

2024 ANNUAL REPORT

**CONSERVATION *and* LIQUIDATION**  
**OFFICE**

## **CONSERVATION & LIQUIDATION OFFICE**

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## **SECTION ONE – THE CONSERVATION & LIQUIDATION OFFICE**

### **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 commonly 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.

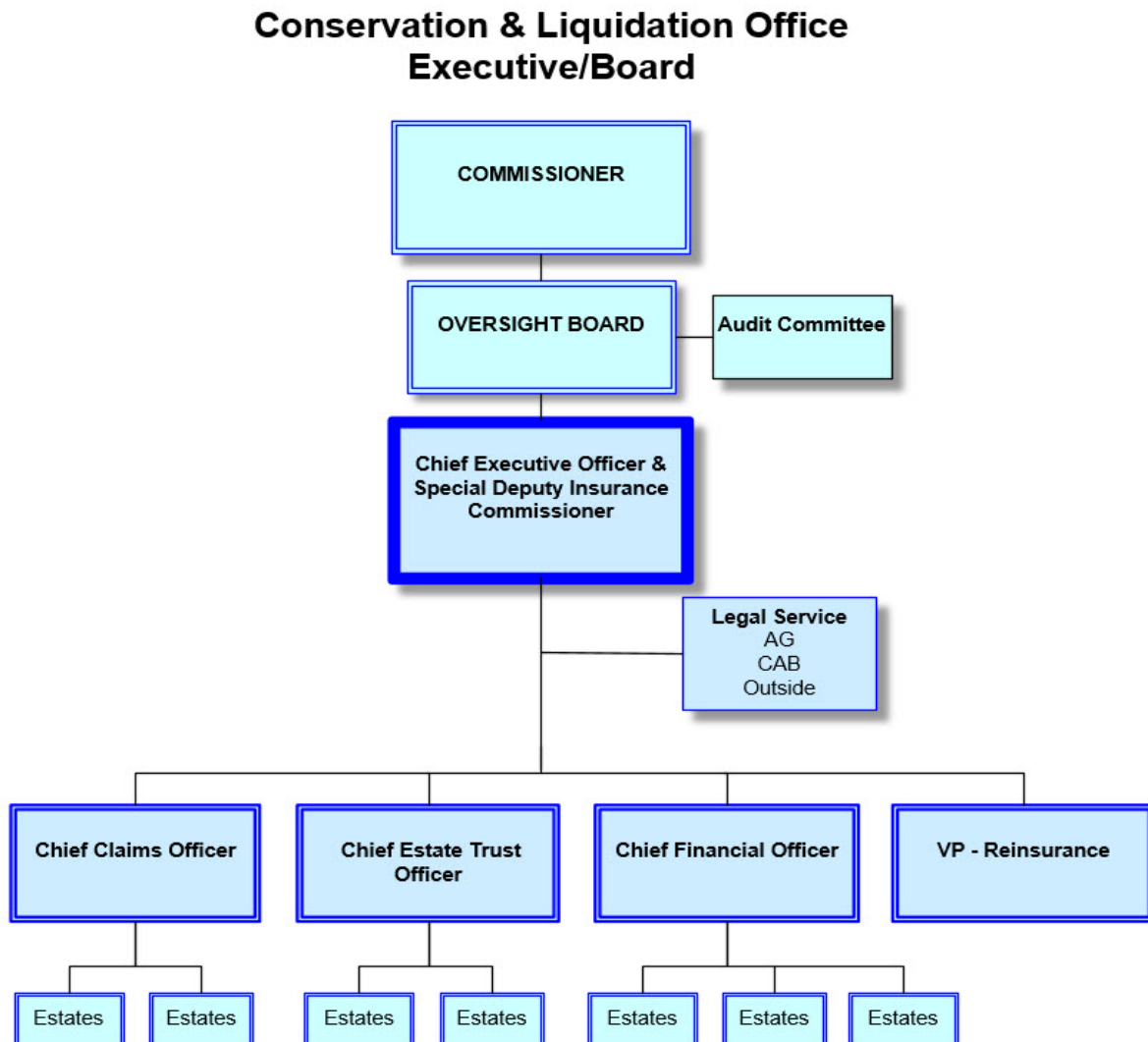
The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2024, the CLO is responsible for the administration of nine insurance estates.

In addition to the role described above, the CLO at times provides special examination services. The CLO is reimbursed directly by the company being examined. During 2024, the CLO assisted with two special examinations.

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. In 2020, the Board again authorized an engagement with the State of Nevada to assist in the Physicians Indemnity Risk Retention Group insolvency. In 2023, the Board authorized an engagement with the state of Colorado to assist with the Administrative Supervision of a Colorado domiciled company. In 2024, the Board authorized an engagement with the state of Oregon to assist with the Administrative Supervision of an Oregon domiciled company. By providing professional troubled company and 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. The Board also serves as the Audit Committee members. During 2024, the Oversight Board and Audit Committee members are the Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner – Financial Surveillance Branch (vacant).

During 2024 the Oversight Board and Audit Committee held three regularly scheduled meetings.

