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

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

19
20 **INSURANCE COMMISSIONER OF THE**
21 **STATE OF CALIFORNIA,**

22 Applicant,

23 v.

24 **WESTERN EMPLOYERS INSURANCE**
25 **COMPANY,**

26 Respondent.

Case No. CPF-97-984281

**WESTERN EMPLOYERS INSURANCE
COMPANY'S NOTICE OF MOTION
AND MOTION FOR AN ORDER
APPROVING FIRST INTERIM
DISTRIBUTION AND SECOND EARLY
ACCESS PAYMENT**

Date: October 8, 2015

Time: 9:30 a.m.

Dept: 302

Reservation No. **08181008-08**

1 **TO RESPONDENT AND ITS ATTORNEYS OF RECORD, ALL POLICYHOLDERS,**
2 **CREDITORS, INSURANCE GUARANTY ASSOCIATIONS AND OTHER INTERESTED**
3 **PARTIES:**

4 **PLEASE TAKE NOTICE THAT** on October 8, 2015 at 9:30 a.m., or as soon thereafter
5 as this matter may be heard, in Courtroom 302 of the above-entitled court located at 400
6 McAllister Street, San Francisco, California, Applicant Dave Jones, Insurance Commissioner of
7 the State of California as Liquidator of Western Employers Insurance Company will, and hereby
8 does, apply to the Court for an Order Approving a first Interim Distribution and a second Early
9 Access Payment.

10 This motion is based on the Notice of Motion, the attached Memorandum of Points and
11 Authorities, the Declarations of John Battle and Raymond Minehan, all papers and pleadings on
12 file in this matter, such other and further evidence as is permitted by the Court at the time of the
13 hearing, and such oral argument as may be presented at the hearing.

14
15 Dated: August 18, 2015

Respectfully Submitted,

16 KAMALA D. HARRIS
17 Attorney General of California
18 JOYCE E. HEE
Supervising Deputy Attorney General

19
20 /s/ Anne Michelle Burr
21 ANNE MICHELLE BURR
22 Deputy Attorney General
23 *Attorneys for Applicant, the Insurance*
Commissioner of the State of California as
Liquidator of Western Employers
Insurance Company

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 The Insurance Commissioner of the State of California as Liquidator (“Liquidator”) of
4 Western Employers Insurance Company (“WEIC”), hereby moves for an Order Approving a first
5 Interim Distribution to holders of approved claims under California Insurance Code sections
6 1033(a)(1) and 1033(a)(2), and a second Early Access Payment to insurance guarantee
7 associations.¹

8 The Liquidator seeks approval of a first Interim Distribution to policyholders with
9 approved claims and other Class Two claimants. The Liquidator proposes paying sixty percent
10 (60%) of the approved principal amount of each of the approved claims, for those claims
11 approved on or before June 30, 2015. Based on this percentage of approved claims, the
12 Liquidator proposes distributing \$18,995,215 to holders of approved policyholder-class proofs of
13 claims.

14 The Liquidator also seeks approval of a second Early Access Payment to insurance
15 guarantee associations (“IGAs”), pursuant to section 1035.5. An initial Early Access Payment
16 was made in 1991, when the Commissioner was first appointed Liquidator of WEIC. The
17 proposed second Early Access Payment will increase the amount of monies provided to the IGAs
18 to a total of eighty percent of the losses paid by the IGAs through December 31, 2014. This
19 distribution will be made to IGAs who sign agreements to return any excess distributions as set
20 forth in section 1035.5(b)(4), on such forms and with such terms as the Liquidator may
21 determine. A number of credits will be applied for prior early access distributions and special
22 deposits in the given states. In no event shall the early access distribution exceed paid losses.
23 The amount of this distribution will be \$35,071,710, and the recipients and amounts are set forth
24 on Exhibit “A” to the Declaration of John Battle (“Battle Decl.”), filed in support of this motion.

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28 ¹ All further references to the California Insurance Code will be by section number only.

