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Attorney General of California
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Attorneys for Applicant
Insurance Commissioner
of the State of California

ENDORSED
FILED
San Francisco County Superior Court

DEC 23 2011

CLERK OF THE COURT
By: RAYMOND WONG
Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

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

Applicant,

v.

**MUNICIPAL MUTUAL INSURANCE
COMPANY,**

Respondent.

Case No. CPF-07-507033

**DECLARATION OF JOHN H. BATTLE
IN SUPPORT OF INSURANCE
COMMISSIONER'S APPLICATION
FOR ORDERS APPROVING THE FINAL
REPORT AND ACCOUNTING, ETC.**

Date: January 31, 2012
Time: 9:30 a.m.
Dept: 302
Judge: Hon. Harold E. Kahn
Trial Date: NONE
Action Filed: February 14, 2007

I, JOHN H. BATTLE, declare as follows:

1. I am the Claims Officer for the California Insurance Commissioner's
("Commissioner") Conservation & Liquidation Office ("CLO"). I have over 43 years of
experience in the insurance business.

I have been employed by CLO since July 1, 2004. I have been responsible for overseeing
all aspects of the liquidation of Municipal Mutual Insurance Company ("MMIC") since the
inception of its liquidation in October 2006.

///

1 I am familiar with the documents and files maintained by the CLO pertaining to MMIC's
2 liquidation.

3 2. If called upon to testify, I could competently testify to the following facts as they are
4 personally known to me, except as to those matters stated on information and belief, and as to
5 those matters, I believe them to be true.

6 3. In 2003, the Commissioner, in his regulatory capacity, conducted a financial
7 examination of MMIC and determined that MMIC had unfavorable operating trends and that
8 there was significant deterioration of MMIC's statutory surplus.

9 4. In August 2003, the Commissioner and MMIC entered into a Letter Agreement of
10 Regulatory Oversight whereby the Commissioner and MMIC agreed to a series of financial
11 restrictions on MMIC in order to extend MMIC's ability to continue to pay approved claims in
12 full.

13 5. In October 2006, when the Commissioner determined that MMIC was insolvent and
14 that it would be futile for MMIC to continue to conduct business, the Commissioner and MMIC
15 stipulated to an Entry of Order Appointing Liquidator and Related Orders.

16 6. Upon such stipulation, and effective on October 31, 2006, the Solano County
17 Superior Court appointed the Commissioner as Liquidator of MMIC and directed that the
18 Commissioner liquidate and wind up the affairs of MMIC and to act in all ways and exercise all
19 powers necessary for the purpose of carrying out the Court's order. Attached hereto as Exhibit A
20 is a copy of the Court's Order.

21 7. On December 19, 2006, the Solano County Superior Court granted the
22 Commissioner's motion made pursuant to Insurance Code section 1040, to transfer the
23 proceedings from Solano County to San Francisco County.

24 8. The Commissioner has completed the liquidation of MMIC. All assets have been
25 marshaled and all administrative tasks have been completed.

26 There was only one Class 2 claim (from the California Insurance Guarantee Association
27 ("CIGA").) The CIGA claim has been fully adjusted and approved. With the exception of one
28 reinsurance recoverable, which the Commissioner proposes to assign to the sole Class 2 claimant,

1 CIGA, all reinsurance has been collected and/or written off. All assets have been marshaled and
2 all administrative tasks have been completed.

3 9. Due to MMIC's severely limited assets, the Commissioner filed a motion pursuant to
4 Insurance Code section 1021, subdivision (c)(1) to obtain court authorization to provide a
5 modified claims process for persons who might have an interest in MMIC's assets. On April 24,
6 2007, this Court entered an order authorizing a procedure whereby the Commissioner solicited
7 and accepted claims only from Class 2 claimants, i.e., CIGA and policyholders.

8 The Proofs of Publication of the notice of the modified claims process is attached hereto as
9 Exhibit B.

10 10. In order to avoid the unnecessary administrative expenses of keeping the MMIC
11 liquidation open for many more years, and subject to this Court's approval, the Commissioner
12 and CIGA have entered into an Assignment and Release Agreement whereby the Commissioner
13 assigns to CIGA all rights and entitlements of MMIC in connection with the reinsurance contract
14 between MMIC and ALEA North American Insurance Company. The Assignment and Release
15 Agreement will allow the Commissioner to close the MMIC estate at this time instead of waiting
16 many years (in order to collect the full reinsurance from ALEA North American Insurance
17 Company).

18 A true and correct copy of the Assignment and Release Agreement is attached hereto as
19 Exhibit C.

20 11. The Commissioner proposes to maintain some of MMIC's records in the

21 //

22 //

23 //

24 //

25 //

26 //

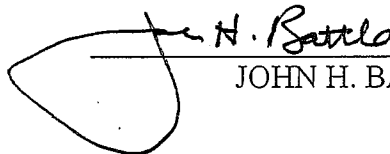
27 //

28 //

1 Conservation & Liquidation Office's imaged databases. The majority of records will be
2 maintained in hardcopy format at a storage warehouse. Subject to this Court's authorization, the
3 Commissioner proposes to maintain these records for three (3) years from the date of the Court's
4 order and thereafter will destroy said records -- except for those records necessary for examination
5 or audit by the Department of Finance or other auditor.
6

7 12. CIGA's final approved claim is for \$9,155,390.04. After subtracting the closing
8 budget from currently available assets, and subject to this Court's authorization, the
9 Commissioner proposes to distribute the remaining \$4.8 million to CIGA.