### **Mission Statement and 2024 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.

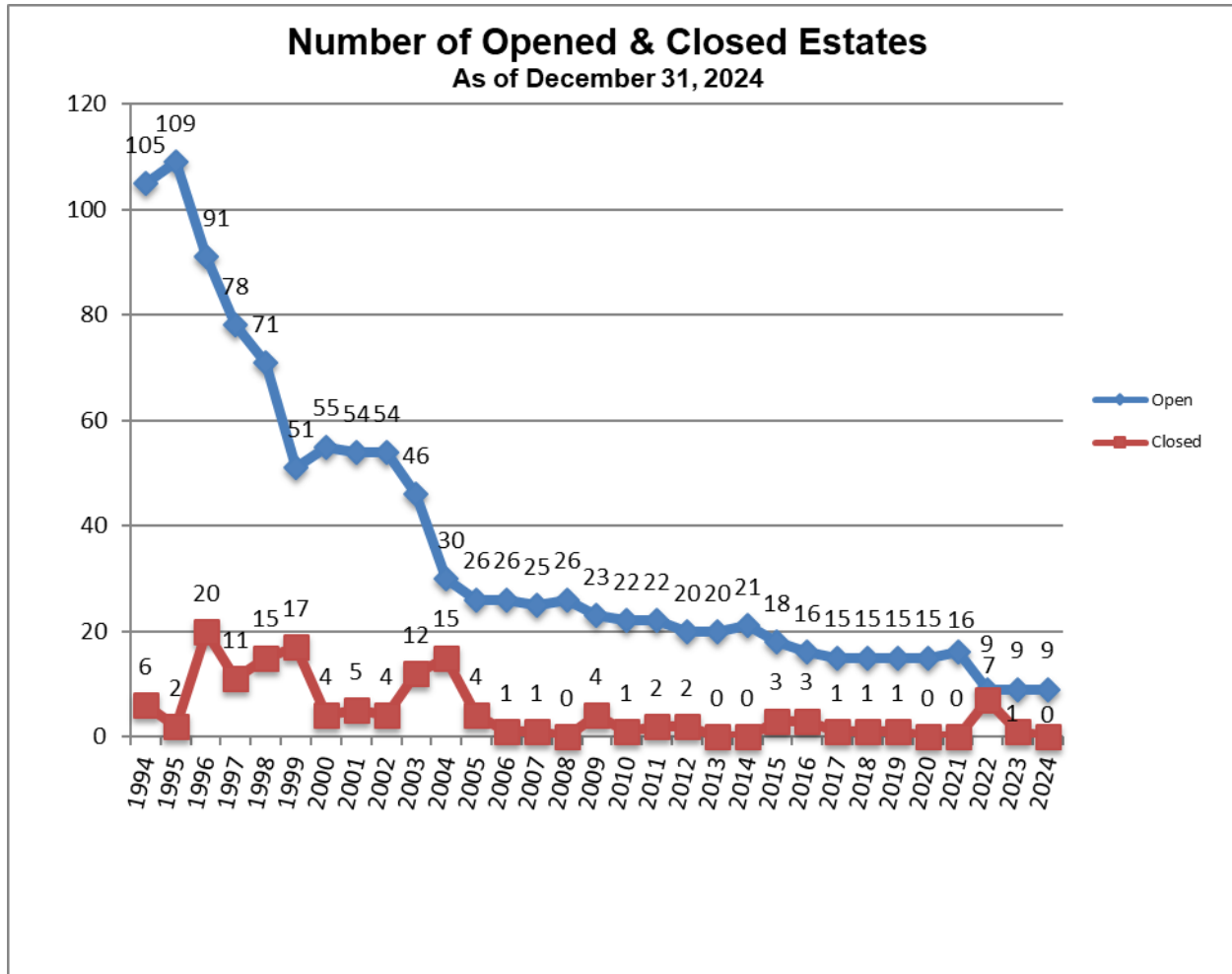
On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval.

The 2024 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2024, there were 9 open estates under management. All open estates are property & casualty estates. The CLO goal in 2024 was to close one estate and distribute \$25 million.

## 1. Closings

GOAL	RESULTS
<p>Close one Estate:</p> <p>1) Merced Property and Cas. Co.</p>	<p>The Merced Property and Cas. Co. closure was delayed due to the resolution of the federal waiver release.</p>



Since 1994, there have been approximately 141 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 64 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

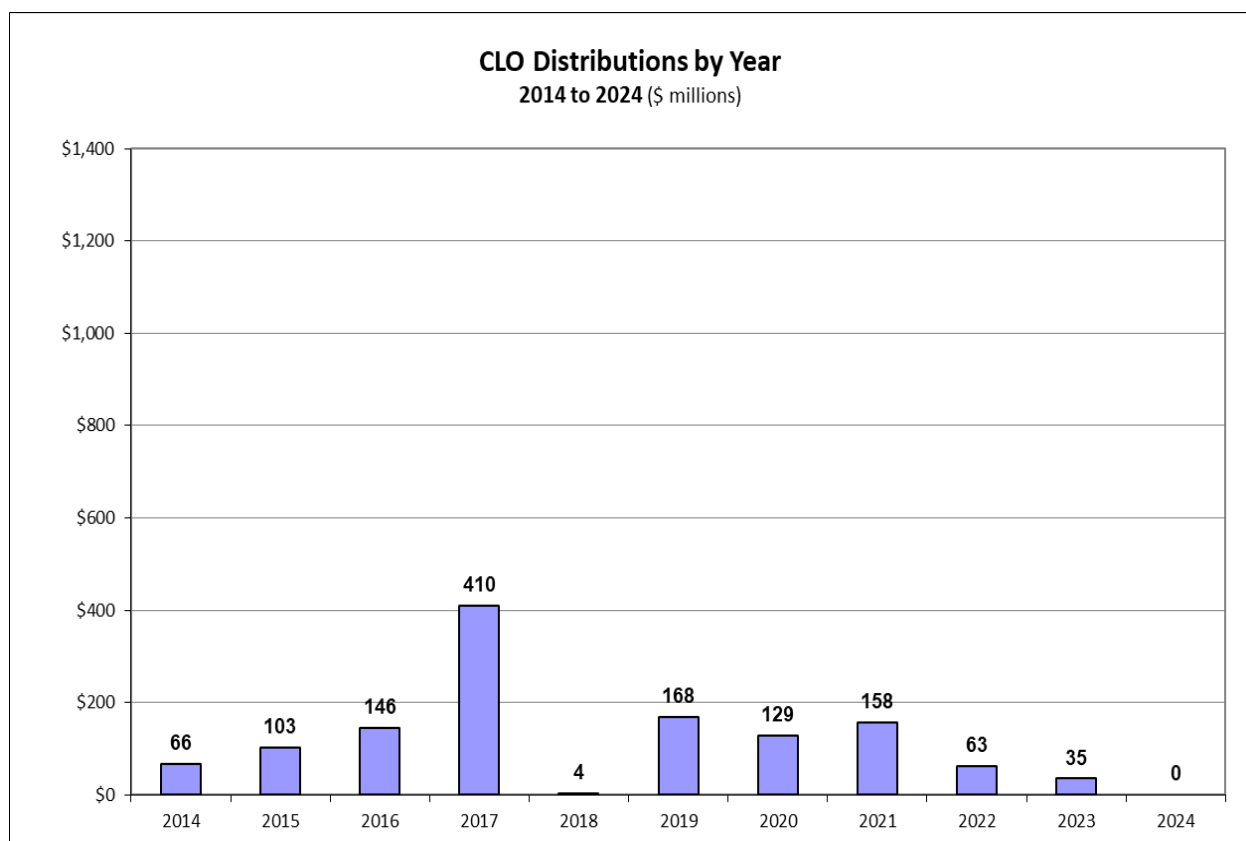
## 2. Distributions

### Early Access Distribution

Estate	2024 Actual (\$ Millions)	2024 Goal (\$ Millions)
CastlePoint National Ins. Co.	\$0	\$20.00
<b>Sub-total:</b>	<b>\$0</b>	<b>\$20.00</b>

### Final Distributions

Estate	2024 Actual (\$ Millions)	2024 Goal (\$ Millions)
Merced Property and Cas. Co.	\$0	\$5.00
<b>Sub-total:</b>	<b>0</b>	<b>5.00</b>
<b>TOTAL DISTRIBUTIONS:</b>	<b>\$0</b>	<b>\$25.00</b>



## **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 2 years at December 31, 2024.

The investments are managed in equal parts by two professional money management firms and are warehoused with US Bank.

At December 31, 2024, the CLO had \$210.7million of estate marketable investment securities under management.

For the year ending December 31, 2024, the average portfolio balance was approximately \$201 million. The portfolio earned an interest yield of 4.1% and a net yield after security gains/losses and mark-to-market adjustments of 4.7%.

