2018 ANNUAL REPORT

CONSERVATION & LIQUIDATION OFFICE

Conservation & Liquidation Office

Section 1 – The Conservation & Liquidation Office

Section 2 – Estate Specific Information

Section 3 – Cross Reference to California Insurance Code

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 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.

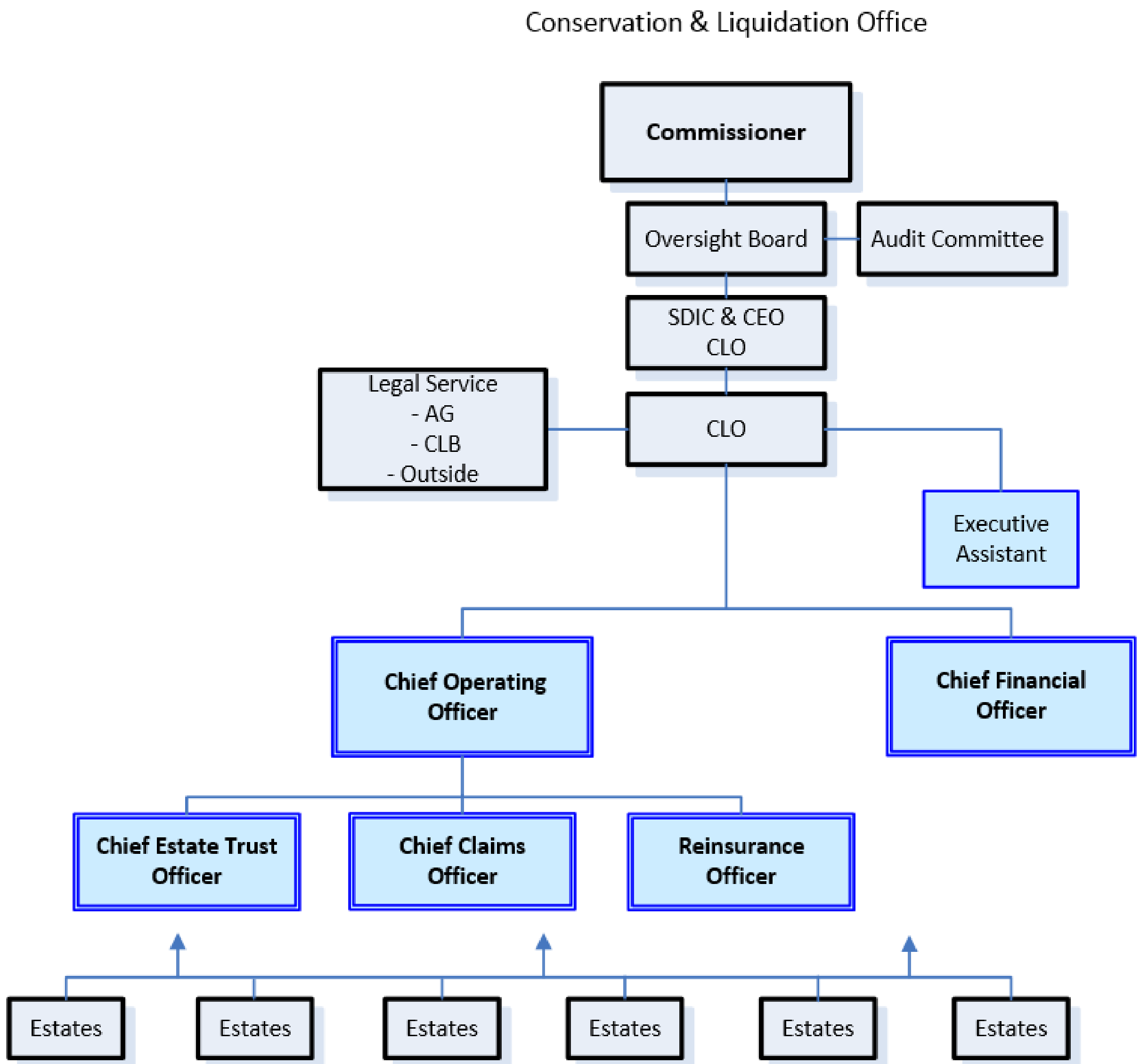
The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the Commissioner with respect to insurance companies domiciled in California.

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, 2018, the CLO is responsible for the administration of 15 insurance estates.

In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2018, the CLO assisted with one such examination.

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. By providing professional 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. During 2018 the Oversight Board and Audit Committee members are the Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner – Financial Surveillance Branch.

During 2018, the Oversight Board and Audit Committee held three regularly scheduled meetings.

Mission Statement and 2018 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 2018 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

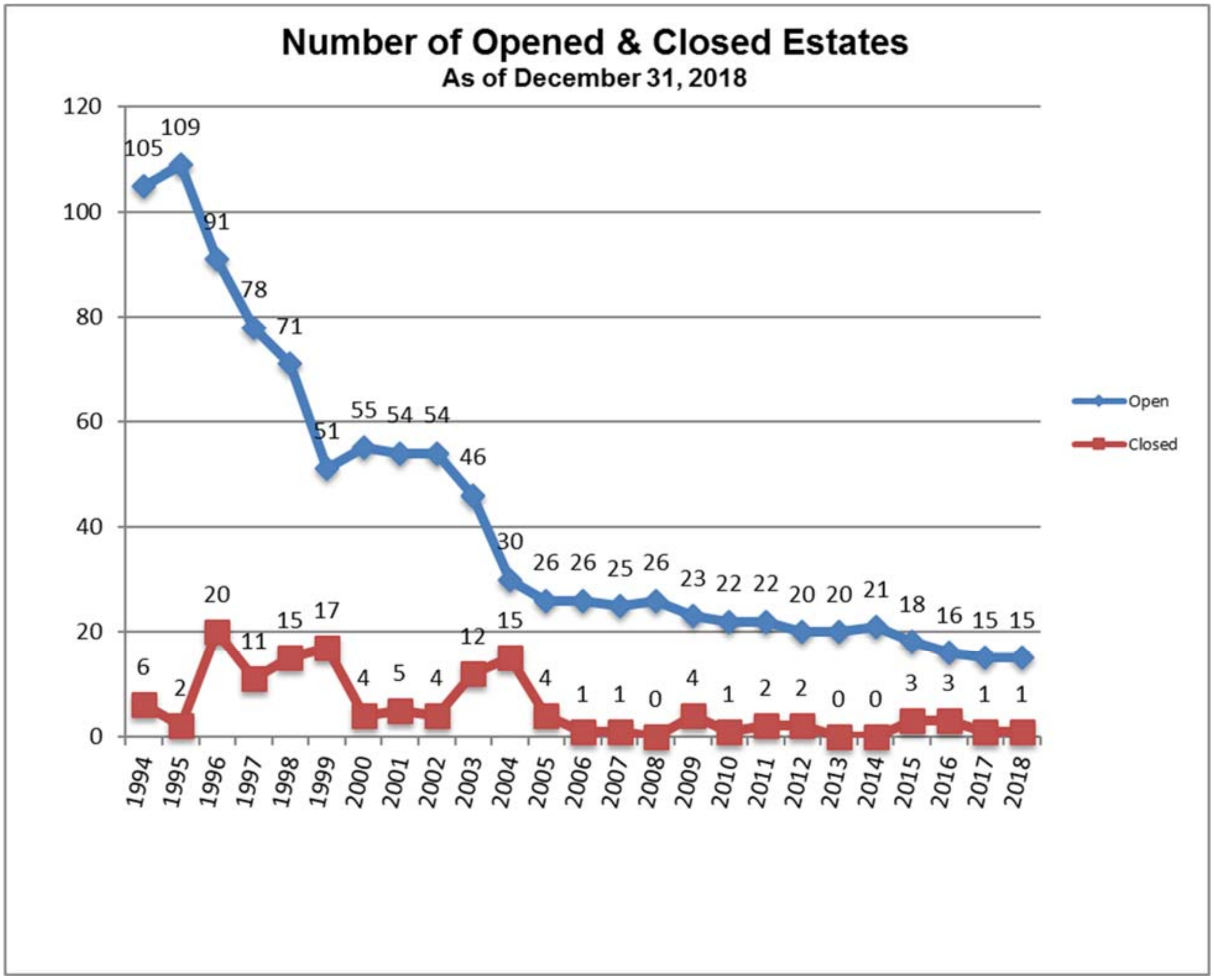
Entering 2018, there were 15 open estates under management. The open estates consist of 12 Property & Casualty Estates and three Life/Health Estates. The CLO goal in 2018 was to close one estate and distribute $160 million.