10 I declare under penalty of perjury under the laws of the State of California that the
11 foregoing is true and correct and that this declaration was executed on December 21, 2011 at
12 San Francisco, California.
13

14 _____
15 JOHN H. BATTLE
16

17 SF2006402451
18 90222981.doc
19
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21
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23
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25
26
27
28

EXHIBIT A

BILL LOCKYER, Attorney General
of the State of California
W. DEAN FREEMAN
Lead Supervising Deputy Attorney General
RANDALL P. BORCHERDING
Supervising Deputy Attorney General
SCOTT T. FLEMING (SBN 170507)
Deputy Attorney General
455 Golden Gate Avenue, 11th Floor
San Francisco, California 94102-7004
Telephone: (415) 703-5710
Fax: (415) 703-5480

ENDORSED FILED
Clerk of the Superior Court

OCT 24 2006

LINDA G. ASHCRAFT
By CLARE STEVENSON
DEPUTY CLERK

Attorneys for Insurance Commissioner of the State of California

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SOLANO**

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

Applicant,

v.

**MUNICIPAL MUTUAL INSURANCE
COMPANY,**

Respondent.

Case No. FCSD028619

Assigned for All Purposes to:
Hon. William C. Harrison
Department Two

**ORDER APPOINTING
LIQUIDATOR AND RELATED
RESTRAINING ORDERS**

Hearing Date: October 24, 2006
Time: 10:00 a.m.

The verified application for Order Appointing Liquidator and Restraining Orders of the Respondent, **MUNICIPAL MUTUAL INSURANCE COMPANY, a California corporation**, (hereinafter sometimes referred to as "Respondent" or "MMIC") and the Stipulation consenting to the entry of Order of Liquidation and Restraining Orders came on for hearing on the 24th day of October 2006, in Department Two of the above-entitled court at 10:00 a.m. Applicant, the Insurance Commissioner of the State of California appeared by his

1 counsel, Bill Lockyer, Attorney General of the State of California, by Scott T. Fleming, Deputy
2 Attorney General. No other appearances were made.

3 The Court, after reading the Verified Application for Order Appointing Liquidator
4 and Restraining Orders, the Stipulation to Order Appointing Liquidator and Restraining Orders
5 and the pleadings on file herein finds that:
6

7 A. MUNICIPAL MUTUAL INSURANCE COMPANY is in such condition
8 that the further transaction of business by Respondent will be and is hazardous to its
9 policyholders.
10

11 B. The Respondent is insolvent within the meaning of the applicable
12 provisions of the Insurance Code and by reason of its insolvency, does not meet the requirements
13 for issuance to it of a Certificate of Authority; such condition is a ground for conservatorship
14 under Insurance Code section 1011(h) and/or liquidation under Insurance Code section 1016.
15

16 C. That Liquidation of the Respondent in the State of California assures
17 payment of covered claims by the California Insurance Guarantee Association pursuant to
18 Section 1063 of the California Insurance Code.

19 D. That based upon the stipulated facts set forth in the stipulation of the
20 Applicant and the Respondent, it would be futile to proceed with the conduct of the business of
21 Respondent in a conservatorship and that the interests of the creditors, policyholders and the
22 public would best be served by the liquidation and winding up of the business of Respondent and
23 that pursuant to Article 14, Chapter 1, Part 2, Division 1 of the Insurance Code of the State of
24 California, Applicant should be authorized and instructed to do so.
25

26 E. That this Order shall be effective as of October 31, 2006;
27

28 WHEREFORE, GOOD CAUSE APPEARING THEREFORE:

1 **IT IS HEREBY ORDERED THAT as of OCTOBER 31, 2006 ("effective date"):**

2 1. The Insurance Commissioner of the State of California, Applicant herein, is
3 hereby appointed Liquidator of MUNICIPAL MUTUAL INSURANCE COMPANY,
4 Respondent herein, and he is directed as Liquidator to liquidate and wind up the affairs of
5 Respondent and to act in all ways and exercise all powers necessary for the purpose of carrying
6 out this order;
7

8 2. The Liquidator shall forthwith take possession of all Respondent's assets,
9 books, records and property, both real and personal, wheresoever situated;
10

11 3. There is hereby vested in the Liquidator and his successors in office, title to
12 all of the records, property (real and personal, whether owned, leased, rented or utilized by
13 Respondent under any contract or assignment) and assets (including rights under any license or
14 other arrangement for the use of computer software and/or business information systems) of
15 Respondent wheresoever situated and all persons are hereby enjoined from interfering in any
16 manner with the said Liquidator's possession and title thereto;
17

18 4. The rights and liabilities of policyholders, creditors, shareholders
19 and all other persons interested in the assets of Respondent, including the State of California, are
20 fixed as of October 31, 2006;
21

22 5. The Respondent, its officers, directors, agents, employees, and others acting
23 in concert with them are hereby enjoined from transacting any of the business of Respondent, or
24 from disposing of any of its property or assets;
25

26 6. All persons are hereby enjoined from maintaining or instituting any action at
27 law or suit in equity, including but not limited to matters in arbitration, against the Respondent or
28 against the Liquidator, and from attaching or executing upon or taking any legal proceeding

1 against any of the property of Respondent, and from doing any act interfering with the conduct
2 of the liquidation and windup of said businesses by the Liquidator, except after an order from
3 this court obtained after reasonable notice to the Liquidator;
4

5 7. All officers, directors, agents and employees of Respondent deliver to the
6 Liquidator all assets, books, records, equipment and other property of Respondent wheresoever
7 situated;