## **Administrative Expenses**

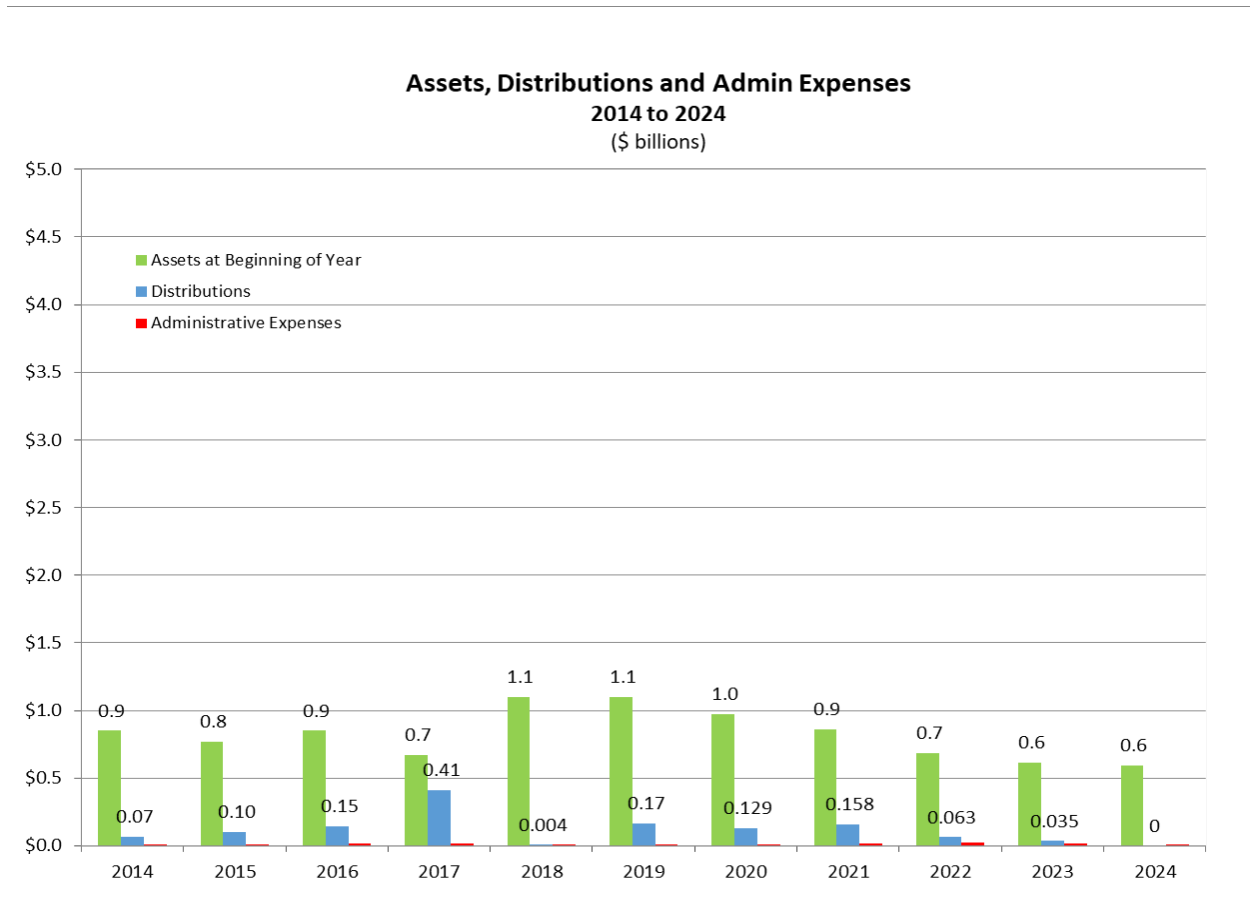
Administrative expenses consist of both direct and indirect expenses. See "CLO Financial Results" section of this report on the budget and actual expenditures for 2024 for direct and indirect expenses.

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 were 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.





The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2014 to 2024. The table below lists these figures.

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
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

<b>Year</b>	<b>Assets (\$ billions)</b>	<b>Distributions (\$ millions)</b>	<b>Administrative Expenses (\$ millions)</b>
2019	\$1.1	\$168	\$13
2020	\$1.0	\$129	\$11
2021	\$0.9	\$158	\$15
2022	\$0.7	\$63	\$24
2023	\$0.6	\$35	\$17*
2024	\$0.6	\$0	\$9

\* This amount includes a 5% contingent legal fee (\$5,530,505) incurred by Colorado HealthOp in 2023 for litigating and collecting \$110 million in risk corridor receivables from the Centers for Medicare and Medicaid Services ("CMS"). If you exclude the Colorado Health expenses for 2023, the total CLO administrative expenses for 2023 were \$11,095,495.

### Compensation Methodology

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. 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 CompAnalyst, 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.

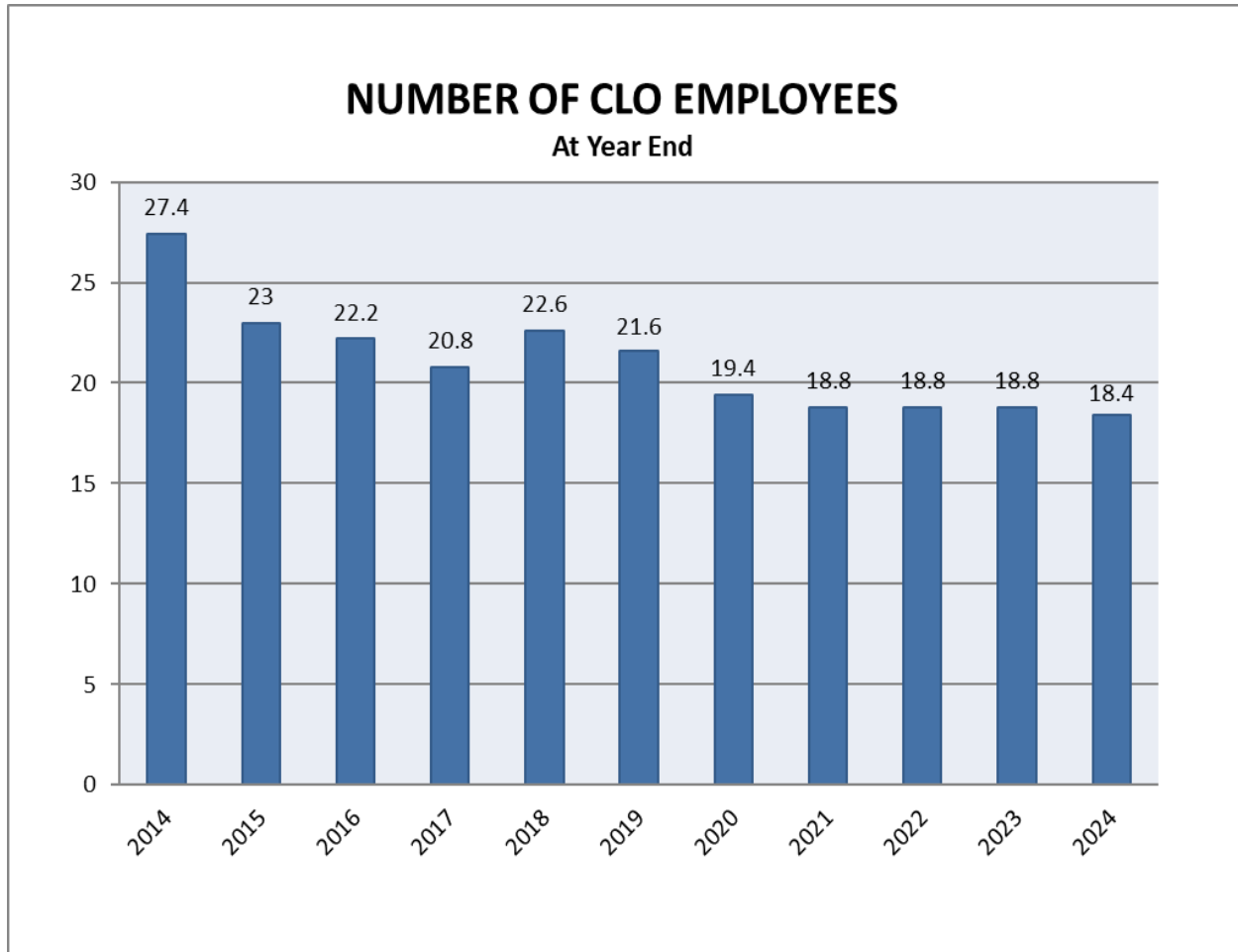
A summary of the compensation procedures follows:

- 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:

	2024	2025 (Budget)
Number of CLO full-time equivalent employees at beginning of year	18.8	18.4
Total compensation and benefits for CLO employees	\$4,550,891	\$4,786,281



The chart above shows the number of CLO full-time employee equivalent from 2014 to 2024.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 33% compared to December 31, 2014.

### CLO Financial Results

For Years Ended December 31, 2024 and December 31, 2023

Cash received	December 31, 2024 Actual	December 31, 2024 Budget	December 31, 2023
Reinsurance recoveries, and miscellaneous income	\$11,578,800	Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.	\$57,217,400
Investment income, net of expenses	18,346,800	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.	15,615,900
<b>Total:</b>	<b>\$29,925,600</b>		<b>\$72,833,300</b>

	December 31, 2024 Actual	December 31, 2024 Budget	December 31, 2023
<b>Distributions</b>	<b>\$0</b>	<b>\$25,000,000</b>	<b>\$35,067,300</b>

### Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2024 Actual	December 31, 2024 Budget	December 31, 2023
Legal expenses	\$1,277,900	\$1,994,700	\$6,991,000
Consultants and contractors	1,144,600	1,312,000	1,709,500
Office expenses	1,023,500	642,400	1,527,200
Compensation and benefits	0.00	15,000	535,900
<b>Total:</b>	<b>\$3,446,000</b>	<b>\$3,964,100</b>	<b>\$10,763,600</b>

**Administrative – CLO Overhead Expenses**

<b>CLO overhead expenses</b>	<b>December 31, 2024</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
	<b>Actual</b>	<b>Budget</b>	
Compensation and benefits	\$4,550,900	\$4,718,800	\$4,437,500
Office expenses	951,800	1,042,300	1,308,000
Consultants and contractors	98,100	94,000	114,200
Legal expenses	3,000	9,000	2,700
<b>Total:</b>	<b>\$5,603,800</b>	<b>\$5,864,100</b>	<b>\$5,862,400</b>

<b>Administrative Totals</b>	<b>December 31, 2024</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
	<b>Actual</b>	<b>Budget</b>	
<b>Estate Direct Expense Total</b>	<b>\$3,446,000</b>	<b>\$3,964,100</b>	<b>\$10,763,600</b>
<b>CLO Overhead Expense Total</b>	<b>5,603,800</b>	<b>5,864,100</b>	<b>5,862,400</b>
<b>Total:</b>	<b>\$9,049,800</b>	<b>\$9,828,200</b>	<b>\$16,626,000</b>

## **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.

### ***Fremont Indemnity Company:***

Fremont released a \$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 completed most all post distribution and closing activities in 2020 including the sale of a subsidiary entity to a third party. The Estate continues to hold certain non-transferrable annuity assets that generate material periodic payments to the estate and will continue to over the next number of years. Together with the FLIC 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. The estate currently anticipates sufficient asset collections to potentially release a distribution in 2026.

### ***Golden Eagle:***

The Estate has been placed in an administrative closure status on the active Superior Court docket subject to the remaining claims run-off plan. Golden Eagle policyholder claims have been 100% reinsured and are being paid timely. The reinsurance program covering the court sanctioned run-off 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). As such the Commissioner has not asked the court to take any action that would prematurely cut off any policyholder's 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 will continue to honor all remaining claims run-off requirements but will remain in an administratively closed status. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to be sufficient to pay all claims.

***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 material distributions in 2019 and early 2020 from the Receivership estate of Centaur in Illinois. Subsequent to the Centaur collections, the Mission estate completed distributions to creditors totaling \$49.5 million. Mission and Mission National estates will remain open to collect final reinsurance obligations from other insolvent estates.

**Claims History**

**Property and Casualty Estates**

<b>Estate</b>	<b>Liquidation Date</b>	<b>Proof of Claims Filed</b>	<b>Proof of Claims Resolved</b>	<b>Open Proof of Claims</b>
California Ins Co	N/A	TBD	TBD	TBD
CastlePoint National	4/1/2017	1,906	1,401	505
Crusader Ins Co	N/A	TBD	TBD	TBD
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle	2/18/1998		n/a (see below)	
Merced	12/3/2018	440	439	1
Mission (2 estates)	2/24/1987	141,646	141,646	0
Western General	08/05/2021	2,593	1,718	875
	<b>Total:</b>	<b>192,258</b>	<b>190,877</b>	<b>1,381</b>

*Note: 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.*



## 2025 Business Goals

The 2025 Business Plan is focusing on estate closings and distributions.

Entering 2025 there are nine open estates under management by the CLO. The open estates consist of nine Property & Casualty Estates. Our goal in 2025 is to distribute \$20.00 million.