The CLO closed one estate that was planned for closure in 2018.

The final distribution and closing of an estate is one of the most difficult task with a liquidation. Three of the estates teed up for final distribution encounter "closing challenges" and have been moved to 2019.

1. Closings

GOAL	RESULTS
Close 2 Estates: 1) SeeChange Health Ins. Co. 2) Fremont Life Ins. Co.	SeeChange closed on December 6, 2018. Due to legal administrative reasons, Fremont Life will not close until 2019.

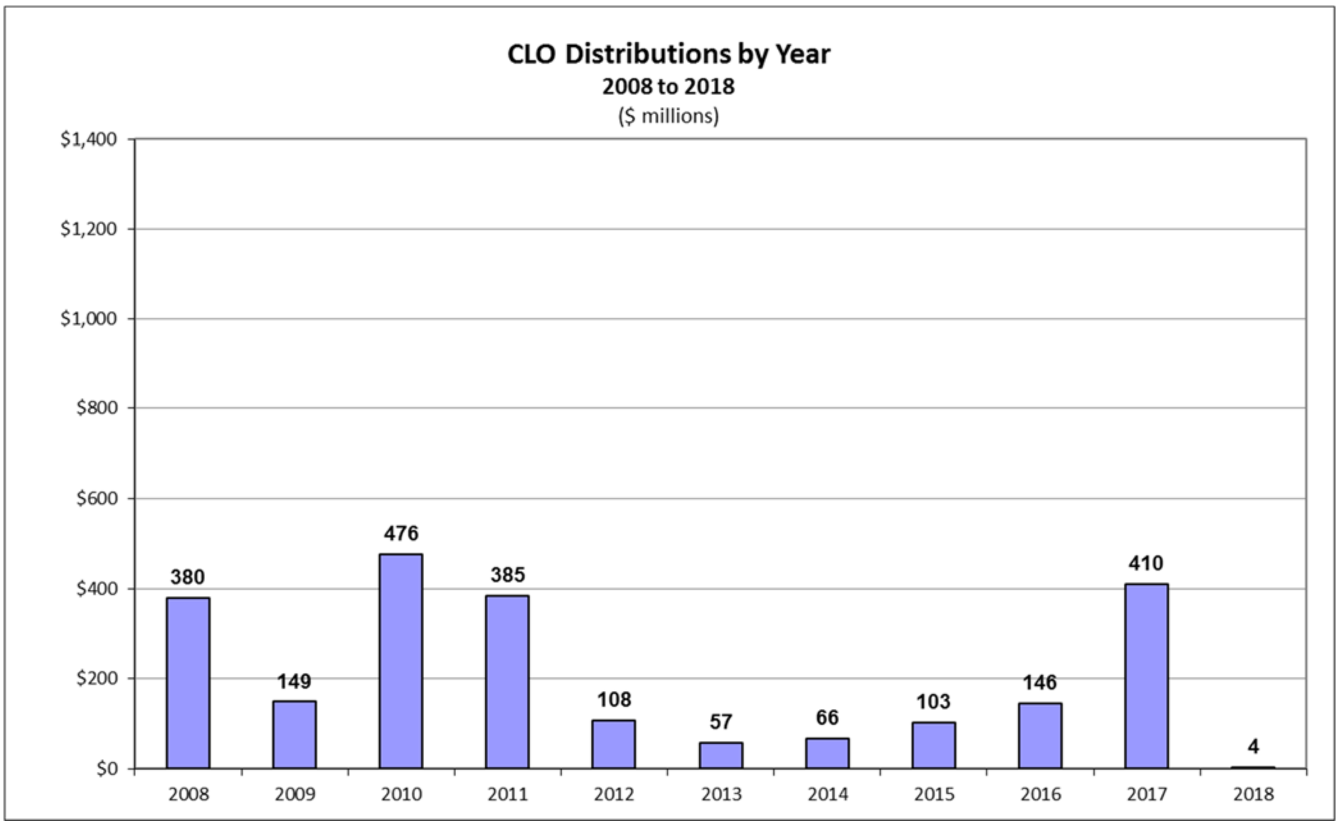


Since 1994, there have been approximately 132 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 55 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

2. Distributions

Final Distributions

Estate	2018 Actual ($ Millions)	2018 Goal ($ Millions)
SeeChange Health Ins. Co.	$3.7	$3.5
Fremont Life Ins. Co.	$0.0	$1.5
Fremont Indemnity Co.	$0.0	$70.0
Western Employers Ins. Co.	$0.0	$85.0
TOTAL DISTRIBUTIONS:	**$3.7**	**$160.0**



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 1.5 years at December 31, 2018.

The investments are managed in equal parts by two professional money management firms and are warehoused at the Union Bank of California.

At December 31, 2018, the CLO had $371.7 million of estate marketable investment securities under management.

For the year ending December 31, 2018, the average portfolio balance was approximately $362 million. The portfolio earned an interest yield of 2.3% and a net yield after security gains/losses and mark-to-market adjustments of 1.5%.

In addition, the CastlePoint estate was managed by the CLO and maintained in a separate investment account, amounting to $250 million. The CastlePoint estate is currently located in New Jersey and will be transferred to San Francisco early 2019 at which time this investment account will be transferred to the CLO investment pool.