8 8. The Liquidator is authorized to pay all reasonable costs of operating
9 Respondent as Liquidator out of the funds and assets of said Respondent;
10

11 9. All funds including certificates of deposit and bank accounts in the name of
12 Respondent in various banks in the State of California, and in other banks wheresoever situated,
13 are hereby vested in the Liquidator and subject to withdrawal upon his order only;
14

15 10. All agents of Respondent and all brokers who have written business for
16 Respondent make remittances of funds collected by them or in their hands to the Applicant as
17 Liquidator;

18 11. All persons having possession of any lists of policyholders of Respondent
19 deliver all such lists to Applicant as Liquidator; that all persons are enjoined from using such
20 lists or any information contained therein without the consent of said Liquidator;
21

22 12. All persons are enjoined from wasting of the assets of the
23 Respondent;

24 13. The Liquidator is authorized to initiate such equitable or legal actions or
25 proceedings in this or other states as may appear to him necessary to carry out his functions as
26 Liquidator;
27
28

1 14. The Liquidator is authorized pay for his costs in bringing and maintaining
2 this action, and such other actions as are necessary to carry out his functions as Liquidator.

3 15. The Liquidator is authorized to appoint and employ estate managers, special
4 deputies, clerks and assistants and to give each of them such power and authority as he deems
5 necessary and authorizing Applicant to compensate them from the assets of the Respondents, or
6 from such other funds as are lawfully available, which as to him shall be determined to be
7 appropriate.
8

9 16. All costs, expenses, fees or any other charges of the Liquidator, including but
10 not limited to fees and expenses of accountants, peace officers, actuaries, attorneys, special
11 deputies, and other assistants employed by the Liquidator, and other expenses incurred in
12 connection herewith shall be paid from the assets of the liquidation estate, and all recovery shall
13 be remitted to the Liquidation Estate, for the payment of claims and administrative costs.
14

15 17. The Liquidator is authorized to invest and reinvest Respondent's assets as he
16 deems to be in the best interests of this liquidation estate, and to pay for his investment costs
17 from the assets of the Respondents, and if there is insufficient assets, is authorized to pay for his
18 costs out of the Insurance Fund, pursuant to Insurance Code section 1035.
19

20 18. The Liquidator is authorized to divert, take possession of and secure all mail
21 of Respondent in order to screen such mail, and to effect a change in the rights to use any and all
22 post office boxes and other mail collection facilities used by Respondent.
23

24 19. The Liquidator is hereby authorized to assume or reject, or to modify, any
25 executory contracts, including without limitation, any lease, rental or utilization contract or
26 agreement (including any schedule to any such contract or agreement) and any license or other
27 arrangement for the use of computer software or business information systems, to which
28

1 Respondent is a party or as to which Respondent agrees to accept an assignment of such contract.
2 Any such assumption or rejection or modification of any executory contract shall be effected by
3 the Liquidator not later than within 120 days after the entry of this Order, unless such date is
4 extended by application to and further order of the Court. All executory contracts that are not
5 expressly assumed by the Liquidator shall be deemed rejected. Any party to a contract that is
6 rejected by the Liquidator pursuant to this Order, shall be permitted to file a proof of claim
7 against the liquidation estate (where there exist assets available for ultimate distribution to such
8 claimant, if any), which claim shall be treated in accordance with Insurance Code section 1010,
9 et.seq.
10
11

12 20. Any and all provisions of any agreement entered into by and between any
13 third party and Respondent, including, by way of illustration, but not limited to, the following
14 types of agreements (as well as any amendments, assignments, or modifications thereto):
15 financial guaranty bonds, promissory notes, loan agreements, security agreements, deeds of trust,
16 mortgages, indemnification agreements, subrogation agreements, subordination agreements,
17 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,
18 leases, rental or utilization agreements, insurance policies, guaranties, escrow agreements,
19 management agreements, real estate brokerage and rental agreements, servicing agreements,
20 attornment agreements, consulting agreements, easement agreements, license agreements,
21 franchise agreements, or employment contracts that provide in any manner that selection,
22 appointment or retention of a Liquidator, or trustee by any court, or entry of an order such as
23 hereby is made, shall be deemed to be, otherwise operate as a breach, violation, event of default,
24 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation,
25 shall be stayed, and the assertion of any and all rights, remedies relating thereto shall also be
26
27
28

1 stayed except as otherwise ordered by the Court, and the Court shall retain jurisdiction over any
2 cause of action that has arisen or may otherwise arise under any such provision.
3

4 OCT 24 2006

5 DATED: _____

D MICHAEL SMITH
Judge of the Superior Court

DECLARATION OF SERVICE BY OVERNIGHT COURIER

Case Name: **Insurance Commissioner v. Municipal Mutual Insurance Company**

Solano County Court Case No.:

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is: 455 Golden Gate Avenue, Suite 11000, San Francisco, CA 94102-7004.

On October 23, 2006, I served the attached **Order Appointing Liquidator and Related Restraining Orders** by placing a true copy thereof enclosed in a sealed envelope with the **Federal Express**, addressed as follows:

Mr. Dennis Evans
Municipal Mutual Insurance Company
560 First Street
Suite C-150
Benecia, CA 94510

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on October 23, 2006, at San Francisco, California.