Starting 2025, we have 18.4 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2025 Goals are as follows:

1. Close 1 Estate  
Merced Property and Cas. Co.

*Note: Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.*

2. Early Access and Final Distributions

Interim Distribution:

CastlePoint National Ins. Co. ....15,000,000

Final Distributions:

Merced Ins. Co. ....5,000,000

**\$20,000,000**

## **SECTION TWO – ESTATE SPECIFIC INFORMATION**

### **Conservation or Liquidation Estates Opened During the Year 2024**

None

### **Conservation or Liquidation Estates Closed During the Year 2024**

None

#### **Conservation & Liquidation Office Current Year and Cumulative Distributions by Estate**

	Year Ended 12/31/2024				Cumulative to 12/31/2024			
	Federal and State				Federal and State			
	Policyholders	Claims	General Creditors	Total	Policyholders	Claims	General Creditors	Total
CastlePoint National Ins Co	2,593	-	-	2,593 <sup>A</sup>	342,349,902	-	-	342,349,902
Fremont Indemnity Co	-	-	-	-	1,106,139,443	-	-	1,106,139,443
Merced Property & Casualty Ins	(461,769)	-	-	(461,769) <sup>B</sup>	26,953,260	-	-	26,953,260
Mission Ins Co	-	-	-	-	846,832,560	23,861,132	390,041,525	1,260,735,218
Mission National Ins Co	-	-	-	-	536,482,595	4,850,000	27,077,326	568,409,921
	(459,176)	-	-	(459,176)	2,858,757,760	28,711,132	417,118,851	3,304,587,744

*A. Statutory deposit released to NM*

*B. CIGA returned excess EAD*

\*The CastlePoint estate made statutory deposit releases of \$227.6 million (2017), \$4.9 million (2018), and \$19 million (2019) and an early access distribution of \$60.7 million occurred in October of 2022. These statutory deposit releases and prior distributions coupled with the 2023 early access distribution of \$30.1 million give the estate a cumulative distribution total of \$342.3 million.

*Note: Golden Eagle, California Ins. Co., Crusader, and Western General estates are not included as no distributions have occurred.*

**Estates in Conservation and/or Liquidation as of December 31, 2024**

<b>Estate Name</b>	<b>Date Conserved</b>	<b>Date Liquidated</b>
California Insurance Company	11/04/19	*
CastlePoint National Insurance Company	07/28/16	04/01/17
Crusader Insurance Company	06/07/2023	*
Fremont Indemnity Company	06/04/03	07/02/03
Golden Eagle Insurance Company	01/31/97	02/18/98
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
Western General Insurance Company	05/26/2021	08/05/2021

**\*No Liquidation Order obtained**

**\*\*No Conservation 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 2024 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information. (*See note below*)

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.

*Note: 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](#). 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

#### **2024 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 was appointed to address and resolve certain regulatory concerns related to CIC's recent attempt to exit the California market without the necessary prior approval to do so. The Conservator developed and seeks court approval of a comprehensive rehabilitation plan to address the issues with CIC and their desire to re-domesticate outside California. The Conservator has argued his rehabilitation plan before the San Mateo Superior Court.

Following the favorable ruling from the San Mateo Superior Court on April 3, 2024 approving the Conservator's rehabilitation plan, CIC's former management filed their opening appeal brief on August 27th. Legal counsel for the Conservator has prepared and filed a reply brief in opposition to the appeal brief mentioned above. There is no definitive timeframe or schedule established for a ruling from the panel. The replacement audit firm of Baker Tilly (Marcum has been acquired and the entity has withdrawn from performing the 2021, 2022 and 2023 annual audits of CIC) has completed its initial scope and budget for the engagement and cleared conflict checks.

The firm has agreed to provide audit services for the years 2021, 2022, 2023 and 2024. CIC has addressed most of the previously reported regulatory exam findings associated with speculative investments acquired without the consent and approval of the Conservator and in violation of the Conservation order. The Conservator continues to monitor final resolution to a couple open investments the company has not been able to monetize within the timeframe afforded by the Conservator. General Counsel for CIC has requested meetings with the Conservator in April of 2025 to discuss their real estate holdings. The Conservator together with the California Department of Insurance exam and analysis staff are working closely with the New Mexico and Texas insurance regulatory staff coordinating efforts to bring the entire Omaha based insurance group into regulatory compliance.

California Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023 and December 31, 2024

<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$1,213,785,263	\$1,655,257,011
Other assets	434,660,232	174,219,671
<b>Total assets</b>	<b>\$1,648,445,495</b>	<b>\$1,829,476,682</b>
<b>Liabilities</b>		
Claims against policies	\$570,880,853	\$679,415,346
All other claims	445,681,235	555,280,546
<b>Total liabilities</b>	<b>1,016,562,088</b>	<b>1,234,695,892</b>
<b>Net assets (deficiency)</b>	<b>\$631,883,407</b>	<b>\$594,780,790</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2024

<b>Income</b>	<b>2023</b>	<b>2024</b>
Net premium income	\$501,177,607	\$617,869,491
Investment income	23,525,497	15,122,174
Other income	(44,562,867)	(547,332)
<b>Total income</b>	<b>\$480,140,237</b>	<b>\$632,444,333</b>
<b>Expenses</b>		
Loss and claims expense	\$472,390,038	\$649,260,597
Federal Income Tax expense	5,507,680	12,924,192
<b>Total expenses</b>	<b>477,897,718</b>	<b>662,184,789</b>
<b>Net income (loss)</b>	<b>\$2,242,519</b>	<b>(\$29,740,456)</b>

## **CastlePoint National Insurance Company**

Conservation Order: July 28, 2016

Liquidation Order: April 1, 2017

### **2024 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
- Tower National Insurance Company
- CastlePoint Florida Insurance Company
- Massachusetts Homeland Insurance Company
- York Insurance Company of Maine
- Hermitage Insurance Company
- North East Insurance Company
- Preserver Insurance Company
- CastlePoint Insurance Company

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. At December 31, 2017, the estate had received in excess of 1,250 claims seeking in excess of \$4.6 billion in damages. The CLO claims department, conforming to the creditor-priority statutes established in California Insurance Code, have reviewed all timely received POCs for basic compliance and classification. The open claim population has recently fallen below 1,000 (subject to any late POCs approved and issued) to be reviewed.

The estate continues to address all the normal issues of long-tail liquidation and remains primarily focused on collecting assets, updating and managing legacy and standalone systems to efficiently bill and collect reinsurance assets. In addition to data management for asset collections the estate will rely on legacy information and documentation to properly analyze priority and or complex policy claims received through the POC process. CastlePoint has also collected in excess of \$50 million in miscellaneous assets and \$77 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 December 31, 2024.

CastlePoint received court approval and completed its first early access distribution in the amount of \$60 million in October 2022. The estate completed a second early access distribution in the amount of \$30 million in November 2023. After considerable review and determination efforts, the estate released a full interim distribution in the amount of \$20 million in mid-January 2025, and will plan to release a second interim distribution later in the year. The CastlePoint estate team continues to work through the usual long-tail liquidation demands and impediments associated with determining complex policyholder exposure, administering estate reporting compliance and updating/managing legacy and standalone systems to efficiently bill and collect reinsurance assets. The estate continues to rely on legacy information and documentation (systems) to properly analyze priority and or complex policy claims received through the POC process. As mentioned above, the estate will seek approval to release a \$15 million interim distribution in late 2025, and will seek approval of its annual procedural filings at the same time in early December (2024 Status and Fee Application).