Administrative Expenses

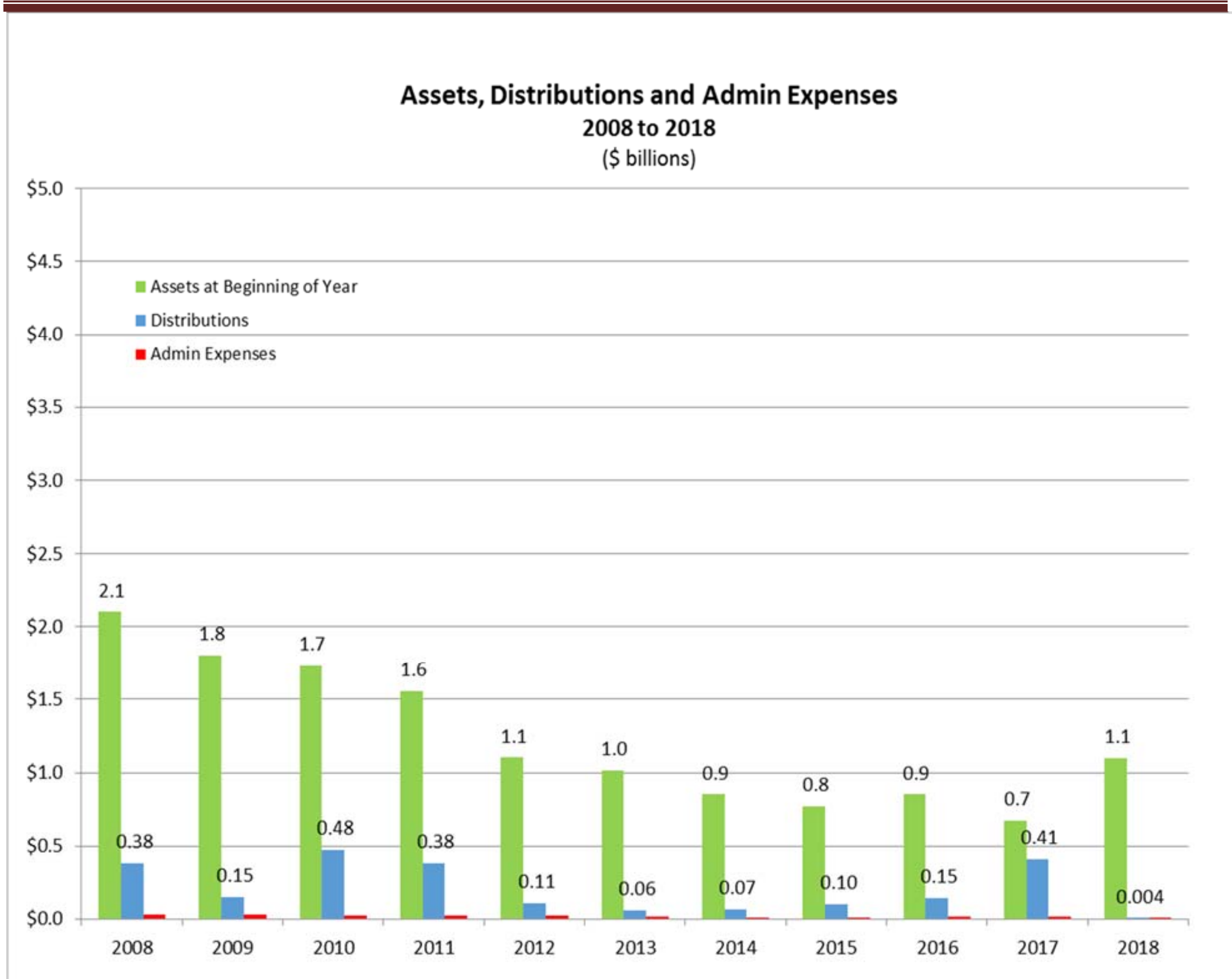
Administrative expenses consist of both direct and indirect expenses. [1]

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 was 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.

[1] *See "CLO Financial Results" section of this report on the budget and actual expenditures for 2018 for direct and indirect expenses.*



The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2008 to 2018. The table below lists these figures.

Year	Assets ($ billions)	Distributions ($ millions)	Administrative Expenses ($ millions)
2008	$2.1	$380	$29
2009	$1.8	$149	$29
2010	$1.7	$476	$22
2011	$1.6	$385	$21
2012	$1.1	$108	$25
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

CLO Compensation

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.

Compensation Methodology

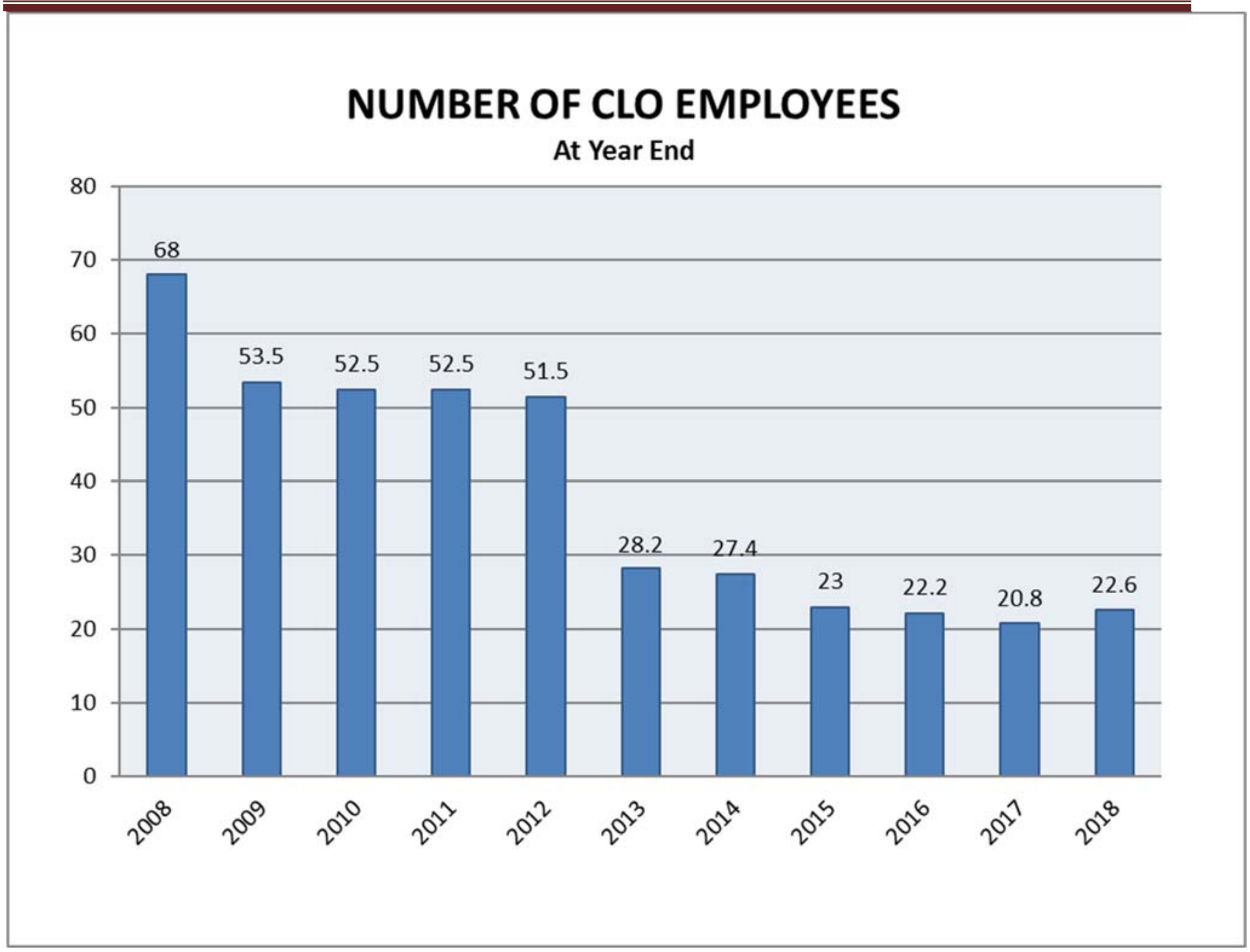
The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the Comp Analyst, which is a large survey representing thousands of companies across the U.S. which includes hundreds of jobs. This subscription 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:

	2018	2019 (Budget)
Number of CLO full-time equivalent employees at beginning of year	20.8	22.6
Total compensation and benefits for CLO employees	$4,592,200	$5,068,900



The chart above shows the number of CLO full-time employee equivalent from 2008 to 2018.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 67% compared to December 31, 2008.

CLO Financial Results

For Years Ended December 31, 2018 and December 31, 2017

Cash received	December 31, 2018 Actual	December 31, 2018 Budget	December 31, 2017
Reinsurance recoveries, and miscellaneous income	$6,766,200	N/A[2]	$30,010,500
Investment income, net of expenses	6,581,700	N/A[3]	6,320,000
Total:	**$13,347,900**		**$36,330,500**

[2] Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.
[3] 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.