1 **II. FACTUAL BACKGROUND**

2 WEIC was domiciled in California, and licensed to transact business in 38 states. (Battle
3 Decl. at ¶ 3.) After four years of being in run-off liquidation, WEIC determined it could no longer
4 continue the run-off without the assistance of the California Department of Insurance. On April 2,
5 1991, the Insurance Commissioner was appointed Conservator of WEIC, and on April 19, 1991
6 was appointed the Liquidator of WEIC. (Battle Decl. at ¶ 4.)

7 WEIC primarily wrote workers' compensation business and general liability business. The
8 workers' compensation business consists of business which is covered by state insurance guaranty
9 associations, pursuant to statute. The general liability business includes claims which are covered
10 by guaranty associations, claims which are not covered by guaranty associations, and a large
11 number of claims which are partially covered by guaranty associations. The general liability
12 claims include a substantial number of claims for coverage for toxic tort matters, such as asbestos
13 and environmental claims. (Battle Decl. at ¶ 5.)

14 The initial claims bar date for the WEIC estate was November 15, 1991. The Liquidator
15 received 9,608 proofs of claims by the claims bar date, of which 4966 were in lines of business
16 other than workers' compensation. (Battle Decl. at ¶ 6.)

17 As of March 31, 2015, the Liquidator has obtained \$150,507,900.00 in assets for the WEIC
18 estate. (See, Declaration of Raymond Minehan ("Minehan Decl.") at ¶ 3 , and attached Exhibit A,
19 Statement of Assets and Liabilities.) As of March 31, 2015, the WEIC estate has \$99,783,900.00
20 in liabilities. (*Id.*) Based on the WEIC estate's assets and liabilities, the Liquidator is now in a
21 position to make the proposed Interim Distribution upon approved claims, and the proposed
22 Early Access Payment to the IGAs. (*Id.*)

23 **III. ARGUMENT**

24 **A. The Commissioner Is Authorized to Make The Proposed Payments.**

25 The purpose of insurance insolvency proceedings is to ensure the orderly and equitable
26 distributions of assets of the insolvent insurer to those entitled to share in those assets. *In re Title*
27 *U.S.A Ins. Corp.* (1995) 36 Cal.App.4th 363, 372. Sections 1025, 1033 and 1037 contemplate a
28 ratable distribution in accordance with the priority statute. *Commercial National Bank v.*

1 *Superior Court* (1993) 14 Cal.App.4th 393, 398. More specifically, section 1033(a) authorizes
2 the payment of claims to approved claims holders. The Commissioner as liquidator has the power
3 to compromise or make partial payments on the claims, pursuant to section 1037. And with
4 regard to losses incurred by IGAs, section 1035.5(b)(4) specifically authorizes the Liquidator to
5 make early access payments to IGAs.

6 The goal of these statutory provisions is to authorize the Commissioner to exercise the
7 power to do what is required to effect a liquidation in a manner which best serves the public
8 interest, and the interests of policyholders and other interested individuals and entities. California
9 case law supports the broad exercise of authority exercised by the Commissioner when he is
10 conserving, rehabilitating, and/or liquidating insurance companies. For example, in *In re*
11 *Executive Life Insurance Company* (1995) 32 Cal.App.4th 344, the Court of Appeal noted that:

12 “The Commissioner is an officer of the state . . . who, when he or she is a
13 conservator, exercises the state’s police power to carry forward the public interest and
14 to protect policyholders and creditors of the insolvent insurer.” (*Id.* at p. 356,
15 citations omitted.)

15 The Court of Appeal then went on to explain that:

16 “In exercising this power, the Commissioner is vested with broad discretion. . . . This
17 discretion is subject to statutory limitations . . . and the requirement that the exercise
18 of discretion be neither arbitrary nor improperly discriminatory. . . . The
19 Commissioner as conservator of the insolvent insurer is also a trustee for the benefit
20 of all creditors and other persons interested in the insolvency estate.” (*Id.*, citations
21 omitted.)

