance Company Trust. Holland-America Insurance Company Trust has been involved in the federal release process for some years, but has not yet resolved its issues with the United States. If it resolves those issues with the United States, then Mission Insurance Company Trust may receive additional distributions. Because of various inter-company obligations among the Mission Insurance Company Trust affiliates, this may ultimately result in further distributions to Mission National Insurance Company Trust claimants.

Mission Insurance Company Trust has a substantial approved proof of claim in the Centaur Insurance Company rehabilitation in Illinois. The Illinois Office of the Special Deputy has also been involved in seeking a federal release since 2009. The 2016 Office of the Special Deputy Annual Report states that $ 103,000,000 in general creditor claims have been fixed for Centaur Insurance Company, "in excess of 100 claims" have been asserted by the United States, of which one had been resolved (subject to court approval) for $ 8,750,000. The report further advised that Centaur's reinsurers would be ceded any reinsurance due as a result of any federal claims resolutions. If the combination of Centaur Insurance Company's remaining cash and its reinsurance recoverables exceed the total resolved claim of the United States, then further distributions could follow any recovery of sums from Centaur Insurance Company.

Beyond the proof of claims in Holland-America Insurance Company Trust and Centaur Insurance Company matters, Mission Insurance Company Trust and Mission National Insurance Company Trust hold approved claims in other receiverships. These could, but are not guaranteed, to result in additional recoveries.

Mission Insurance Company Trust has a further claim to a structured settlement claim arising from a Curtis Murphy settlement. Although a settlement of a dispute has been reached as to a 2016 payment, a further payment is due in 2021. This payment may result in a further recovery to the Mission Insurance Company Trust estate.

V. Conclusion

These trusts processed their claims and made substantial distributions to their creditors, Including one hundred cents on the dollar to policyholder-class approved claimants. Further asset distributions were put on hold until a tax audit of the corporate parent and the federal release process as to non-tax matters could occur. The tax audit was resolved, as reported in previous status reports. This status report reports that the release process as to non-tax matters appears to be nearing an end, subject to court approval. Accordingly, further distributions this year appear possible. The trusts have some receivables that may generate further distributions, but no time estimate is offered when those receivables, if any, will be fully collected.

Dated this 16 TH of May, 2017.

Respectfully submitted,

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EXHIBIT “A”

CONSOLIDATED: Mission Ins Cos

STATEMENT OF ASSETS AND LIABILITIES

As of March 31, 2017

	672 Mission	170 Mission National	TOTAL
ASSETS			
Participation in pooled investments, at market	113,143,100	33,665,700	146,808,800
Accrued investment income	314,300	93,500	407,700
Recoverable from reinsurers	20,788,400	2,610,000	23,398,400
Receivable from affiliates	23,816,400	-	23,816,400
Other receivable	13,400	-	13,400
Total Available Assets	158,075,600	36,369,200	194,444,700
LIABILITIES			
Secured claims	24,923,300	6,736,800	31,660,000
Accrued administrative expenses	-	-	-
Claims against policies, including guaranty associations, before distributions	846,832,600	596,098,500	1,442,931,000
Early access and other Class 2 distributions	(846,832,600)	(499,851,900)	(1,334,569,100)
California and Federal claims having preference	-	-	(39,700)
Payable to affiliates	78,724,300	36,075,900	114,800,200
All other claims	119,714,200	(19,237,800)	88,400,800
Total Estimated Liabilities	223,361,800	119,821,500	343,183,200
NET ASSETS (DEFICIENCY)	**(65,286,200)**	**(83,452,300)**	**(148,738,500)**

	Mission	Mission National	TOTAL
ADMIN EXPENSES			
Legal expenses	9,800	2,400	12,200
Consultants and temps	3,500	2,500	6,000
Office expenses	41,400	-	41,400
Allocated overhead expenses	68,400	27,200	95,600
	123,100	**32,100**	**155,200**