	December 31, 2018 Actual	December 31, 2018 Budget	December 31, 2017
Distributions	**$3,727,900**	**$160,000,000**	**$410,200,000**

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2018 Actual	December 31, 2018 Budget	December 31, 2017
Legal expenses	$535,200	$2,917,200	$1,245,900
Consultants and contractors	1,151,600	1,403,300	2,180,200
Office expenses	648,900	460,900	837,900
Compensation and benefits	0	0	8,400
Total:	$2,335,700	$4,781,400	$4,272,400

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2018 Actual	December 31, 2018 Budget	December 31, 2017
Compensation and benefits	$4,592,200	$4,280,800	$4,470,200
Office expenses	1,501,600	1,486,000	1,667,500
Consultants and contractors	102,600	137,300	162,600
Legal expenses	15,500	8,400	8,300
Total:	$6,211,900	$5,912,500	$6,308,600

Administrative Totals	December 31, 2018 Actual	December 31, 2018 Budget	December 31, 2017
Estate Direct Expense Total	$2,335,700	$4,781,400	$4,272,400
CLO Overhead Expense Total	6,211,900	5,912,500	6,308,600
Total:	**$8,547,600**	**$10,693,900**	**$10,581,000**

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.

Executive Life & ELIC Opt Out Trust:

The Estate and associated trust will remain open until the full resolution of any remaining Federal tax matters or the lapse of the associated 3 year statute of limitations which is anticipated to be on or about September 15, 2019. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $853 million to claimants. Assets presently in the Estate will fund final distributions and the associated legal/administrative costs required to properly close the estate. The Estate will petition the court for approval of a final distribution and closing order in late 2019.

Fremont Indemnity Company:

The Fremont Estate completed the run off of its extensive reinsurance program. The Estate has resolved all class 2 (policyholder) liabilities, the majority of which is comprised of the state guaranty fund claims. The Estate will petition the court for approval of a final distribution and closing order in late 2019.The Estate has distributed in excess of $1 billion dollars in early access distributions to state guaranty funds since 2003. The Estate is not facing any other material litigation or legal impediments.

Golden Eagle:

The Estate is in long-term run off. All policyholder claims have been 100% reinsured and are being paid timely. Because this reinsurance program 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), the Commissioner has not asked the court to set a bar date or to take any other action that would prematurely cut off any policyholders 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 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 must remain open. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

Great States:

The Estate has resolved all issues except for a surety bond matter in Arizona. The Estate is actively working with the Arizona Industrial Commission to help resolve their collection dispute with the surety company. Significant progress has been made in the past year to the degree that the entire surety impasse is likely positioned for final resolution in 2019. To date, the Estate has distributed 40.3 percent of the paid losses to the Insurance Guaranty Associations.

Mission/Mission National:

Both Mission Insurance Company and Mission National Insurance Company have reached agreements with the United States Department of Justice and the EPA on a Federal Waiver settlement and release. The Federal Waiver and Settlement documents were formally ratified by both the federal government and the liquidation court in 2017. The resolution of this long-standing legal impasse allowed for a major distribution to be released from both the Mission and Mission National estates as well as the Enterprise estate in 2017. All policyholder claims in both the Mission and Mission National estates have been paid 100%. Both estates will remain open to collect material reinsurance obligations from other insolvent estates.

Superior National Insurance Companies in Liquidation (SNICIL):

The 5 SNICIL estates are all in final run off and have approximately $17.2 million of collectible reinsurance still on the books. Nearly all of the collectible reinsurance involves long tail Workers Compensation business; thus, the strategy is to attempt to commute the remaining balances. This will continue to require a significant amount of time and effort to commute all of the reinsurance contracts and programs. All of the known and properly submitted proof of claim liabilities have been determined except the finalization of the claims associated with the state guaranty funds. Collectively, the 5 estates have distributed approximately $1.5 billion dollars in early access distributions to state guaranty funds since 2001. The estate will seek to obtain a Court sanctioned final claims cut-off date as of June 30, 2019, preparatory to initiating closure activities in 2020.

Western Employers:

Western Employers underwrote long-tail exposures (workers compensation, asbestos, pollution etc.) and had been subject to extensive litigation associated with claims that exceed state guaranty fund coverage limits or were altogether not covered by the guaranty funds. Western Employers has several high limit umbrella and excess policy claims that have not reached policy attachment points. In order to attempt to close the estate, the CLO had to obtain an Insurance Code §1025 tail cutting motion to require that all remaining claims liabilities be liquidated in order to share in a final distribution. This “tail-cutting” process occurred in 2017 and the Estate has now finalized liability determinations of all but two problematic claims. The Estate has distributed $35 million to Guaranty Associations and another $19 million to non-Guaranty Association approved creditors. The Estate plans to do a final distribution for all creditors, except for the two non-resolved claims, in 2019. As one of the unresolved claims involves the Federal Government and is related to a United States Super Fund clean-up matter, the claim will be difficult to resolve in a short time frame. The estate will proceed with a final distribution to all other creditors, and then will address any requirements associated with the final two claims as they are resolved.

Claims History

Property and Casualty Estates

Estate	Liquidation Date	Proof Of Claims Filed	Proof Of Claims Resolved	Open POCs
CastlePoint National	4/1/2017	1,849	35	1,813*
Fremont	7/2/2003	45,673	45,672	1
Golden Eagle [4]	2/18/1998		n/a (see below)	
Great States	5/8/2001	1,169	1,168	1
Merced**	12/3/2018	TBD	TBD	TBD
Mission (2 estates)	2/24/1987	141,646	141,646	0
Superior (5 estates)	9/26/2000	13,951	13,908	43
Western Employers	4/19/1991	9,791	9,789	2
	Total:	**214,079**	**212,218**	**1,860**

[4] 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.

**Disparity of 1 POC not reconciled.*

***POCs issued in 2019*

Life and Health Insurance Estates

Executive Life Insurance Company: Executive Life is a life insurance company and has policies rather than claims. There were 327,000 policies/contracts at time of liquidation.

Fremont Life Insurance Company: Fremont Life transferred approximately 3,500 in-force policies to assuming insurers via reinsurance and/or co-insurance agreements prior to conservation. All policy administration is handled by the successor insurers. The Estate is a wholly owned subsidiary of the Fremont Indemnity insolvency estate.

2019 Business Goals

The 2019 Business Plan is focusing on estate closings and distributions.

Entering 2019 there are 15 open estates under management by the CLO. The open estates consist of 13 Property & Casualty Estates and two Life/Health Estates. Our goal in 2019 is to distribute $176 million.

Starting 2019, we have 22.6 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2019 Goals are as follows:

1. Close 1 Estate[5]
   Fremont Life Ins. Co.

   [5]Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.

2. Final Distributions

   Final Distributions:

Great States Ins. Co.	20,000,000
Fremont Life	1,000,000
Fremont Indemnity	70,000,000
Western Employers	85,000,000
	$176,000,000

Section 2 – Estate Specific Information

Page

Conservation or Liquidation Estates Opened During the Year 2018

Merced Property and Casualty Company (placed in Liquidation on 12/03/18).