CastlePoint National Ins Co		
<b>ASSETS AND LIABILITIES</b>		
As of December 31, 2023 and December 31, 2024		
<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$252,164,400	\$265,232,100
Recoverable from reinsurers	200,772,200	205,116,800
Other assets	17,492,100	16,495,800
<b>Total assets</b>	<b>470,428,700</b>	<b>486,844,700</b>
<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Secured claims and accrued expenses	7,119,000	105,500
Claims against policies, before distributions	1,103,874,200	1,117,567,300
Less distributions to policyholders	(342,347,300)	(342,349,900)
All other claims	63,651,300	64,676,000
<b>Total liabilities</b>	<b>832,297,200</b>	<b>839,998,900</b>
<b>Net assets (deficiency)</b>	<b>(361,868,500)</b>	<b>(353,154,200)</b>
<b>INCOME AND EXPENSES</b>		
For Year Ended December 31, 2023 and 2024		
<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$12,982,900	\$14,822,500
Salvage and other recoveries	877,700	249,500
<b>Total income</b>	<b>13,860,600</b>	<b>15,072,000</b>
<b>Expenses</b>	<b>2023</b>	<b>2024</b>
Loss and claims expenses	37,685,300	9,437,900
Administrative expenses	3,819,400	3,933,100
<b>Total expenses</b>	<b>41,504,700</b>	<b>13,371,000</b>
<b>Net income (loss)</b>	<b>(\$27,644,100)</b>	<b>1,701,000</b>
<b>CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION</b>		
Beginning monetary assets at takeover .....		\$519,264,000
Recoveries, net of expenses .....		88,318,000
Distributions .....		(342,349,900)
<b>Monetary assets available for distribution .....</b>		<b>\$265,232,100</b>

## **Crusader Insurance Company**

Conservation Order: June 7, 2023

### **2024 Report**

Crusader Insurance Company was placed into Conservation on June 7, 2023 after being found to be operating in hazardous financial condition. The Conservator has established weekly oversight and control of the estate's run-off operations in Calabasas.

The CLO has completed the separation of all co-mingled systems and assets (in accordance with the Conservation Order). Notices of the Conservation have been issued to all claimants, vendors and potential creditors. The Conservator has extended retention agreements to 8 employees to preserve a knowledgeable workforce throughout the claim run-off. One claim adjuster will retire at the end of the first quarter of 2025. The Conservator has secured a lease extension in its current space and favorable terms through December 31, 2025.

Crusader has filed their December 31, 2024 annual statement and reported policyholders' surplus of \$2.784 million. During the fourth quarter, the estate continued to experience material legal and claim adjustment expenses. With approximately 85 claims still open, the estate still reports \$3 million in LAE reserves and \$10.9 million in remaining loss reserves. The estate's administrative expense has been mitigated by positive investment yields. While the estate continues to close claims, each month we still continue to receive a few new claims each month. As of December, the total claim count has been reduced to just under 85 open claims. Milliman as well as CDI actuaries have reviewed the December 31, 2024 reserves and believe that they are fairly stated. Crusader will continue its efficient claims run-off.

The Crusader estate has eliminated most all operational reliance on its parent company with the exception of certain insurance contracts still handled on a shared/prorated basis. The estate has commenced its 2024 statutory CPA audit and will file it with the California Department of Insurance and the NAIC upon completion.

Crusader Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023 and December 31, 2024

<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$30,701,390	\$14,326,899
Other assets	965,830	2,632,651
<b>Total assets</b>	<b>\$31,667,220</b>	<b>\$16,959,550</b>
<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Claims against policies	\$26,255,000	\$13,991,001
All other claims	63,960	183,839
<b>Total liabilities</b>	<b>26,318,960</b>	<b>14,174,840</b>
<b>Net assets (deficiency)</b>	<b>\$5,348,260</b>	<b>\$2,784,710</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2024

<b>Income</b>	<b>2023</b>	<b>2024</b>
Net premium income	\$0	\$0
Investment income	1,741,290	995,072
Other income	(218,984)	328
<b>Total income</b>	<b>\$1,522,306</b>	<b>\$995,400</b>
<b>Expenses</b>	<b>2023</b>	<b>2024</b>
Loss and claims expense	\$8,918,240	\$4,190,991
Federal Income Tax expense	-	-
<b>Total expenses</b>	<b>8,918,240</b>	<b>4,190,991</b>
<b>Net income (loss)</b>	<b>(\$7,395,934)</b>	<b>(\$3,195,591)</b>

## **Fremont Indemnity Company**

Conservation Order: June 04, 2003

Liquidation Order: July 02, 2003

### **2024 Report**

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 completed all customary post distribution and closing activities in 2020. The estate remains administratively closed before the Court. In accordance with its 2019 closing order, the dormant estate continues to collect periodic annuity payments which, when coupled with other recent recoveries, will lead to a further distribution, possibly in 2026. The estate seeks to accumulate approximately \$5 million of cash receipts prior to scheduling a distribution.

Fremont Indemnity Co		
<b>ASSETS AND LIABILITIES</b>		
As of December 31, 2023 and December 31, 2024		
<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$6,561,400	\$7,416,600
Recoverable from reinsurers	44,200	-
Other assets	67,200	67,200
<b>Total assets</b>	<b>6,672,800</b>	<b>7,483,800</b>
<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Secured claims and accrued expenses	32,300	32,300
Claims against policies, before distributions	2,532,388,200	2,532,388,200
Less distributions to policyholders	(1,106,139,400)	(1,106,139,400)
All other claims	221,395,500	221,395,500
<b>Total liabilities</b>	<b>1,647,676,600</b>	<b>1,647,676,600</b>
<b>Net assets (deficiency)</b>	<b>(\$1,641,003,800)</b>	<b>(\$1,640,192,800)</b>
<b>INCOME AND EXPENSES</b>		
For Year Ended December 31, 2023 and 2024		
<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$337,900	\$307,300
Salvage and other recoveries	451,100	286,900
<b>Total income</b>	<b>789,000</b>	<b>594,200</b>
<b>Expenses</b>	<b>2023</b>	<b>2024</b>
Loss and claims expenses	-	(443,900)
Federal Income Tax Expense	26,000	122,000
Administrative expenses	108,700	105,200
<b>Total expenses</b>	<b>134,700</b>	<b>(216,700)</b>
<b>Net income (loss)</b>	<b>\$654,300</b>	<b>810,900</b>
<b>CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION</b>		
Beginning monetary assets at takeover .....		\$434,855,900
Recoveries, net of expenses .....		678,700,100
Distributions.....		(1,106,139,400)
<b>Monetary assets available for distribution .....</b>		<b>\$7,416,600</b>