Monique Davalos
Declarant



Signature

EXHIBIT B

Oakland Tribune

c/o ANG Newspapers
401 13th Street
Oakland, CA 94612
Legal Advertising
(800) 595-9595 opt.4

CONSERVATION & LIQUIDATION OFFICE,
Michelle Balisi, 425 Market St., 23rd Fl.
San Francisco CA 94105

PROOF OF PUBLICATION

FILE NO. #222

In the matter of

MUNICIPAL MUTUAL INSURANCE COMPANY

The Oakland Tribune

I am a citizen of the United States; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the Legal Advertising Clerk of the printer and publisher of The Oakland Tribune, a newspaper published in the English language in the City of Oakland, County of Alameda, State of California.

I declare that The Oakland Tribune is a newspaper of general circulation as defined by the laws of the State of California as determined by this court's order, dated December 6, 1951, in the action entitled In the Matter of the Ascertainment and Establishment of the Standing of The Oakland Tribune as a Newspaper of General Circulation, Case Number 237798. Said order states that "The Oakland Tribune is a newspaper of general circulation within the City of Oakland, and the County of Alameda, and the State of California, within the meaning and intent of Chapter 1, Division 7, Title 1 [§§ 6000 et seq.], of the Government Code of the State of California. "Said order has not been revoked, vacated, or set aside.

I declare that the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

5/11/2007, 5/18/2007, 5/25/2007, 6/1/2007

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Monica Soto

Public Notice Advertising Clerk

Legal No.

0000770982

NOTICE TO CLAIMANTS, CREDITORS,
SHAREHOLDERS, AND
ALL OTHER PERSONS OR ENTITIES IN-
TERESTED IN THE ASSETS OF MUNICI-
PAL MUTUAL INSURANCE COMPANY

NOTICE IS HEREBY GIVEN that on Octo-
ber 31, 2006, in a proceeding entitled Insur-
ance Commissioner of the State of Cali-
fornia v. Municipal Mutual Insurance Com-
pany, (Case No. FCS 028619), the Superior
Court of the State of California, County of
Solano, appointed the California Insurance
Commissioner as the Liquidator of Municipal
Mutual Insurance Company. As Liquidator,
and pursuant to Section 1016 of the Califor-
nia Insurance Code, the Insurance Commis-
sioner was authorized to liquidate and wind
up the business and affairs of Municipal Mu-
tual Insurance Company.

NOTICE IS FURTHER GIVEN that the
rights of claimants, creditors, shareholders,
and all other persons interested in the assets
of Municipal Mutual Insurance Company
were fixed as of October 31, 2006, pursuant
to Section 1019 of the California Insurance
Code.

NOTICE IS FURTHER GIVEN that the In-
surance Commissioner has determined that
to the extent there may be assets to distrib-
ute, there are insufficient assets to make a
significant distribution to claimants other
than for claims as defined in California Insur-
ance Code Section 1033(a)(2) [claims of In-
surance guarantee associations, claims for
refund of unearned premium, and claims un-
der insurance and annuity policies that are
not covered by an insurance guarantee
association]. If the Insurance Commissioner
recovers sufficient assets to make a signifi-
cant distribution to claims as defined in Cali-
fornia Insurance Code Section 1033 (a)(3)-
(9), notice will then be given to creditors to
file their proofs of claim, and a deadline for
filing proofs of claim will be set forth.

NOTICE IS FURTHER GIVEN that the Cali-
fornia Insurance Guarantee Association was
established to pay covered claims made
against insolvent insurance companies li-
censed in California. Accordingly, the Cali-
fornia Insurance Guarantee Association may
pay covered claims made against Municipal
Mutual Insurance Company.

NOTICE IS FURTHER GIVEN that after a
change of venue moving the Liquidation pro-
ceeding to San Francisco County (Case No.
CPF 07-507033) the Superior Court of the
State of California, County of San Francisco,
granted the Insurance Commissioner's appli-
cation to modify the claims process on April
24, 2007. Accordingly, pursuant to Section
1021, subsections (c)(1) and (c)(2) of the
California Insurance Code, the Insurance
Commissioner will only be accepting proofs
of claim from Commercial General Liability
policyholders whose claims may occupy
Class 2 of the priority scheme for the liquida-
tion of insolvent insurers set forth in Califor-
nia Insurance Code Section 1033. The Insur-
ance Commissioner will not be accepting
any other proofs of claim.

DATE: May 4, 2007

STEVE POIZNEF
Insurance Commissioner of the
State of California As Liquidator of
Municipal Mutual Insurance Company

By:

David E. Wilson
Special Deputy Insurance Commissioner
The Oakland Tribune, #770982
May 4, 11, 18, 25, 2007

(When required)

RECORDING REQUESTED BY AND MAIL TO:

LOS ANGELES DAILY JOURNAL
- SINCE 1888 -

915 E FIRST ST, LOS ANGELES, CA 90012
Mailing Address: P.O. Box 54026, Los Angeles, California 90054-0026
Telephone (213) 229-5300 / Fax (213) 229-5481

MICHELLE BALISI
CONSERVATION AND LIQUIDATION OFF
425 MARKET STREET 23RD FLR
SAN FRANCISCO, CA - 94112

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of Los Angeles) ss

Notice Type: LEGAL4 - LEGAL NOTICE-4

Ad Description: MUNICIPAL MUTUAL INSURANCE COMPANY #222

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the LOS ANGELES DAILY JOURNAL, a newspaper published in the English language in the city of LOS ANGELES, county of LOS ANGELES, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of LOS ANGELES, State of California, under date 04/26/1954, Case No. 599,382. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/04/2007, 05/11/2007, 05/18/2007, 05/25/2007

Executed on: 05/25/2007
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.