Conservation or Liquidation Estates Closed During the Year 2018

SeeChange Health Insurance Company

Current Year and Cumulative Distributions by Estate[6]

Conservation & Liquidation Office

Current Year and Cumulative Distributions by Estate

	Year Ended 12/31/2018				Cumulative to 12/31/2018			
		Federal and State				Federal and State		
	Policyholders	Claims	General Creditors	Total	Policyholders	Claims	General Creditors	Total
CastlePoint National Ins Co	-	-	-	-	227,600,000	-	-	227,600,000
*Executive Life Ins Co	-	-	-	-	852,575,548	-	-	852,575,548
Fremont Indemnity Co	662,630	-	-	662,630	1,023,591,778	-	-	1,023,591,778
Great States Ins Corp	-	-	-	-	15,669,789	-	-	15,669,789
Mission Ins Co	-	-	-	-	846,832,560	23,861,132	351,683,224	1,222,376,917
Mission National Ins Co	-	-	-	-	499,851,864	4,850,000	56,223,406	560,925,270
California Comp Ins Co	-	-	-	-	922,388,281	-	-	922,388,281
Combined Benefits Ins Co	-	-	-	-	28,078,314	-	-	28,078,314
Superior National Ins Co	-	-	-	-	423,517,736	-	-	423,517,736
Superior Pacific Cas Co	-	-	-	-	56,969,739	-	-	56,969,739
Commercial Comp Cas Co	47,982	-	-	47,982	100,161,605	-	-	100,161,605
SeeChange Insurance	3,760,895	-	-	3,760,895	8,781,701	-	-	8,781,701
**Western Employers Ins Co	(7,875,456)	-	-	(7,875,456)	115,074,945	59,669	-	115,134,614
	(3,403,949)	-	-	(3,403,949)	5,121,093,860	28,770,801	407,906,630	5,557,771,292

*Since administration was transferred to CLO in 1997.

**The estate received $7.9 million of claw back (reimbursement of excess statutory deposits) from certain insurance guaranty associations.

[6]Fremont Life, Golden Eagle, and Merced estates are not included on this schedule as no distributions have occurred.

Estates in Conservation and/or Liquidation as of December 31, 2018

Estate Name	Date Conserved	Date Liquidated
California Compensation Insurance Company	03/06/00	09/26/00
CastlePoint National Insurance Company	07/28/16	04/01/17
Combined Benefits Insurance Company	03/06/00	09/26/00
Commercial Compensation Casualty Company	06/09/00	09/26/00
Executive Life Insurance Company	04/11/91	12/06/91
Fremont Indemnity Company	06/04/03	07/02/03
Fremont Life Insurance Company	06/05/08	*
Golden Eagle Insurance Company	01/31/97	02/18/98
Great States Insurance Company	03/30/01	05/08/01
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
Superior National Insurance Company	03/06/00	09/26/00
Superior Pacific Casualty Company	03/06/00	09/26/00
Western Employers Insurance Company	04/02/91	04/19/91

No Conservation or Liquidation 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 2018 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.[7]

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.

[7] *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 (http://www.caclo.org/perl/). Annual audits or reviews are waived for estates with little or no assets or activity.*

ESTATE SPECIFIC INFORMATION

CastlePoint National Insurance Company

Conservation Order: July 28, 2016
Liquidation Order: April 1, 2017

2018 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	Hermitage Insurance Company
Tower National Insurance Company	North East Insurance Company
CastlePoint Florida Insurance Company	Preserver Insurance Company
Massachusetts Homeland Insurance Company	CastlePoint Insurance Company
York Insurance Company of Maine	

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.

Since the order of liquidation, the Receiver has opened and/or re-opened approximately 2,491 claim files for the various guaranty associations. CastlePoint has also collected in excess of $45 million in miscellaneous assets and $30 million in reinsurance recoveries.

In September, 2018, 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. The Liquidator also is in the process of a transition of all liquidation services from the New Jersey office of CastlePoint to the CLO effective March 31, 2019.

CastlePoint National Ins Co

ASSETS AND LIABILITIES
As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$320,518,000	$326,502,000
Other assets	264,257,000	258,345,000
Total assets	584,775,000	584,847,000

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses		
Claims against policies, before distributions	811,287,000	731,194,000
Less distributions to policyholders		
All other claims	57,388,000	138,487,000
Total liabilities	868,675,000	869,681,000
Net assets (deficiency)	(283,900,000)	(284,834,000)

INCOME AND EXPENSES
For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$8,917,000	$7,493,000
Salvage and other recoveries (loss)	162,000	(240,000)
Total income	9,079,000	7,253,000

Expenses	2017	2018
Premiums earned	(168,000)	-
Loss and claims expenses	430,000	-
Other underwriting expenses incurred	6,725,000	5,445,000
Total expenses	(7,323,000)	(5,445,000)
Net income (loss)	1,756,000	1,808,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$519,264,000
Recoveries, net of expenses	39,713,000
Distributions	(232,475,000)
Monetary assets available for distribution	$326,502,000

Executive Life Insurance Company

Conservation Order: April 11, 1991
Liquidation Order: December 6, 1991

2018 Report

Executive Life Insurance Company (ELIC) was placed in conservation by order of the Los Angeles County Superior Court on April 11, 1991. At the time, ELIC, which had more than 330,000 policyholders, was the largest life insurance insolvency in United States history. In the summer and fall of 1991, the Commissioner conducted an auction seeking bids to acquire the junk bond portfolio and insurance assets of ELIC. In December 1991, the Commissioner's selection of a group of French and European investors (the Altus/MAAF group) as the winning bidder, and the transaction was approved by the Conservation Court.

In March 1992, ELIC's junk bond portfolio was transferred to Altus Finance for a purchase price of approximately $3 billion. In August 1993, the Court approved a final Rehabilitation Plan under which the majority of ELIC's assets and its restructured insurance policies were transferred to a new California insurance company created by the European consortium that had won the 1991 bid. The Rehabilitation Plan became effective in September 1993. Under the terms of the Rehabilitation Plan, former ELIC policyholders were given a choice either to accept new coverage (Opt In) from Aurora National Life Assurance Company (Aurora) or to terminate their ELIC policies (Opt Out) in return for a pro rata share of ELIC's assets. The Rehabilitation Plan also provided for the establishment of various trusts, collectively known as the Enhancement Trusts, to marshal and distribute assets for the benefit of former ELIC policyholders.

The Commissioner commenced a civil action in 1999 against Altus Finance S.A. (Altus) and other defendants alleging that they had acquired the junk bond portfolio and insurance assets of ELIC through fraud. Settlements were reached with certain defendants and some of the co-defendants in 2004 and 2005.

The Commissioner's lawsuit against Altus S.A. et al was resolved in the fourth quarter of 2015. In September 2016, the ELIC estate completed an interim distribution of $110.8 million to policyholder claimants pursuant to the ELIC Rehabilitation Plan. The Estate and associated trust presently remain open to allow the 3 year statute of limitation associated with the estates open tax year of 2015 to lapse. The estate will also be required to complete any escheatment of any unclaimed funds after a final distribution as well as continue to submit periodic status and fee filings with the court. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $853 million to claimants. Assets presently in the Estate will fund final distributions and operations.

ELIC Opt-Out Trust

The Opt-Out Trust receives approximately 33% of ELIC assets which are distributed to approximately 27,300 former ELIC policyholders (Opt-Outs) who elected to terminate their policies. The Opt-Out Trust received $37.5 million of Altus Settlement Funds. Presently the remaining assets of the Opt-Out Trust consist of distributions allocated to policyholders with whom contact has been lost, in most cases due to bad addresses (such funds will be escheated to the last known state of residence). This trust however, continues to remain open to effect the final distribution to Opt-Out policyholders.