## **Golden Eagle Insurance Company**

Conservation Order: January 31, 1997

Rehab/Liquidation Plan Approved: August 4, 1997

Liquidation Order: February 18, 1998

### **2024 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. Golden Eagle’s insurance liabilities are fully funded under the Plan eliminating the need for a formal finding of insolvency, and thus have not triggered the claim payment obligations of the Insurance Guaranty Associations (IGAs). Under the court approved Plan these 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. Currently the legal proceeding is administratively closed on the active court docket, yet the Golden Eagle 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		
<b>ASSETS AND LIABILITIES</b>		
As of December 31, 2023 and December 31, 2024		
<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$1,284,300	\$1,311,800
<b>Total assets</b>	<b>1,284,300</b>	<b>1,311,800</b>
<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Total liabilities	-	-
<b>Net assets (deficiency)</b>	<b>\$1,284,300</b>	<b>\$1,311,800</b>
<b>INCOME AND EXPENSES</b>		
For Year Ended December 31, 2023 and 2024		
<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$69,500	\$57,700
<b>Total income</b>	<b>69,500</b>	<b>57,700</b>
<b>Expenses</b>	<b>2023</b>	<b>2024</b>
Administrative expenses	28,700	30,200
<b>Total expenses</b>	<b>28,700</b>	<b>30,200</b>
<b>Net income (loss)</b>	<b>\$40,800</b>	<b>\$27,500</b>
<b>CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION</b>		
Beginning monetary assets at takeover <sup>9</sup>		\$2,029,000
Recoveries, net of expenses		(717,200)
<b>Monetary assets available for distribution</b>		<b>\$1,311,800</b>

<sup>9</sup> As of December 31, 2006, when Golden Eagle's estate accounting was transferred to the CLO.

## **Merced Property & Casualty Company**

Liquidation Order: December 3, 2018

### **2024 Report**

Merced Property & Casualty Company (“Merced”) located in Atwater, California is 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 California.

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 as set forth in Insurance Code sections 700.01, 700.02 & 700.025.

Upon entry of the liquidation order, the California Insurance Guarantee Association’s (CIGA) statutory obligation to adjust and pay Merced claims was triggered. Independent of the CLO, CIGA filed a subrogation claim against PGE and to date has collected approximately \$60 million in recoveries.

As of December 31, 2024 the Merced estate, in coordination with the California Insurance Guarantee Association (“CIGA”) have paid all statutory obligations associated with the Merced liquidation.

The Merced estate with the assistance of the California Insurance Guarantee Association (“CIGA”) have paid all Class 2 statutory obligations associated with the Merced liquidation. The estate has determined and resolved all properly filed POCs including the guarantee association’s final claim. All recoveries associated with the PG&E bankruptcy’s Wildfire Subrogation Trust have been properly billed and collected by both the estate and CIGA. Between the two entities the estate benefitted in excess of \$85 million in subrogated claim payment reimbursements or approximately 70% of total loss and loss adjustment expenses were recovered.

After two years of effort, legal counsel for the estate has received an acceptable super-priority release agreement from the United States Department of Justice. The Merced estate has filed its final status report and application to distribute remaining assets and a hearing has been scheduled for April 2, 2025. Upon court confirmation and approval to enter into the federal release agreement, as well as release a final distribution to approved general creditor and equity class claimants and thereafter to return all remaining assets to the parent after fulfilling all required closing tasks and requirements.



Merced Property and Casualty Co

**ASSETS AND LIABILITIES**

As of December 31, 2023 and December 31, 2024

<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$7,912,600	\$8,393,800
Total assets	7,912,600	8,393,800
<b>Liabilities</b>		
Secured claims and accrued expenses	670,000	563,600
Claims against policies, before distributions	26,953,300	26,953,300
Less distributions to policyholders	(27,415,000)	(26,953,300)
All other claims	1,748,800	370,200
Total liabilities	1,957,100	933,800
Net assets (deficiency)	5,955,500	7,460,000

**INCOME AND EXPENSES**

For Year Ended December 31, 2023 and 2024

<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$423,900	\$367,800
Salvage and other recoveries	750,500	200
Total income	1,174,400	368,000
<b>Expenses</b>		
Loss and claims expenses	(41,700)	147,300
Administrative expenses	816,500	248,600
Total expenses	774,800	395,900
Net income (loss)	399,600	(27,900)

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$23,011,357
Recoveries, net of expenses .....	12,335,743
Distributions .....	(26,953,300)
Monetary assets available for distribution .....	<u>\$8,393,800</u>

**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

**2024 Report**

In accordance with a 2006 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 2020, 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 and tax related exposure by the ultimate taxpayer.

After 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 Estates made a material distribution in 2017 to all creditors. In November of 2019, the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. In November 2020, the Mission estate completed a distribution of approximately \$49.5 million to creditors. From inception of the trusts, the Mission estates have distributed a cumulative total of approximately \$1.4 billion.

The three Mission Trusts still have material recoveries due from the Holland America liquidation estate in Missouri. The Mission Trust's approved proofs of claim amount to millions of dollars in potential recovery, but are subject to the Missouri liquidation estate obtaining a release of liability from the federal government.

Counsel for the Mission Trusts has reported some settlement progress with the Missouri liquidation, and that the federal government is actively involved with legal counsel for Holland America. Mission estate legal counsel continues to offer support and remains ready to participate in any discussions aimed at final settlement and further distributions to the Mission estates. The Mission Trusts were extended another year after a hearing in late December 2024. Subject to collecting on pending proofs of claim, the Trusts will continue to distribute estate assets upon recovery in accordance with the comprehensive 2006 Mission closing order. There are no immediate distributions planned for the trusts.

Mission Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023 and December 31, 2024

<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$2,896,800	\$2,354,100
Recoverable from reinsurers	649,700	649,700
Other assets	23,816,400	23,816,400
Total assets	27,362,900	26,820,200
<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Secured claims and accrued expenses	1,414,400	1,414,400
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	74,061,200	74,061,200
Total liabilities	75,475,600	75,475,600
Net assets (deficiency)	(48,112,700)	(\$48,655,400)

**INCOME AND EXPENSES**

As of December 31, 2023 and December 31, 2024

<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$156,700	\$106,100
Salvage and other recoveries	150,000	1,300
Total income	306,700	107,400
<b>Expenses</b>	<b>2023</b>	<b>2024</b>
Administrative expenses	334,200	650,100
Total expenses	334,200	650,100
Net income (loss)	(\$27,500)	(\$542,700)

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$133,667,000
Recoveries, net of expenses .....	1,105,672,300
Distributions.....	(1,236,985,200)
Monetary assets available for distribution .....	<u>\$2,354,100</u>

Mission National Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023 and December 31, 2024

<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$3,370,300	\$3,514,300
Recoverable from reinsurers	1,793,200	1,793,200
Total assets	5,163,500	5,307,500
<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Secured claims and accrued expenses	1,501,700	1,501,700
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(536,482,600)	(536,482,600)
All other claims	16,838,100	16,838,100
Total liabilities	77,955,700	77,955,700
Net assets (deficiency)	(\$72,792,200)	(\$72,648,200)

**INCOME AND EXPENSES**

For Year Ended December 31, 2023 and 2024

<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$180,200	\$151,900
Salvage and other recoveries	83,400	83,900
Total income	263,600	235,800
<b>Expenses</b>	<b>2023</b>	<b>2024</b>
Administrative expenses	85,200	91,700
Total expenses	85,200	91,700
Net income (loss)	\$178,400	144,100

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$18,289,000
Recoveries, net of expenses .....	548,785,200
Distributions .....	(563,559,900)
Monetary assets available for distribution .....	<u>\$3,514,300</u>

## **Western General Insurance Company**

Conservation Order: May 26, 2021  
Liquidation Order: August 5, 2021

### **2024 Report**

Western General was a property and casualty insurance company licensed to transact specialty dealer-originated and agent/broker produced non-standard private passenger automobile insurance. Most of Western General's business was written primarily through its affiliated agency All Motorists Insurance Agency (AMIA).