22 The Court of Appeal concluded that:

23 “The trial court reviews the Commissioner’s actions under the abuse of discretion
24 standard. . . . : was the action arbitrary, i.e., unsupported by a rational basis, or is it
25 contrary to specific statute, a breach of the fiduciary duty of the conservator as
26 trustee, or improperly discriminatory?” (*Id.* at p. 358, citations omitted.)

27 The standard of review used to examine the Commissioner’s exercise of discretion also
28 serves as a yardstick for evaluating the propriety of the Commissioner’s request to make the
proposed first Interim Distribution, and the Early Access Payment to the IGAs. As shown below,
the proposed payments are an appropriate exercise of the Liquidator’s discretion.

1 **B. The Proposed Distributions and Early Access Payments are an**
2 **Appropriate Exercise of Discretion by the Liquidator.**

3 The Commissioner as Liquidator believes that the proposed distributions and early access
4 payments are in the best interests of the policyholders and claimants of the WEIC estate, and that
5 his decision to make these payments is a rational and appropriate exercise of his discretion.

6 Since liquidation, the Liquidator has been diligently adjusting proofs of claims and
7 collecting WEIC's assets. The asset and claims picture is now sufficiently certain to permit a
8 recommendation of an interim distribution to approved policyholder-class claimants.

9 As of March 31, 2015, the Liquidator has obtained \$150,507,900.00 in assets for the WEIC
10 estate. (Minehan Decl. at ¶ 3 , and attached Exhibit A, Statement of Assets and Liabilities.) As of
11 March 31, 2015, the WEIC estate has \$99,783,900.00 in liabilities. (*Id.*) As the Statement of
12 Assets and Liabilities shows, the WEIC estate is in a position to make the proposed Interim
13 Distribution upon approved claims, and the proposed Early Access Payment to the IGAs. (*Id.*)

14 The Liquidator's interim distribution approach ensures that as the last claims are liquidated,
15 those persons whose claims have been long ago approved will be able to receive a substantial
16 distribution on their claims. The methodology for the interim distributions is to distribute an
17 amount which is less than the estimated ultimate value of the approved proof of claim, in order to
18 ensure that as the remaining proofs of claims are ultimately approved, those claimants will
19 receive their entitlement even if their claims are approved at levels greater than the current
20 estimated reserves for such claims. As set forth in the Declarations, this is accomplished by
21 projecting the likely ultimate recovery upon the proofs of claims, and then reserving for liabilities
22 in excess of those projected to exist, as a matter of cushion to ensure that the distribution will
23 minimize the risk of preference. The Commissioner as Liquidator has assessed those assets
24 readily available for distribution, assessed the policyholder class and above liabilities, and
25 reserved additional sums for unforeseen contingencies. (See, Minehan Decl. at ¶ 4, which sets
26 forth the methodology that has been applied in this instance.)

27 The eighty percent Early Access Payment is also reasonable, given the amount of assets and
28 liabilities of the WEIC estate. Moreover, as provided in section 1035.5, the IGAs will be required

1 (or have already) signed agreements to return any excess funds should the ultimate distribution to
2 policyholder class claimants be less than the funds they have received.

3 Given the above, the Commissioner as Liquidator respectfully requests that this Court
4 approve the proposed first Interim Distribution and the proposed Early Access Payment to the
5 IGAs.

6 CONCLUSION

7 The requested distributions will provide the companies and people affected by this
8 liquidation with a substantial portion of their approved claims. Accordingly, the Court is
9 respectfully requested to approve these distributions and enter an Order:

10 (1) Approving the Liquidator's proposed first Interim Distribution to policyholders with
11 approved claims and other Class Two claimants;

12 (2) Approving the proposed Early Access Payment to insurance guarantee associations;
13 and

14 (3) Authorizing the Commissioner as Liquidator to take any action necessary to
15 accomplish the purposes of the Order prayed for herein.