The Estate and associated trust will remain open until resolution of a Federal tax matter which is anticipated about September 15, 2019. Final distribution of assets is scheduled for May 2020, followed thereafter by closure.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$76,687,600	$77,625,000
Other assets	273,200	217,500
Total assets	76,960,800	77,842,500

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	90,400	89,900
Policyholder liability	7,280,664,300	7,500,532,800
Less distributions to policyholders	(115,299,600)	(115,299,600)
Total liabilities	7,165,455,100	7,385,323,100
Net assets (deficiency)	(7,088,494,300)	(7,307,480,600)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$980,000	$1,345,200
Miscellanoues income	100	-
Total income	980,100	1,345,200

Expenses	2017	2018
Administrative expenses	502,300	467,400
Interest on policyholder liability	274,843,400	219,864,304
Total expenses	275,345,700	220,331,704
Net income (loss)	(274,365,600)	(218,986,504)

CHANGE IN MONETARY ASSETS [8]

Beginning monetary assets at takeover	$112,111,400
Recoveries, net of expenses	818,089,100
Distributions	(852,575,500)
Monetary assets available for distribution	$77,625,000

[8] *This schedule represents changes in monetary assets from August 1, 1997, when Executive Life's estate accounting was transferred to the CLO, to December 31, 2010.*

ELIC Opt Out Trust

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$16,009,500	$12,038,000
Total assets	16,009,500	12,038,000

Liabilities	12/31/2017	12/31/2018
Secured claims	13,458,900	9,653,800
Unclaimed funds payable	15,417,800	1,793,700
Payable to Affiliates	-	-
Reserve for administrative expenses	2,551,900	2,554,600
Total liabilities	17,969,715	14,002,100

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income and Expenses	2017	2018
Investment income	$212,900	$230,300
Administrative expenses	697,200	234,200
Net income (loss)	($484,300)	($3,900)

Fremont Indemnity Company

Conservation Order: June 04, 2003
Liquidation Order: July 02, 2003

<u>2018 Report</u>

Fremont was authorized as a multi-line Property & Casualty insurer, but at the time of liquidation operated as a “Monoline” Workers’ Compensation insurer writing only Workers’ Compensation and Employer Liability coverage in 48 states. Fremont is the successor by merger of six affiliate insurers that were under the common ownership of Fremont Compensation Insurance Group, Inc. (FCIG), Fremont’s immediate parent company. FCIG was wholly-owned by a publicly traded holding company, Fremont General Corporation (FGC). Approximately 65% of Fremont’s Workers’ Compensation claims are attributable to business written in California. Most of the general liability business was assumed by a group of life insurance companies and administered through a third party administrator named Riverstone. The “Claims Bar Date”, or the final date to submit a claim against the insolvent entity, was June 30, 2004.

The Estate resolved the remaining reinsurance treaties and essentially closed down all routine reinsurance operations in 2017.

Legal Counsel for the Estate obtained an Insurance Code §1025 “tail-cutting” motion to establish July 28, 2017 as the date by which all remaining open claims must be liquidated, with a final date of September 29, 2017, for the claim to be perfected and submitted to the Liquidator. This has enabled the Liquidator to complete final claim determinations and position the estate to seek authority to distribute its remaining assets. Absent unforeseen impediments, the Estate should be in position to make a final distribution in late 2019.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$77,945,500	$81,963,600
Recoverable from reinsurers	2,504,100	2,279,700
Other assets	1,427,200	1,409,100
Total assets	81,876,800	85,652,400

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	42,500	39,500
Claims against policies, before distributions	2,673,590,000	2,510,633,100
Less distributions to policyholders	(1,022,929,100)	(1,023,591,800)
All other claims	221,033,600	220,995,500
Total liabilities	1,871,737,000	1,708,076,300
Net assets (deficiency)	($1,789,860,200)	($1,622,423,900)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$957,900	$1,388,200
Salvage and other recoveries	5,226,100	1,593,600
Total income	6,184,000	2,981,800

Expenses	2017	2018
Loss and claims expenses	(176,456,700)	(161,913,300)
Federal Income Tax Expense	236,200	99,000
Administrative expenses	871,300	702,500
Total expenses	(175,349,200)	(161,111,800)
Net income (loss)	$181,533,200	164,093,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$434,855,900
Recoveries, net of expenses	670,699,500
Distributions	(1,023,591,800)
Monetary assets available for distribution	$81,963,600

Fremont Life Insurance Company

Conservation Order: June 05, 2008

2018 Report

Fremont Life Insurance Company (Fremont Life), a California domiciled life insurance company was located in Costa Mesa, California. Fremont Life was a wholly owned subsidiary of Fremont Compensation Insurance Group Inc., whose ultimate parent was Fremont General Corporation (FGC). FGC filed for protection under Chapter 11 of the U.S. Bankruptcy Code in June of 2008. At the time of the parent's bankruptcy filing Fremont Life was unable to maintain the minimum required capital and surplus of $4,500,000. At about the time of the bankruptcy filing by FGC, the California Department of Insurance opted to seek conservation of Fremont Life.

All in-force insurance contracts have been transferred to successor insurance companies, and the operations of Fremont Life have been discontinued. The conservation estate has ensured the final assumption requirements to completely transfer all in-force policies has been completed by the successor insurers. The Estate has confirmed through declaration by corporate counsel that all final assumption notifications and certificates have been delivered to the remaining co-insured policyholders in accordance with the original assumption transaction agreements. Legal counsel to the conservation estate will seek court authority to release a final distribution and close the estate in 2019. The Estate is a wholly owned subsidiary of the Fremont Indemnity insolvency estate.

Fremont Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$1,571,000	$1,407,900
Other assets	600	4,000
Total assets	1,571,600	1,411,900

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	176,500	176,500
All other claims	1,609,200	1,368,400
Total liabilities	1,785,700	1,544,900
Net assets (deficiency)	($214,100)	($133,000)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$20,000	$25,300
Total income	20,000	25,300

Expenses	2017	2018
Administrative expenses	32,600	184,500
Total expenses	32,600	184,500
Net income (loss)	($12,600)	($159,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$1,443,100
Recoveries, net of expenses	(35,200)
Monetary assets available for distribution	$1,407,900

Golden Eagle Insurance Company

Conservation Order: January 31, 1997
Rehab./Liquidation Plan Approved: August 4, 1997
Liquidation Order: February 18, 1998

2018 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. Because payment in full of Golden Eagle’s insurance liabilities is provided for under the Plan, the Liquidation Order does not contain a formal finding of insolvency, and thus the claim payment obligations of the Insurance Guaranty Associations (IGAs) have not been triggered. As a result, no bar date has been set for the filing of insurance claims covered under a Golden Eagle policy. Such 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. The Commissioner is working to develop and implement a plan to keep the Plan in place, but dismiss the judicial proceeding subject to the case being reopened in the future if necessary to protect policyholders, to enforce the Plan, and/or to allow for IGA coverage to be triggered in the event the existing claims paying capacity provided for under the Rehabilitation Plan is exhausted.

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. Even if the legal proceeding is temporarily dismissed, the liquidation 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

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$1,546,100	$1,403,100
Other assets	100	3,900
Total assets	1,546,200	1,407,000

Liabilities	12/31/2017	12/31/2018
Total liabilities	-	-
Net assets (deficiency)	$1,546,200	$1,407,000

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$20,800	$24,600
Total income	20,800	24,600

Expenses	2017	2018
Administrative expenses	141,800	163,800
Total expenses	141,800	163,800
Net income (loss)	($121,000)	($139,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover [9]	$2,029,000
Recoveries, net of expenses	(625,900)
Monetary assets available for distribution	$1,403,100

[9] *As of December 31, 2006, when Golden Eagle's estate accounting was transferred to the CLO.*

Great States Insurance Company

Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

<u>2018 Report</u>

Great States Insurance Company was domiciled in California and was licensed to transact business in 14 states. Great States wrote only workers' compensation insurance and concentrated in Arizona, California, Colorado, and Nevada. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

A significant portion of the Estate's statutory deposits were in the form of surety bonds that were intended to be released as post-liquidation claims arose and formal awards were issued. The process of reconciling these releases and offsets has been an on-going requirement of the Estate.