Signature

This space for filing stamp only

DJ#: 1130021

NOTICE TO CLAIMANTS, CREDITORS,
SHAREHOLDERS, AND
ALL OTHER PERSONS OR ENTITIES
INTERESTED IN THE ASSETS OF
MUNICIPAL MUTUAL INSURANCE
COMPANY

NOTICE IS HEREBY GIVEN that on October 31, 2006, in a proceeding entitled Insurance Commissioner of the State of California v. Municipal Mutual Insurance Company, (Case No. FCS 028619), the Superior Court of the State of California, County of Solano, appointed the California Insurance Commissioner as the Liquidator of Municipal Mutual Insurance Company. As Liquidator, and pursuant to Section 1016 of the California Insurance Code, the Insurance Commissioner was authorized to liquidate and wind up the business and affairs of Municipal Mutual Insurance Company.

NOTICE IS FURTHER GIVEN that the rights of claimants, creditors, shareholders, and all other persons interested in the assets of Municipal Mutual Insurance Company were fixed as of October 31, 2006, pursuant to Section 1019 of the California Insurance Code.

NOTICE IS FURTHER GIVEN that the Insurance Commissioner has determined that to the extent there may be assets to distribute, there are insufficient assets to make a significant distribution to claimants other than for claims as defined in California Insurance Code Section 1033(a)(2) [claims of insurance guarantee associations, claims for refund of unearned premium, and claims under insurance and annuity policies that are not covered by an insurance guarantee association]. If the Insurance Commissioner recovers sufficient assets to make a significant distribution to claims as defined in California Insurance Code Section 1033(a)(3)-(9), notice will then be given to creditors to file their proofs of claim, and a deadline for filing proofs of claim will be set forth.

NOTICE IS FURTHER GIVEN that the California Insurance Guarantee Association was established to pay covered claims made against insolvent insurance companies licensed in California. Accordingly, the California Insurance Guarantee Association may pay covered claims made against Municipal Mutual Insurance Company.

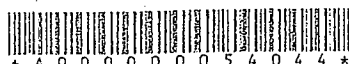
NOTICE IS FURTHER GIVEN that after a change of venue moving the Liquidation proceeding to San Francisco County (Case No. CPF 07-507033) the Superior Court of the State of California, County of San Francisco, granted the Insurance Commissioner's application to modify the claims process on April 24, 2007. Accordingly, pursuant to Section 1021, subsections (c)(1) and (c)(2) of the California Insurance Code, the Insurance Commissioner will only be accepting proofs of claim from Commercial General Liability policyholders whose claims may occupy Class 2 of the priority scheme for the liquidation of insolvent insurers set forth in California Insurance Code Section 1033. The Insurance Commissioner will

not be accepting any other proofs of claim.

DATE: May 4, 2007
STEVE POIZNER
Insurance Commissioner of the
State of California As Liquidator of
Municipal Mutual Insurance Company

By: David E. Wilson
Special Deputy Insurance Commissioner
5/4, 5/11, 5/18, 5/25/07

DJ-1130021#



* A 0 0 0 0 0 0 0 5 4 0 4 4 *

DECLARATION OF PUBLICATION OF
SAN FRANCISCO CHRONICLE

Joel Rodriguez

declares that:

The annexed advertisement has been regularly published
in the

SAN FRANCISCO CHRONICLE

which is and was at all times herein mentioned
established as newspaper of general circulation in the
City and County of San Francisco, State of California, as
that term is defined by Section 6000 of the Government
Code.

SAN FRANCISCO CHRONICLE

(Name of Newspaper)

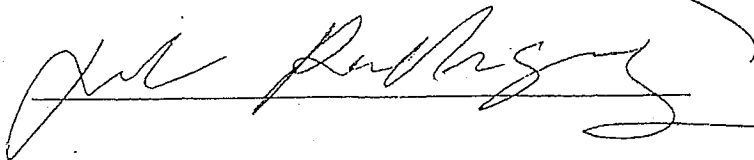
901 Mission Street

San Francisco, CA 94103

From May 4, 2007
To May 25, 2007
Namely, on 05/04/2007; 05/11/2007;
05/18/2007; and 05/25/2007
(Dates of Publication)

I declare under penalty of perjury that the foregoing is
true and correct.

Executed on May 4, 2007
at San Francisco, California.



Insurance Company. Insurance Commission's application to modify the claims process on April 24, 2007. Accordingly, pursuant to Section 1021, subsections (c)(1) and (c)(2) of the California Insurance Code, the Insurance Commissioner will only be accepting proofs of claim from Commercial General Liability policyholders whose claims may occupy Class 2 of the priority scheme for the liquidation of insolvent insurers set forth in California Insurance Code Section 1033. The Insurance Commissioner will not be accepting any other proofs of claim.

DATE: May 4, 2007
STEVE POLZNER
Insurance Commissioner of the State of California
As Liquidator of Municipal Mutual Insurance Company

By: David E. Wilson, Special Deputy Insurance Commissioner

NOTICE IS FURTHER GIVEN that the Insurance Commissioner has determined that to the extent there may be assets to distribute, there are insufficient assets to make a significant distribution to claimants other than for claims as defined in California Insurance Code Section 1033(a)(2) (claims of insurance guarantee associations, claims for refund of unearned premium, and claims under insurance and annuity policies that are not covered by an insurance guarantee association). If the Insurance Commissioner recovers sufficient assets to make a significant distribution to claims as defined in California Insurance Code Section 1033(a)(3)-(9), notice will then be given to creditors to file their proofs of claim, and a deadline for filing proofs of claim will be set forth.