16 Dated: August 8, 2015

Respectfully Submitted,

17 KAMALA D. HARRIS
18 Attorney General of California
19 JOYCE E. HEE
Supervising Deputy Attorney General

20
21 /s/ Anne Michelle Burr
22 ANNE MICHELLE BURR
23 Deputy Attorney General
24 *Attorneys for Applicant, the Insurance*
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26 *Liquidator of Western Employers*
27 *Insurance Company*
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*Attorneys for Applicant, the Insurance
13 Commissioner of the State of California as
Liquidator of Western Employers Insurance
14 Company*

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 COUNTY OF SAN FRANCISCO
17 CIVIL DIVISION
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20 **INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,**

21 Applicant,

22 v.
23

24 **WESTERN EMPLOYERS INSURANCE
COMPANY,**

25 Respondent.
26
27
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Case No. CPF-97-984281

**DECLARATION OF JOHN BATTLE IN
SUPPORT OF WESTERN EMPLOYERS
INSURANCE COMPANY'S MOTION
FOR AN ORDER APPROVING FIRST
INTERIM DISTRIBUTION AND
SECOND EARLY ACCESS PAYMENT**

Date: October 8, 2015

Time: 9:30 a.m.

Dept: 302

Reservation No. 08181008-08

1 I, John Battle, declare:

2 1. I make this declaration in my official capacity as the Chief Claims Officer at the
3 California Insurance Commissioner's Conservation & Liquidation Office ("CLO"). I have been
4 in that role for ten years. I have over forty-six years of experience in handling claims, the last 15
5 being in a liquidation environment. I have personal knowledge of the matters contained in this
6 declaration and, if called as a witness to testify, I could and would competently testify to them.

7 2. I am familiar with the documents and files maintained by the CLO pertaining to the
8 records of Western Employers Insurance Company ("WEIC") and claims made against WEIC.

9 3. WEIC was originally a New York-domiciled insurer known as Leatherby Insurance
10 Company, and was re-domesticated to California in the late 1970's. The company was licensed in
11 38 states.

12 4. After four years of being in run-off liquidation, WEIC determined it could no longer
13 continue the run-off without the assistance of the California Department of Insurance.
14 Accordingly, on April 2, 1991 the Orange County Superior Court appointed the Insurance
15 Commissioner Conservator of WEIC, and subsequently appointed him Liquidator of WEIC
16 ("Liquidator") on April 19, 1991, pursuant to Insurance Code sections 1011 and 1016,
17 respectively. In January, 1997, the Orange County Superior Court transferred this matter to this
18 Court pursuant to the provisions of Insurance Code section 1040.

19 5. WEIC primarily wrote workers' compensation business and general liability business.
20 The workers' compensation business consists of business which is covered by state insurance
21 guaranty associations, pursuant to statute. The general liability business includes claims which are
22 covered by guaranty associations, claims which are not covered by guaranty associations, and a
23 large number of claims which are partially covered by guaranty associations. The general liability
24 claims include a substantial number of claims for coverage for toxic tort matters, such as asbestos
25 and environmental claims.

1 6. The initial claims bar date for WEIC was November 15, 1991. The Liquidator
2 received 9,608 proofs of claims by the claims bar date, of which 4966 were in lines of business
3 other than workers' compensation.
4

5 7. The Liquidator has recovered substantial assets for WEIC, see Declaration of
6 Raymond J. Minehan and its attached Statement of Assets and Liabilities. Accordingly, the
7 Liquidator is now in a position to make a substantial Interim Distribution upon approved claims.
8 The Liquidator proposes that the first Interim Distribution be in the amount of sixty percent
9 (rounded to the nearest dollar) of all approved policyholder class claims that had been approved
10 by June 30, 2015. The projected first Interim Distribution will be \$18,995,215.00, payable to
11 approved policyholder-class proof of claim holders (Class 5 under the Insurance Code as it
12 existed when this liquidation began, Class 2 under the current Code). The individual payments by
13 proof of claim number are listed in Exhibit "A" to this Declaration, which is attached and
14 incorporated herein by reference. Based upon the claims projections and the outstanding claims,
15 this sum may be distributed without any projection of any feasible scenario in which the
16 distribution will be preferential.