The Estate has completed the commutation of the surety bond issued by American Home Assurance covering California losses. Further the Estate continues to support the state of Arizona in its efforts to collect from American Home Assurance. In Arizona, the estate is working with the Arizona Industrial Commission to bill the proper amounts due under the surety after it encountered various obstacles to recovering over the last few years. Substantial progress has been made, and it is likely all issues may be resolved in the first half of 2019. Resolution of the Arizona surety collections would position the estate for a final distribution of all remaining assets and closure sometime in 2019. Only the California and Arizona claims remained unresolved in 2018, and beyond the surety collections there are no material assets remaining for collection.

Great States Ins Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$20,770,800	$20,965,000
Total assets	20,770,800	20,965,000

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	16,200	(4,900)
Claims against policies, before distributions	71,416,900	71,768,700
Less distributions to policyholders	(15,669,800)	(15,669,800)
All other claims	11,917,600	11,917,600
Total liabilities	67,680,900	68,011,600
Net assets (deficiency)	($46,910,100)	($47,046,600)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$265,800	$362,200
Salvage and other recoveries	5,537,800	600
Total income	5,803,600	362,800

Expenses	2017	2018
Loss and claims expenses	(253,400)	352,400
Federal Income Tax Expense	93,000	-
Administrative expenses	150,200	147,000
Total expenses	(10,200)	499,400
Net income (loss)	$5,813,800	($136,600)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$7,889,700
Recoveries, net of expenses	28,745,100
Distributions	(15,669,800)
Monetary assets available for distribution	$20,965,000

Merced Property & Casualty Company

Liquidation Order: December 3, 2018

2018 Report

Merced Property & Casualty Company ("Merced") located in Atwater, California was duly organized and domiciled to transact business in California. Merced was 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 November of 2018 the Camp Fire started in Butte County, California and ultimately burned an area in excess of 153,000 acres causing at least 85 civilian casualties and destroyed 18,793 structures including 13,696 single-family homes. Merced wrote significant homeowners coverage in the cities of Paradise and Magalia, and suffered terminal claim development as a result.

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 of $5.4 million as set forth in Insurance Code sections 700.01, 700.02 & 700.025.

During the first month of insolvency the liquidation team has completed the issuance of all required legal notifications, cancellations and transfer of all legal control and custody of Merced assets and business accounts. Further, immediate efforts were commenced to transfer of all in-force policy and claim data to the California Insurance Guarantee Association (CIGA). Upon entry of the liquidation order, CIGA's statutory obligation to adjust and pay Merced claims was triggered.

Considerable progress was made during the final month of 2018, CIGA was able to commence issuing Merced estate claim payments prior to year-end and is positioned to make material payments including most all unearned premium refunds during the first quarter of 2019. The Merced liquidation is expected to run off over a number of years depending on the complexity of certain third party recoveries.

Merced Property and Casualty Co

ASSETS AND LIABILITIES
As of December 31, 2018

Assets	12/31/2018
Cash and investments	$31,389,110
Other assets	1,287,212
Total assets	32,676,322

Liabilities	12/31/2018
Secured claims and accrued expenses	281,090
Claims against policies, before distributions	71,855,044
Less distributions to policyholders	
All other claims	417,111
Total liabilities	72,553,245
Net assets (deficiency)	($39,876,923)

INCOME AND EXPENSES
For Year Ended December 31, 2018

Income	2018
Net premium income	$6,558,546
Investment income	843,871
Salvage and other recoveries	-
Total income	7,402,417

Expenses	2018
Loss and claims expenses	60,022,944
Federal Income Tax Expense	(7,582)
Administrative expenses	3,305,176
Total expenses	63,320,538
Net income (loss)	55,918,121

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$23,011,357
Recoveries, net of expenses	8,377,753
Distributions	-
Monetary assets available for distribution	$31,389,110

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

2018 Report

The Mission Insurance Companies' insolvency proceedings began with a court-ordered conservation of the Mission entity on October 31, 1985 with the balance of the entities being conserved in November 1985. All were placed into conservation due to their hazardous financial condition. Efforts to rehabilitate the companies did not succeed, and on February 24, 1987, the companies were ordered into liquidation

In accordance with a 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 2018, 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 issues by the taxpayer.

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 Federal Waiver and Settlement agreement have been fully ratified by both the federal government and the liquidation court in 2017. The Estates made a quasi-final distribution in 2017 to all creditors thereafter, but the estate must remain open as there is still a substantial amount of assets to recover from other insolvent entities.

Mission Ins Co

ASSETS AND LIABILITIES
As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$4,336,400	$4,703,300
Recoverable from reinsurers	20,788,400	20,788,400
Other assets	23,817,600	23,816,400
Total assets	48,942,400	49,308,100

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	1,461,600	1,980,100
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	112,419,500	112,419,500
Total liabilities	113,881,100	114,399,600
Net assets (deficiency)	($64,938,700)	($65,091,500)

INCOME AND EXPENSES
For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$1,372,700	$82,600
Salvage and other recoveries	81,700	182,700
Total income	1,454,400	265,300

Expenses	2017	2018
Loss and claims expenses	(351,700)	-
Administrative expenses	744,700	418,000
Total expenses	393,000	418,000
Net income (loss)	$1,061,400	($152,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$133,667,000
Recoveries, net of expenses	1,069,663,200
Distributions...	(1,198,626,900)
Monetary assets available for distribution	$4,703,300

Mission National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$4,994,900	$3,829,000
Recoverable from reinsurers	2,610,000	2,610,000
Other assets	500	-
Total assets	7,605,400	6,439,000

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	2,489,900	1,297,800
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(528,997,900)	(528,997,900)
All other claims	16,838,100	16,838,100
Total liabilities	86,428,600	85,236,500
Net assets (deficiency)	($78,823,200)	($78,797,500)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$412,900	$74,600
Salvage and other recoveries	76,400	86,400
Total income	489,300	161,000

Expenses	2017	2018
Loss and claims expenses	(5,429,900)	-
Administrative expenses	268,600	135,200
Total expenses	(5,161,300)	135,200
Net income (loss)	$5,650,600	25,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,289,000
Recoveries, net of expenses	541,615,300
Distributions	(556,075,300)
Monetary assets available for distribution	$3,829,000

Superior National Insurance Companies In Liquidation (SNICIL)

(California Compensation Insurance Company, Combined Benefits Insurance Company, Commercial Compensation Casualty Company, Superior National Insurance Company, and Superior Pacific Casualty Company)

Conservation Order: March 6, 2000
Liquidation Order: September 26, 2000

2018 Report

On March 6, 2000, the Los Angeles County Superior Court (the Court) ordered and appointed the Insurance Commissioner to serve as Conservator of four workers' compensation insurance companies: Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company and Combined Benefits Insurance Company. On June 9, 2000, the Court ordered and appointed the Commissioner to serve as conservator of a fifth workers' compensation insurance company named Commercial Compensation Casualty Company. In his capacity as Conservator, the Insurance Commissioner obtained title to and possession of all the property and assets of the five estates, collectively identified as Superior National Insurance Companies in Liquidation (Superior National Estates).

In September 26, 2000, the Court found that each of the Superior National Estates was insolvent and that it would be futile to proceed as Conservator. The Court terminated the Insurance Commissioner's status as conservator of the five insurers and ordered and appointed the Commissioner to serve as Liquidator of the insurers.

Under the most optimistic estimates, SNICL has insufficient assets to fully pay the policyholder claims. Consequently, once all asset recoveries are fully monetized, the Estate will seek court approval not to review any claims below the policyholder class.

The largest remaining asset on the books of the estates are reinsurance recoverables of approximately $17,200,000 (includes IBNR). The Estates' continuing and ultimate goal is to fully resolve its reinsurance recoverables through treaty commutations since Workers Compensation claims are such long tailed claims that conceivably there could be reinsurance billing for the next 25 plus years. Once reinsurance has been resolved, there are no significant issues remaining and the Liquidator can seek closure. The estate will seek to obtain a Court sanctioned final claims cut-off date as of June 30, 2019, preparatory to initiating closure activities in 2020.