NOTICE IS FURTHER GIVEN that the California Insurance Guarantee Association was established to pay covered claims made against insolvent insurance companies licensed in California. Accordingly, the California Insurance Guarantee Association may pay covered claims made against Municipal Mutual Insurance Company.

NOTICE IS FURTHER GIVEN that after a change of venue moving the liquidation proceeding to San Francisco County (Case No. CPF 07-507033) the Superior Court of the State of California, County of San Francisco, granted the

BID
PUBLIC NOTICE REQUIRED

NOTICE TO CLAIMANTS,
CREDITORS,
SHAREHOLDERS, AND
ALL OTHER PERSONS OR
ENTITIES INTERESTED IN
THE ASSETS OF
MUNICIPAL MUTUAL
INSURANCE COMPANY

NOTICE IS HEREBY GIVEN that on October 31, 2006, in a proceeding entitled Insurance Commissioner of the State of California v. Municipal Mutual Insurance Company (Case No. FCS 028619), the Superior Court of the State of California, County of Solano, appointed the California Insurance Commissioner as the Liquidator of Municipal Mutual Insurance Company. As Liquidator and pursuant to Section 1016 of the California Insurance Code, the Insurance Commissioner was authorized to liquidate and wind up the business and affairs of Municipal Mutual Insurance Company.

750 RIDDER PARK DRIVE
SAN JOSE, CALIFORNIA 95190

Conservation and Liquidation Office
Michelle Balisi
425 Market Street, 23rd Floor
San Francisco, CA 94105
Legal Ad No. 2345358

The undersigned, being first duly sworn, deposes and says: That at all times hereinafter mentioned affiant was and still is a citizen of the United States, over the age of eighteen years, and not a party to nor interested in the above entitled proceedings; and was at and during all said times and still is the principal clerk of the printer and publisher of the San Jose Mercury News, a newspaper of general circulation printed and published daily in the city of San Jose in said County of Santa Clara, State of California, that said San Jose Mercury News is and was at all times herein mentioned a newspaper of general circulation as that term is defined by Sections 6000 and following, of the Government Code of the State of California, and, as provided by said sections, is published for the dissemination of local or telegraphic news and intelligence of a general character, having a bona fide subscription list of paying subscribers, and is not devoted to the interests or published for the entertainment or instruction of a particular class, professional, trade, calling, race or denomination, or for the entertainment and instruction of any number of such classes, professionals, trades, callings, races or denominations; that at all times said newspaper has been established, printed and published in the said city of San Jose in said County and State at regular intervals for more than one year preceding the first publication of the notice herein mentioned; that said notice was set in type not smaller than nonpareil and was preceded with words printed in black-face type not smaller than nonpareil, describing and expressing in general terms, the purport and character of the notice intended to be given; that the clipping of which is annexed is a true printed copy, was published and printed in said newspaper on the following dates, to-wit:

Dated at San Jose, California
this 25th day of May, 2007
I declare under penalty of perjury that the foregoing is true and correct.

Signed: John J. [Signature]
Principal clerk of the printer and publisher of the San Jose Mercury News.

2345358

Affidavit of Publication

CONSERVATION & LIQUIDATION OFF.

ATTN: MICHELLE BALISI

425 MARKET STREET, 23RD FLOOR

SAN FRANCISCO, CA 94105

STATE OF CALIFORNIA) ss.
County of San Diego)

The Undersigned, declares under penalty of perjury under the laws of the State of California: That....She is a resident of the County of San Diego. THAT....She is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and thatShe is not a party to, nor interested in the above entitled matter; thatShe is..... Chief Clerk for the publisher of

The San Diego Union-Tribune a newspaper of general circulation, printed and published daily in the City of San Diego, County of San Diego, and which newspaper is published for the dissemination of local news and intelligence of a general character, and which newspaper at all the times herein mentioned had and still has a bona fide subscription list of paying subscribers, and which newspaper has been established, printed and published at regular intervals in the said City of San Diego, County of San Diego, for a period exceeding one year next preceding the date of publication of the notice hereinafter referred to, and which newspaper is not devoted to nor published for the interests, entertainment or instruction of a particular class, profession, trade, calling, race, or denomination, or any number of same; that the notice of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following date, to-wit:

MAY 4, 11, 18 and 25, 2007


Chief Clerk for the Publisher

Affidavit of Publication of

Legal Classified Advertisement

Ad #2213502

Ordered by: MICHELLE BALISI

NOTICE TO CLAIMANTS, CREDITORS, SHAREHOLDERS, AND ALL OTHER PERSONS OR ENTITIES INTERESTED IN THE ASSETS OF MUNICIPAL MUTUAL INSURANCE COMPANY

NOTICE IS HEREBY GIVEN that on October 31, 2006, in a proceeding of the State of California v. Municipal Mutual Insurance Company, (Case No. FCS 028619), the Superior Court of the State of California, County of Solano, appointed the California Insurance Commissioner as the Liquidator of Municipal Mutual Insurance Company. As Liquidator, and pursuant to Section 1016 of the California Insurance Code, the Insurance Commissioner was authorized to liquidate and wind up the business and affairs of Municipal Mutual Insurance Company.

NOTICE IS FURTHER GIVEN that the rights of claimants, creditors, shareholders, and all other persons interested in the assets of Municipal Mutual Insurance Company were fixed as of October 31, 2006, pursuant to Section 1019 of the California Insurance Code.