17 8. The attached Exhibit "A" also includes a series of proposed Early Access Payments
18 to various insurance guaranty associations. The amount of the Early Access Payments is eighty
19 percent of the insurance guaranty associations' stated total liabilities, as of December 31, 2014. A
20 number of credits will be applied for prior early access distributions and special deposits in the
21 given states. In no event shall the early access distribution exceed paid losses. The amount of this
22 distribution will be \$35,071,710.00. The recipients and amounts are set forth on the Exhibit "A"
23 attached to this Declaration and incorporated herein for all purposes.

24 9. As the CLO's Chief Claims Officer, I believe that the proposed first Interim
25 Distribution upon claims and the proposed Early Access Payment is reasonable and in the best
26 interests of the public, WEIC's policyholders and claimants, and the insurance guarantee
27 associations.
28

1 I declare under penalty of perjury under the laws of the State of California that the
2 foregoing is true and correct and that this declaration was executed on August 17, 2015, at San
3 Francisco, California.
4

5 By: John Battle
6 John Battle
7 Chief Claims Officer, CLO
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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
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14 **INSURANCE COMMISSIONER OF THE**
15 **STATE OF CALIFORNIA,**

16 Applicant,

17 v.

18 **WESTERN EMPLOYERS INSURANCE**
19 **COMPANY,**

20 Respondent.

Case No. CPF-97-984281

**EXHIBIT A TO THE DECLARATION
OF DECLARATION OF JOHN BATTLE
IN SUPPORT OF WESTERN
EMPLOYERS INSURANCE
COMPANY'S MOTION FOR AN ORDER
APPROVING FIRST INTERIM
DISTRIBUTION AND SECOND EARLY
ACCESS PAYMENT**

Date: October 8, 2015
Time: 9:30 a.m.
Dept: 302
Reservation No. 08181008-08

First Interim Policyholder Class Distribution

Proof of Claim Number	Approved	InsuredName
8427	\$5,000,000.00	KAISER ALUMINUM & CH
9990	\$3,791.67	CAMEO DEVELOPMENT CO
14336	\$5,000,000.00	COMBUSTION ENGINEERI
14590	\$700,000.00	AMERICAN RED CROSS
14591	\$1,500,000.00	AMERICAN RED CROSS
18692	\$1,475,000.00	MANOR CARE INC
20799	\$700,000.00	HITCHNER MANUFACTURI
20824	\$5,000,000.00	CONGOLEUM CORPORATIO
22506	\$3,786,866.00	BENDIX CORP
25374	\$1,500,000.00	IREX CORPORATION
27450	\$2,000,000.00	HARTE-HANKS COMMUNIC
27968	\$496,516.00	REF-CHEM CORP
27969	\$496,516.00	REF-CHEM CORP
29091	\$4,000,000.00	FORT HOWARD PAPER CO
	\$31,658,689.67	

Note: Distribution subject to final confirmation and provision of tax information

dist @ 60%

\$3,000,000.00
\$2,275.00
\$3,000,000.00
\$420,000.00
\$900,000.00
\$885,000.00
\$420,000.00
\$3,000,000.00
\$2,272,119.60
\$900,000.00
\$1,200,000.00
\$297,909.60
\$297,909.60
\$2,400,000.00
\$18,995,213.80