California Compensation Ins Co

ASSETS AND LIABILITIES
As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$16,107,300	$15,746,100
Recoverable from reinsurers	1,034,600	1,034,600
Other assets	700	-
Total assets	17,142,600	16,780,700

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	231,200	231,200
Claims against policies, before distributions	2,000,010,800	2,002,168,600
Less distributions to policyholders	(922,388,300)	(922,388,300)
All other claims	119,228,500	119,228,500
Total liabilities	1,197,082,200	1,199,240,000
Net assets (deficiency)	($1,179,939,600)	($1,182,459,300)

INCOME AND EXPENSES
For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$246,300	$271,900
Salvage and other recoveries	3,490,300	2,779,700
Total income	3,736,600	3,051,600

Expenses	2017	2018
Loss and claims expenses	(8,455,600)	4,936,900
Administrative expenses	631,600	634,400
Total expenses	(7,824,000)	5,571,300
Net income (loss)	$11,560,600	($2,519,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$165,879,200
Recoveries, net of expenses	772,255,200
Distributions	(922,388,300)
Monetary assets available for distribution	$15,746,100

Combined Benefits Ins Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$7,249,900	$7,288,600
Recoverable from reinsurers	1,100	1,100
Total assets	7,251,000	7,289,700

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	900	600
Claims against policies, before distributions	33,973,000	33,868,700
Less distributions to policyholders	(28,078,300)	(28,078,300)
All other claims	6,233,900	6,228,400
Total liabilities	12,129,500	12,019,400
Net assets (deficiency)	($4,878,500)	(4,729,700)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$102,200	$125,200
Salvage and other recoveries	(1,100)	18,800
Total income	101,100	144,000

Expenses	2017	2018
Loss and claims expenses	(615,300)	(80,800)
Administrative expenses	82,600	76,000
Total expenses	(532,700)	(4,800)
Net income (loss)	$633,800	$148,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$11,115,400
Recoveries, net of expenses	24,251,500
Distributions	(28,078,300)
Monetary assets available for distribution	$7,288,600

Superior National Ins Co

ASSETS AND LIABILITIES
As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$28,290,700	$29,688,000
Recoverable from reinsurers	7,984,400	7,589,000
Total assets	36,275,100	37,277,000

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	78,100	77,500
Claims against policies, before distributions	831,897,100	832,612,500
Less distributions to policyholders	(423,517,700)	(423,517,700)
All other claims	28,722,700	28,722,700
Total liabilities	437,180,200	437,895,000
Net assets (deficiency)	($400,905,100)	($400,618,000)

INCOME AND EXPENSES
For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$241,700	$412,400
Salvage and other recoveries	886,200	516,000
Total income	1,127,900	928,400

Expenses	2017	2018
Loss and claims expenses	(22,933,200)	361,800
Administrative expenses	262,400	279,700
Total expenses	(22,670,800)	641,500
Net income (loss)	$23,798,700	$286,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$68,622,300
Recoveries, net of expenses	384,583,400
Distributions	(423,517,700)
Monetary assets available for distribution	$29,688,000

Superior Pacific Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$10,048,400	$11,377,100
Recoverable from reinsurers	8,232,400	8,592,500
Total assets	18,280,800	19,969,600

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	600	400
Claims against policies, before distributions	215,174,900	216,891,600
Less distributions to policyholders	(56,969,700)	(56,969,700)
All other claims	62,365,700	62,365,700
Total liabilities	220,571,500	222,288,000
Net assets (deficiency)	($202,290,700)	($202,318,400)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$158,000	$187,400
Salvage and other recoveries	(6,600)	601,400
Total income	151,400	788,800

Expenses	2017	2018
Loss and claims expenses	(5,537,100)	643,300
Administrative expenses	228,300	173,000
Total expenses	(5,308,800)	816,300
Net income (loss)	$5,460,200	($27,500)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$58,666,300
Recoveries, net of expenses	9,680,500
Distributions	(56,969,700)
Monetary assets available for distribution	$11,377,100

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$11,096,400	$11,165,200
Recoverable from reinsurers	6,800	6,800
Total assets	11,103,200	11,172,000

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	683,200	682,600
Claims against policies, before distributions	140,782,600	140,661,000
Less distributions to policyholders	(100,113,600)	(100,161,600)
All other claims	13,918,500	13,918,500
Total liabilities	55,270,700	55,100,500
Net assets (deficiency)	($44,167,500)	($43,928,500)

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$147,900	$192,000
Salvage and other recoveries	45,700	98,200
Total income	193,600	290,200

Expenses	2017	2018
Loss and claims expenses	1,765,600	(23,400)
Administrative expenses	68,800	74,700
Total expenses	1,834,400	51,300
Net income (loss)	($1,640,800)	$238,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$6,420,700
Recoveries, net of expenses	104,906,100
Distributions	(100,161,600)
Monetary assets available for distribution	$11,165,200

Western Employers Insurance Company

Conservation Order: **April 2, 1991**
Liquidation Order: **April 19, 1991**

2018 Report

Western Employers Insurance Company (WEIC) began as a New York-domiciled insurer known as Leatherby Insurance Company and was re-domesticated to California in the late 1970's. The company was licensed in 38 states and D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. After four years of attempted self-liquidation, WEIC determined it could no longer continue to liquidate without the assistance of the California Department of Insurance. An order placing WEIC into liquidation was entered on April 19, 1991.

WEIC's primary objective is to determine final estate liability and position the Estate for a final distribution of all remaining assets in 2019. All assets, except for some minimum residual reinsurance potentially available on unresolved claims, have been marshalled.

The Estate worked closely with the United States Department of Justice for 5 years and obtained a Federal Release waiver, meaning that the Estate has no residual liability to the United States.

The Liquidator obtained an Insurance Code §1025 tail cutting motion requiring that all claims be liquidated in April, 2017, and perfected to the Liquidator by July 2017. The Estate has now finalized liability determinations of all but two problematic claims. The Estate plans to do a final distribution for all creditors, except for the two non-resolved claims, in 2019. As one of the unresolved claims involves the Federal Government and is related to a United States Super Fund clean-up matter, the claim will be difficult to resolve in a short time frame. The estate will proceed with a final distribution to all other creditors, and then will address any requirements associated with the final two claims as they are resolved.

Western Employers Ins Co

ASSETS AND LIABILITIES

As of December 31, 2017 and December 31, 2018

Assets	12/31/2017	12/31/2018
Cash and investments	$92,194,000	$102,559,200
Other assets	1,463,700	-
Total assets	93,657,700	102,559,200

Liabilities	12/31/2017	12/31/2018
Secured claims and accrued expenses	355,400	350,000
Claims against policies, before distributions	161,892,600	162,295,200
Less distributions to policyholders	(122,950,400)	(115,074,900)
All other claims	3,012,100	3,012,100
Total liabilities	42,309,700	50,582,400
Net assets (deficiency)	$51,348,000	$51,976,800

INCOME AND EXPENSES

For Year Ended December 31, 2017 and 2018

Income	2017	2018
Investment income	$1,034,400	$1,746,600
Salvage and other recoveries	892,100	-
Total income	1,926,500	1,746,600

Expenses	2017	2018
Loss and claims expenses	(221,500)	402,600
Federal Income Tax Expense	270,000	116,000
Administrative expenses	469,100	597,000
Total expenses	517,600	1,115,600
Net income (loss)	$1,408,900	$631,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$74,867,900
Recoveries, net of expenses	142,766,200
Distributions	(115,074,900)
Monetary assets available for distribution	$102,559,200

Section 3 – 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:

Page