NOTICE IS FURTHER GIVEN that the Insurance Commissioner has determined that to the extent there may be assets to distribute, there are insufficient assets to make a significant distribution to claimants other than for claims as defined in California Insurance Code Section 1033(a)(2) (claims of insurance guarantee associations) claims April 24, 2007. Accordingly, pursuant to Section 1021, subsections (c)(1) and (c)(2) of the California Insurance Code, the Insurance Commissioner will only be accepting proofs of claim from Commercial General Liability policyholders whose claims may occupy Class 2 of the priority scheme for the liquidation of insolvent insurers set forth in California Insurance Code Section 1033. The Insurance Commissioner will not be accepting any other proofs of claim.

DATE: May 4, 2007

STEVE POIZNER
Insurance
Commissioner of the
State of California
As Liquidator of
Municipal Mutual
Insurance Company

By: David E. Wilson
Special Deputy
Insurance

The Sacramento Bee

P.O. Box 15779 • 2100 Q Street • Sacramento, CA 95852

STATE OF CALIFORNIA
425 MARKET ST, 23RD FLOOR
SAN FRANCISCO, CA 94105

DECLARATION OF PUBLICATION
(C.C.P. 2015.5)

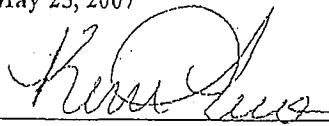
COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interest ed in the above entitled matter. I am the printer and principal clerk of the publisher of The Sacramento Bee, printed and published in the City of Sacramento, County of Sacramento, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Sacramento, State of California, under the date of September 26, 1994, Action No. 379071; that the notice of which the annexed is a printed copy, has been published in each issue thereof and not in any supplement thereof on the following dates, to wit:

May 4, 11, 18, 25, 2007

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Sacramento, California, May 25, 2007



(Signature)

NO 427 PUBLIC NOTICE

NOTICE TO CLAIMANTS, CREDITORS, SHAREHOLDERS, AND ALL OTHER PERSONS OR ENTITIES INTERESTED IN THE ASSETS OF MUNICIPAL MUTUAL INSURANCE COMPANY

NOTICE IS HEREBY GIVEN that on October 31, 2006, in a proceeding entitled Insurance Commissioner of the State of California v. Municipal Mutual Insurance Company, (Case No. FCS 028419), the Superior Court of the State of California, County of Solano, appointed the California Insurance Commissioner as the Liquidator of Municipal Mutual Insurance Company. As Liquidator, and pursuant to Section 1016 of the California Insurance Code, the Insurance Commissioner was authorized to liquidate and wind up the business and affairs of Municipal Mutual Insurance Company.

NOTICE IS FURTHER GIVEN that the rights of claimants, creditors, shareholders, and all other persons interested in the assets of Municipal Mutual Insurance Company were fixed as of October 31, 2006, pursuant to Section 1019 of the California Insurance Code.

NOTICE IS FURTHER GIVEN that the Insurance Commissioner has determined that to the extent there may be assets to distribute, there are insufficient assets to make a significant distribution to claimants other than for claims as defined in California Insurance Code Section 1033(a)(2) (claims of refund of unearned premium, claims for under insurance and annuity policies that are not covered by an insurance guarantee association) if the Insurance Commissioner recovers sufficient assets to make a significant distribution to claims as defined in California Insurance Code Section 1033 (a)(3). (a) notice will then be given to creditors to file their proofs of claim, and a deadline for filing proofs of claim will be set forth.

NOTICE IS FURTHER GIVEN that the California Insurance Guarantee Association was established to pay covered claims made against insolvent insurance companies licensed in California. Accordingly, the California Insurance Guarantee Association may pay covered claims made against Municipal Mutual Insurance Company.

NOTICE IS FURTHER GIVEN that after a change of venue moving the Liquidation proceeding to San Francisco County (Case No. CPF 07-507033) the Superior Court of the State of California, County of San Francisco, granted the Insurance Commissioner's application to modify the claims process on April 24, 2007. Accordingly, pursuant to Section 1021, subsections (c)(1) and (c)(2) of the California Insurance Code, the Insurance Commissioner will only be accepting proofs of claim from Commercial General Liability policyholders whose claims may occupy Class 2 of the priority scheme for the liquidation of insolvent insurers set forth in California Insurance Code Section 1033. The Insurance Commissioner will not be accepting any other proofs of claim.

DATED - May 4, 2007

STEVE POIRNER
Insurance Commissioner of the
State of California As Liquidator of
Municipal Mutual Insurance Company

By: David E. Wilson
Special Deputy Insurance Commissioner

EXHIBIT C

ASSIGNMENT AND RELEASE AGREEMENT

BETWEEN

MUNICIPAL MUTUAL INSURANCE COMPANY AND THE
CALIFORNIA INSURANCE GUARANTEE ASSOCIATION

WHEREAS, on October 31, 2006, an order of liquidation (the "Order") was issued by the Superior Court of the State of California for the County of Solano ("Liquidation Court") appointing the Insurance Commissioner of the State of California as statutory liquidator (in such capacity, the "Commissioner") of Municipal Mutual Insurance Company ("Municipal Mutual" or "Estate"); and

WHEREAS, upon the Liquidation Court's finding that Municipal Mutual was insolvent and upon issuance of the Order, and in accordance with California Insurance Code section 1063, *et seq.*, (the "Act"), the California Insurance Guarantee Association ("CIGA") became obligated to pay Covered Claims (as defined in the Act) of workers' compensation policyholders of Municipal Mutual; and

WHEREAS, Municipal Mutual, while it was an ongoing concern, had reinsured its workers' compensation obligations with various reinsurers; and

WHEREAS, the Commissioner has settled with all but one of the reinsurers that had reportable obligations under reinsurance agreements,