Western Employers 2015 IGA Distribution

POC	IGA	State	Amount
29592	AK	Alaska	\$ 539.20
29591	AL	Alabama	\$ 156,695.67
29593	AR	Arkansas	\$ -
29571	AZ	Arizona	\$ 4,740,388.32
29570	AZ PC	Arizona P&C	\$ 52,226.46
29595	CA	California	\$ -
29586	CO	Colorado	\$ 246,428.40
29578	CT	Connecticut	\$ -
29579	DC	District of Columbia	\$ 118,791.20
29596	FL	Florida	\$ 4,434,000.00
29597	GA	Georgia	\$ 350,466.00
29598	HI	Hawaii	\$ 38,650.71
29601	IA	Iowa	\$ 3,788.70
29599	IL	Illinois	\$ -
29600	IN	Indiana	\$ 4,112.00
29587	KS	Kansas	\$ -
29602	KY	Kentucky	\$ 240,890.69
29603	LA	Louisiana	\$ 12,490.67
29580	MA	Massachusetts	\$ -
29604	MD	Maryland	\$ -
29581	ME	Maine	\$ 251,255.34
29605	MI	Michigan	\$ -
29606	MN	Minnesota	\$ -
29607	MO	Missouri	\$ -
29610	MS	Mississippi	\$ 146,759.00
29588	MT	Montana	\$ 1,617.60
29612	NC	North Carolina	\$ -
29608	NE	Nebraska	\$ 35,090.86
29582	NH	New Hampshire	\$ 4,571,846.00
640052	NJ PC	New Jersey P&C	\$ 1,109,228.98
29575	NJ WC	New Jersey WC	\$ 2,400,108.62
29611	NM	New Mexico	\$ -
29613	NY	New York	\$ 11,350,720.60
29576	OH	Ohio	\$ 64,734.66
29614	OK	Oklahoma	\$ -
29615	OR	Oregon	\$ -
29572	PA GA	Pennsylvania	\$ 182,152.80
29573	PA WC	Pennsylvania WC	\$ 1,628,237.48
29583	RI	Rhode Island	\$ 5,624.74
29616	SC	South Carolina	\$ -
640053	SD	South Dakota	\$ 3,681.77
29617	TN	Tennessee	\$ 53,372.25
29618	TX	Texas	\$ 2,538,710.00
29619	UT	Utah	\$ 130,250.40
29584	VA	Virginia	\$ 60,081.81
29585	VT	Vermont	\$ 105,057.90
29620	WA	Washington	\$ 4,313.60
29621	WI	Wisconsin	\$ 29,395.64
29577	WV	West Virginia	\$ -
		TOTAL	\$ 35,071,708.06

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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 COUNTY OF SAN FRANCISCO
17 CIVIL DIVISION
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20 **INSURANCE COMMISSIONER OF THE**
21 **STATE OF CALIFORNIA,**

22 Applicant,

23 v.

24 **WESTERN EMPLOYERS INSURANCE**
25 **COMPANY,**

26 Respondent.
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Case No. CPF-97-984281

**DECLARATION OF RAYMOND J.
MINEHAN IN SUPPORT OF WESTERN
EMPLOYERS INSURANCE
COMPANY'S MOTION FOR AN ORDER
APPROVING FIRST INTERIM
DISTRIBUTION AND SECOND EARLY
ACCESS PAYMENT**

Date: October 8, 2015
Time: 9:30 a.m.
Dept: 302
Reservation No. 08181008-08

1 I, Raymond J. Minehan, declare:

2 1. I make this declaration in my official capacity as the Chief Financial Officer at the
3 California Insurance Commissioner's Conservation and Liquidation Office ("CLO"). I have
4 served as the Chief Financial Officer of the CLO since May 2005. Previously, I was a Chief
5 Financial Officer and Chief Administrative Officer at two investment banks. Prior to that, I spent
6 17 years, the last five of which as an audit partner, at Arthur Andersen & Co. I hold a Bachelor
7 of Arts degree in finance from Golden Gate University.

8 2. My duties as the CLO's Chief Financial Officer include oversight of all of the CLO
9 Accounting Department and Human Resources Department. In addition, I am a member of the
10 Executive Committee of the CLO. As the CLO's Chief Financial Officer I supervise the
11 preparation of financial statements at the CLO, which are prepared in a systematic manner in the
12 ordinary course of business, with entries being made into those financial statements at or about
13 the time that the events described occur. I am familiar with the documents and files maintained
14 by the CLO pertaining to the records of Western Employers Insurance Company ("WEIC") and
15 the assets and liabilities of the WEIC estate. I have personal knowledge of the matters contained
16 in this declaration and, if called as a witness to testify, I could and would competently testify to
17 them.