CONSOLIDATED: Mission Ins Cos

STATEMENT OF ASSETS AND LIABILITIES

As of March 31, 2017

		672 Mission	170 Mission National	TOTAL
	ASSETS detail			
	Cash and Investments			
12001	Participation in Pooled Investment	113,143,113	33,665,694	146,808,807
	Cash and Investments	113,143,113	33,665,694	146,808,807
13015	Accrued Int & Div Receivable	314,263	93,450	407,713
	Reinsurance Receivable			
13001	Rein Recoverable-Paid	41,473,730	5,083,148	46,556,878
13003	Allow For Uncoll Rein Receivable	(20,685,291)	(2,473,196)	(23,158,487)
	Reinsurance Receivable	20,788,439	2,609,953	23,398,392
	Receivable from affiliates			
13012.EIC	Receivable from Enterprise	-	13,487,859	13,487,859
13012.HAIC	Receivable from Holland America	39,649,980	-	39,649,980
13012.1	Allowance for Receivable from Affiliates	(15,833,536)	(13,487,859)	(29,321,395)
	Receivable from Affiliates Net of Allowance	23,816,444	-	23,816,444
	Other Receivables			
13018	Other Receivables	13,411	-	13,411
	Other Receivable	13,411	-	13,411
	Total Available Assets	158,075,670	36,369,096	194,444,766
	LIABILITIES detail			
	Secured Claims			
21005	Other Secured Liabilities	23,750,000	4,850,000	28,600,000
22001	Unclaimed Funds Payable	1,173,252	1,886,786	3,060,037
	Secured Claims	24,923,252	6,736,786	31,660,037
	Class 1: Payables and Accrued Expenses			
25001	Due To/From Intercompany Acct	1	1	2
	Class 1 Liabilities	1	1	2
	Class 2: Losses, Reserves and non-IGA Claims			
28001	Loss & ALAE Reserve	-	110,872,815	110,872,815
28006	Liability Due to GAs	661,199,259	284,717,623	945,916,882
29001	Other Class 2 Payable	185,633,302	200,508,039	386,141,341
	Class 2 Liabilities before Distributions	846,832,561	596,098,477	1,442,931,038
	Early Access and Other Class 2 Distributions			
28007	Advances to Guaranty Associations	(661,199,259)	(337,936,554)	(999,135,813)
41005	Class 2 Distributions	(177,960,427)	(159,300,375)	(457,834,216)
41012	Distributions on Behalf of Domiciliary	(7,672,875)	(2,614,935)	(10,287,810)
	Early access and other Class 2 distributions	(846,832,560)	(499,851,864)	(1,334,569,141)
	Class 3, 5 & 6: Calif and Federal claims			
27003	Premium Tax Payable - Class 3	111,132	-	111,132
41002	Class 3-6 Distributions	(111,132)	-	(150,813)
	Class 3, 5 & 6 Liabilities	-	-	(39,680)

CONSOLIDATED: Mission Ins Cos
STATEMENT OF ASSETS AND LIABILITIES
As of March 31, 2017

		672 Mission	170 Mission National	TOTAL
	Class 7: Payable to Affiliates			
30002.MIC	Payable to Mission	-	22,778,042	22,778,042
30002.MNIC	Payable to Mission National	21,729,091	-	21,729,091
30002.EIC	Payable to Enterprise	40,205,805	-	40,205,805
30002.HAIC	Payable to Holland America	11,543,156	-	11,543,156
30002.MRC	Payable to Mission Re	5,246,200	-	5,246,200
30002.INT	Interest Payable to Affiliates	-	13,297,901	13,297,901
	Class 7 Payable to Affiliates	78,724,251	36,075,943	114,800,193
	Class 7: All Other Claims			
30001	Accounts Payable-Pre Liquidation	-	-	-
30005	Reinsurance Payable	383,122,808	5,396,962	388,519,771
30008	Other Class 7 Liabilities	2,255,708	2,442,517	4,698,225
41006	Class 7 Distributions	(265,664,289)	(27,077,326)	(304,817,218)
	Class 7 Liabilities	119,714,227	(19,237,847)	88,400,777
	Total Estimated Liabilities	223,361,731	119,821,495	343,183,226
	NET ASSETS (DEFICIENCY)	**(65,286,061)**	**(83,452,399)**	**(148,738,459)**