WHEREAS, that one reinsurer is ALEA North America Insurance Company ("ALEA" or the "Reinsurer"), whose obligations to Municipal Mutual are in accordance with that certain treaty (the "Reinsurance Treaty"), identified as "Reinsurance Contract - JPW No. 3137-02"; and

WHEREAS, the Commissioner is preparing an application for a court order to wind up the affairs of the Estate and authorizing a final distribution of the assets thereof, which application can only be made based on marshalling all assets for the benefit of Municipal Mutual's approved claimants and a fixed budget for administrative expenses incident to such wind up of the affairs; and

WHEREAS, CIGA is the only approved claimant pursuant to California Insurance Code section 1033(a)(2); and

WHEREAS, any reinsurance recoveries from ALEA would be distributed solely to CIGA; and

WHEREAS, the Commissioner is desirous of completing the Municipal Mutual liquidation as soon as practicable in order to minimize further administrative expenses;

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Commissioner and CIGA enter into this Assignment and Release Agreement ("Agreement") as follows:

I. ASSIGNMENT; RELEASE; REIMBURSEMENT, AND INDEMNITY

- A. In consideration of the releases and discharges from CIGA, the Commissioner hereby transfers and assigns to CIGA all rights and entitlements under the ALEA Reinsurance Treaty.
- B. CIGA hereby fully releases and discharges the Estate and the Commissioner individually and, jointly, all employees, agents, and attorneys of the Commissioner, past and present, with respect to any and all claims, actions and causes of action, of any kind or nature whatsoever, in law equity or otherwise, whether fixed or contingent, whether now known or unknown, whether suspected or unsuspected, and whether concealed or hidden, which now exist, or which existed before, relating to any act, transaction, occurrence, event, error or omission arising out of, or relating to, the conservatorship or liquidation of the Estate, including acts taken by the Commissioner prior to his appointment as conservator thereof, and including without limiting the generality of the foregoing, any and all distributions received by CIGA from the Estate, and all actions taken by CIGA with respect to the reinsurance payments in accordance with the Reinsurance Treaty after the effective date hereof.

With respect to the foregoing, CIGA to the fullest extent the law permits, waives and relinquishes, to the fullest extent the law permits, the provisions, rights and benefits of California Civil Code §1542 and other statutes or common law principles of similar effect. CIGA acknowledges that it is familiar with, and/or has been advised by its legal counsel of the provisions of California Civil Code §1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

- II. CIGA shall perform at its own expense all duties imposed upon Municipal Mutual and the Commissioner as Liquidator of the Estate by the Reinsurance Treaty. CIGA agrees to indemnify, defend and hold harmless the Commissioner from and against all liability, claims demands, damages, cost and expense arising out any asserted breach or other failure by CIGA to perform according to the terms of the Reinsurance Treaty as such performance concerns, relates or arises out of Covered Claims under policies issued by Municipal Mutual.


III. The Commissioner agrees to forward reinsurance recoveries received after the Effective Date with respect to the ALEA Reinsurance Contract, if any, to CIGA, promptly upon receipt.

IV. MISCELLANEOUS.

- A. This Agreement shall be effective upon full execution by the parties hereto and entry by the Liquidation Court of an order approving the terms hereof:
- B. This Agreement shall be governed and construed pursuant to the laws of the State of California.
- C. This agreement may not be modified, except as set forth in writing signed by the Commissioner and CIGA or their authorized designees.
- D. If any term, provision or condition of this Agreement shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.
- E. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting the Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Commissioner or CIGA.
- F. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the waiving party.
- G. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Agreement.
- H. This Agreement contains the entire agreement and understanding between the Commissioner and CIGA and supersedes any prior or contemporaneous written or oral agreements between them respecting the subject matter hereof.

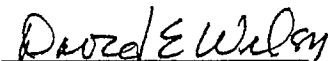
CALIFORNIA INSURANCE GUARANTEE
ASSOCIATION

DATE: 10/25/11

By 
Wayne Wilson
Executive Director

DAVE JONES, Insurance Commissioner,
as liquidator of Municipal Mutual Insurance
Company

DATE: 10/20/11

By 
David E. Wilson
Special Deputy Insurance Commissioner
Chief Executive Officer

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **Insurance Commissioner v. Municipal Mutual Insurance Company**
Case No.: **San Francisco County Superior Court Case No. CPF-07-507033**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service that same day in the ordinary course of business.

On December 23, 2011, I served the attached

**DECLARATION OF JOHN H. BATTLE IN SUPPORT OF INSURANCE
COMMISSIONER'S APPLICATION FOR ORDERS (1) APPROVING THE FINAL
REPORT AND ACCOUNTING, ETC.**

by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the internal mail collection system at the Office of the Attorney General at 1515 Clay Street, 20th Floor, Oakland, CA 94612-0550, addressed as follows:

Kyra Leary, Director
LDG Reinsurance Corporation
401 Edgewater Place, Suite 400
Wakefield, MA 01880

C. Guerry Collins, Esq.
Lord, Bissel & Brook
300 South Grand Avenue 8th Floor
Los Angeles, CA 90071

California Insurance Guarantee Association
P. O. Box 16860
Beverly Hills, CA 90209-3319

Suzanne Fetter
SVP of Claims and Head of Office
ALEA North America Insurance Office
55 Capital Boulevard, Corporate Ridge
Rocky Hill, CT 06067

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on December 23, 2011, at Oakland, California.

Lydia Banaga
Declarant

Lydia Banaga
Signature