18 3. Attached as Exhibit "A" is a true and correct copy of the Statement of Assets and
19 Liabilities for WEIC. This statement is a business record maintained as set forth in paragraph 2.
20 The Statement of Assets and Liabilities shows that as of March 31, 2015, the Liquidator has
21 obtained \$150,507,900.00 in assets. The Statement of Assets and Liabilities also shows that as of
22 March 31, 2015, the WEIC estate has \$99,783,900.00 in liabilities. Based on the amount of assets
23 and liabilities, the Liquidator is now in a position to make a substantial first Interim Distribution
24 upon approved claims, and a second Early Access Payment to insurance guarantee associations.

25 4. In determining the interim distribution amount, the CLO considered the likely
26 distribution amount, and then added a substantial reserve factor for uncertain contingencies. The
27
28

1 result is that as to approved policyholder class claimants, the recommended first Interim
2 Distribution amount is sixty percent of the approved principal amount of each approved claim.

3 5. The second Early Access Payment has also been calculated to pay insurance
4 guarantee associations who sign the appropriate agreements up to eighty percent of the losses
5 paid by those associations through December 31, 2014, after adjustment for past payments,
6 statutory deposits, and other debits and credits which vary by association.

7 6. The financial records available to the CLO indicate that the proposed distributions
8 involve only minimal risk of a preference, barring the unforeseen.

9 I declare under penalty of perjury under the laws of the State of California that the
10 foregoing is true and correct and that this declaration was executed on August 18, 2015, at San
11 Francisco, California.

12 By: 

13 Raymond J. Minchan
14 Chief Financial Officer, CLO

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Attorney General of California
2 JOYCE E. HEE
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8 *Commissioner of the State of California as*
9 *Liquidator of Western Employers Insurance*
10 *Company*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF SAN FRANCISCO
13

14 **INSURANCE COMMISSIONER OF THE**
15 **STATE OF CALIFORNIA,**

16 Applicant,

17 v.

18 **WESTERN EMPLOYERS INSURANCE**
19 **COMPANY,**

20 Respondent.

Case No. CPF-97-984281

**EXHIBIT A TO THE DECLARATION
OF DECLARATION OF RAYMOND J.
MINEHAN IN SUPPORT OF WESTERN
EMPLOYERS INSURANCE
COMPANY'S MOTION FOR AN ORDER
APPROVING FIRST INTERIM
DISTRIBUTION AND SECOND EARLY
ACCESS PAYMENT**

21 Date: October 8, 2015
22 Time: 9:30 a.m.
23 Dept: 302
24 Reservation No. 08181008-08
25
26
27
28

433 Western Employers Ins Co
STATEMENT OF ASSETS AND LIABILITIES
As of March 31, 2015

	Dec 31 2014A	Mar 31 2015A
ASSETS		
Participation in pooled investments, at market	134,766,600	135,644,900
Non-pooled short-term investments, at market		
Restricted	1,453,500	1,453,600
Accrued investment income	358,400	277,400
Statutory deposits held by other states	117,600	117,600
Funds held by guaranty associations	7,800,200	7,865,600
Recoverable from reinsurers	5,657,700	5,148,800
Receivable from affiliates	-	-
Total Available Assets	150,154,000	150,507,900
LIABILITIES		
Accrued administrative expenses	350,000	350,000
Claims against policies, including guaranty associations, before distributions	166,685,200	164,573,200
Early access and other Class 2 distributions	(68,190,000)	(68,111,100)
California and Federal claims having preference	-	59,700
All other claims	2,971,800	2,912,100
Total Estimated Liabilities	101,817,000	99,783,900
NET ASSETS (DEFICIENCY)	48,337,000	50,724,000

	2014	2015 ytd
ADMIN EXPENSES		
Legal expenses	254,500	140,200
Consultants and temps	120,800	9,000
Office expenses	16,000	4,900
Allocated overhead expenses	533,400	130,300
	924,700	284,400

Conservation Date	4/2/1991
Target Close Date	2017
Assets as % of Liabilities	151%