Based on Western General's quarterly statement of March 31, 2021 coupled with continuing losses thereafter, the Commissioner determined, and Western General's management and majority shareholder agreed, that Western General was in such an impaired financial condition that the further transaction of business by it will be, and is, hazardous to its policyholders, creditors and the public, and such condition was the grounds for the entry of an order of conservation under section 1011, subdivisions (d) and (h). On May 26, 2021, upon application to the Los Angeles Superior Court (Court), the Commissioner was appointed Conservator of Western General by the Court.

As of the end of June 2021, Western General had less than \$95,000 in unrestricted cash and current outstanding liabilities of approximately \$1.9 million (not including any claim expense). Based upon the foregoing facts, the Commissioner determined he could not affect the rehabilitation of Western General; that it would be futile to continue to proceed as Conservator with conducting the business of Western General; that Western General is insolvent and is unable to meet its financial obligations as they become due; and that such conditions are grounds for liquidation under applicable law.

On August 5, 2021, Western General was declared insolvent and placed into Liquidation. All Western General policies were terminated as of September 4, 2021. The Liquidator has moved all run-off operations into the offices of the CLO. The estate continues monthly asset recovery through the processing of reinsurance billings being fed by guaranty association loss payments. The estate has reached a mutually acceptable compromise and settlement of the arbitration proceeding reported last quarter. After retaining all necessary legal resources and retaining a party arbitrator, the parties completed a comprehensive document production and shortly thereafter, the parties came to settlement terms and have executed a settlement agreement subject to court confirmation. The estate prepared and filed the necessary pleadings and attended a hearing on January 29, 2025 where the court approved the settlement with Yosemite Re and entered an order that will become a final order on or about April 1, 2025. The estate will expect to receive \$517,000 plus any other unpaid amounts subsequently

billed and due on or about April 11, 2025. With the exception of a fronting program still working through 2024 data reconciliation and loading, the balance of the reinsurance program is either paid current or is being positioned for final commutation.

The CLO claims staff have reviewed all POCs properly received for compliance/timeliness and initial priority determination. The priority continues to be the determination of all Class 2 policyholder exposure including claims with guaranty coverage and uncovered claims. The estate has received 2,593 timely submitted POCs, 2,405 are policyholder class POCs and 185 are general creditor demands and 3 are equity class demands. To date, the claims staff have approved 484 Class 2 POCs and denied 1,232 Class 2 POCs. Most all denials were a result of confirming the benefits demanded have already been paid or will be paid by the participating guaranty associations. Those Class 2 insureds whose claims have been paid by the guarantee association have been notified of the denial.

The remaining unresolved Western General Class 2 policyholder/insured POCs have been a priority in 2024. To address these remaining open Class 2 POCs, the claims staff issued a “prove-up” notice to each claimant who submitted conditional and undetermined POC. The notice required certain documentation in support of their claim and was to be provided no later than October 15, 2024. As a result of the prove-up mailer, the estate has closed 772 open Class 2 conditional POCs. The estate has approved 61 POCs, primarily claims for unearned premium not covered by a guaranty association.

The CLO, with the help of John Hancock and Liden Nestler have closed and decommissioned the estate’s 401K program including a final funding in early December 2024. Subject to a final 5500 filing the WGIC 401K program has been decommissioned and closed. The Western General estate continues to rely upon 4 consultants (3 being former employees) to assist with claims and reinsurance processing, and human resource management (401K). 2 of the consultants assisting in the HR area will term out by mid-2025 as all remaining work associated with that area of the estate has been completed.

Westen General Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2023 and December 31, 2024

<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Cash and investments	\$28,936,800	\$35,031,400
Recoverable from reinsurers	27,565,300	1,448,500
Other assets	100,200	11,100
Total assets	56,602,300	36,491,000
<b>Liabilities</b>		
Secured claims and accrued expenses	1,036,800	1,130,400
Claims against policies, before distributions	58,341,700	33,463,600
All other claims	6,140,600	5,927,900
Total liabilities	65,519,100	40,521,900
Net assets (deficiency)	(\$8,916,800)	(\$4,030,900)

**INCOME AND EXPENSES**

For Year Ended December 31, 2023 and 2024

<b>Income</b>	<b>2023</b>	<b>2024</b>
Investment income	\$691,800	\$1,813,300
Salvage and other recoveries	94,300	61,500
Total income	786,100	1,874,800
<b>Expenses</b>		
Loss and claims expenses	(5,534,800)	32,825,700
Administrative expenses	3,869,800	2,737,200
Total expenses	(1,665,000)	35,562,900
Net income (loss)	\$2,451,100	(\$33,688,100)

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at year 2022 .....	\$19,846,800
Recoveries, net of expenses .....	15,184,600
Distributions.....	-
Monetary assets available for distribution .....	\$35,031,400

### **SECTION THREE – 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:

- (a) The names of the persons proceeded against under this article.
- (b) Whether such persons have resumed business or have been liquidated or have been mutualized.
- (c) Such other facts on the operations of the Conservation & Liquidation Office as will acquaint the Governor, the policyholders, creditors, shareholders and the public with his or her proceedings under this article, including, but not limited to:
  - (1) An itemization of the number of staff, total salaries of staff, a description of the compensation methodology, and an organizational flowchart.
  - (2) Annual operating goals and results.



- (3) A summary of all Conservation and Liquidation Office costs, including an itemization of internal and external costs, and a description of the methodology used to allocate those costs among insurer estates.
  - (4) A list of all current insolvencies not closed within ten years of a court ordered liquidation, and a narrative explaining why each insolvency remains open.
  - (5) An accounting of total claims by estate.
  - (6) A list of current year and cumulative distributions by class of creditor for each estate.
  - (7) For each proceeding, the net value of the estate at the time of conservation or liquidation and the net value at the end of the preceding calendar year.
- (d) Other facts on the operations of the individual estates as will acquaint the Governor, Legislature, policyholders, creditors, shareholders, and the public with his or her proceedings under this article, including, but not limited to:
- (1) The annual operating goals and results.
  - (2) The status of the conservation and liquidation process.
  - (3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year.