

2020 ANNUAL REPORT  
**CONSERVATION *and* LIQUIDATION**  
**OFFICE**

## Conservation & Liquidation Office

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## **SECTION 1 – THE CONSERVATION & LIQUIDATION OFFICE**

### **Background**

The California Insurance Commissioner (Commissioner), an elected official of the State of California, acts under the supervision of the Superior Court when conserving and liquidating insurance enterprises. In this statutory capacity, the Commissioner is charged with the responsibility for taking possession and control of the assets and affairs of financially troubled insurance enterprises domiciled in California. An impaired enterprise subject to a conservation or liquidation order is commonly referred to as an estate.

The Commissioner, through the state Attorney General's office, applies to the Superior Court for a conservation order to place the financially troubled enterprise in conservatorship. Under a conservation order, the Commissioner takes possession of the estate's financial records and real and personal property, and conducts the business of the estate until a final disposition regarding the estate is determined. The conservation order allows the Commissioner to begin an investigation to determine, based on the estate's financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public.

If, at the time the conservation order is issued or anytime thereafter, it appears to the Commissioner that it would be futile to proceed with the conservation, the Commissioner will apply for an order to liquidate the estate's business. In response to the Commissioner's application, the Court generally orders the Commissioner to liquidate the estate's business in the most expeditious fashion.

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

The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2020, the CLO is responsible for the administration of 15 insurance estates.

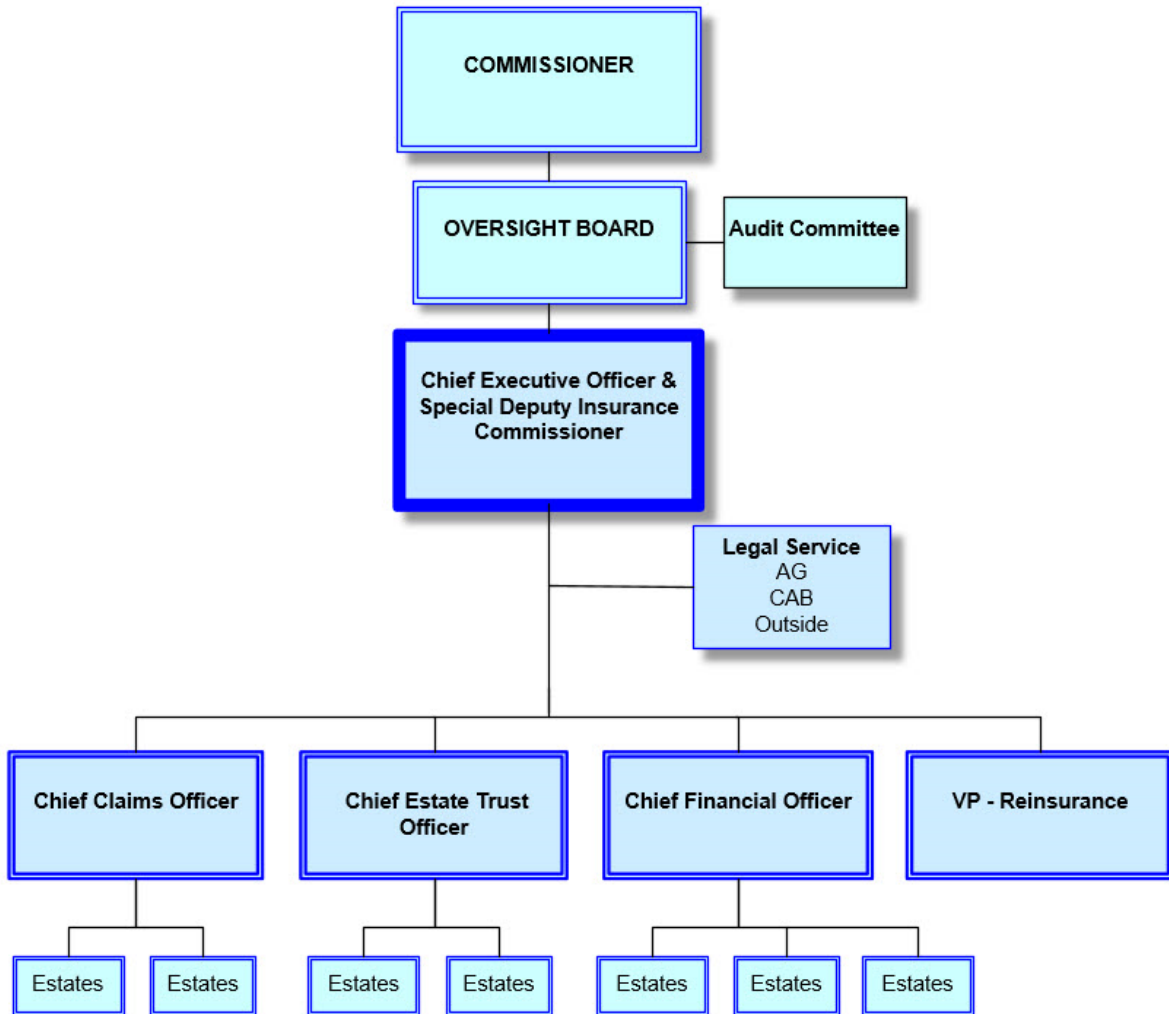
In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2020, the CLO assisted with two such examinations.

In 2014, the CLO's Oversight Board authorized the CLO/Regulatory Services Group (RSG) (name used when doing work other than traditional California conservation and liquidations) to enter an engagement with the Nevada Insurance Commissioner to provide receivership management services. In 2016, the Board authorized engagements with Insurance Commissioners from the states of Colorado, Hawaii,

Oregon, and Wyoming. In 2017, the Board authorized an engagement with the State of Arizona to assist in the Meritas insolvency. In 2020, the Board again authorized an engagement with the State of Nevada to assist in the Physicians Indemnity Risk Retention Group Insolvency. 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**

**Conservation & Liquidation Office  
Executive/Board**



## Oversight Board and Audit Committee Meetings

CLO activities are overseen by an Oversight Board composed of three senior executives of the California Department of Insurance. The Board also serves as the Audit Committee members. During 2020 the Oversight Board and Audit Committee members are the Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner – Financial Surveillance Branch.

During 2020 the Oversight Board and Audit Committee held three regularly scheduled meetings.

## Mission Statement and 2020 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.

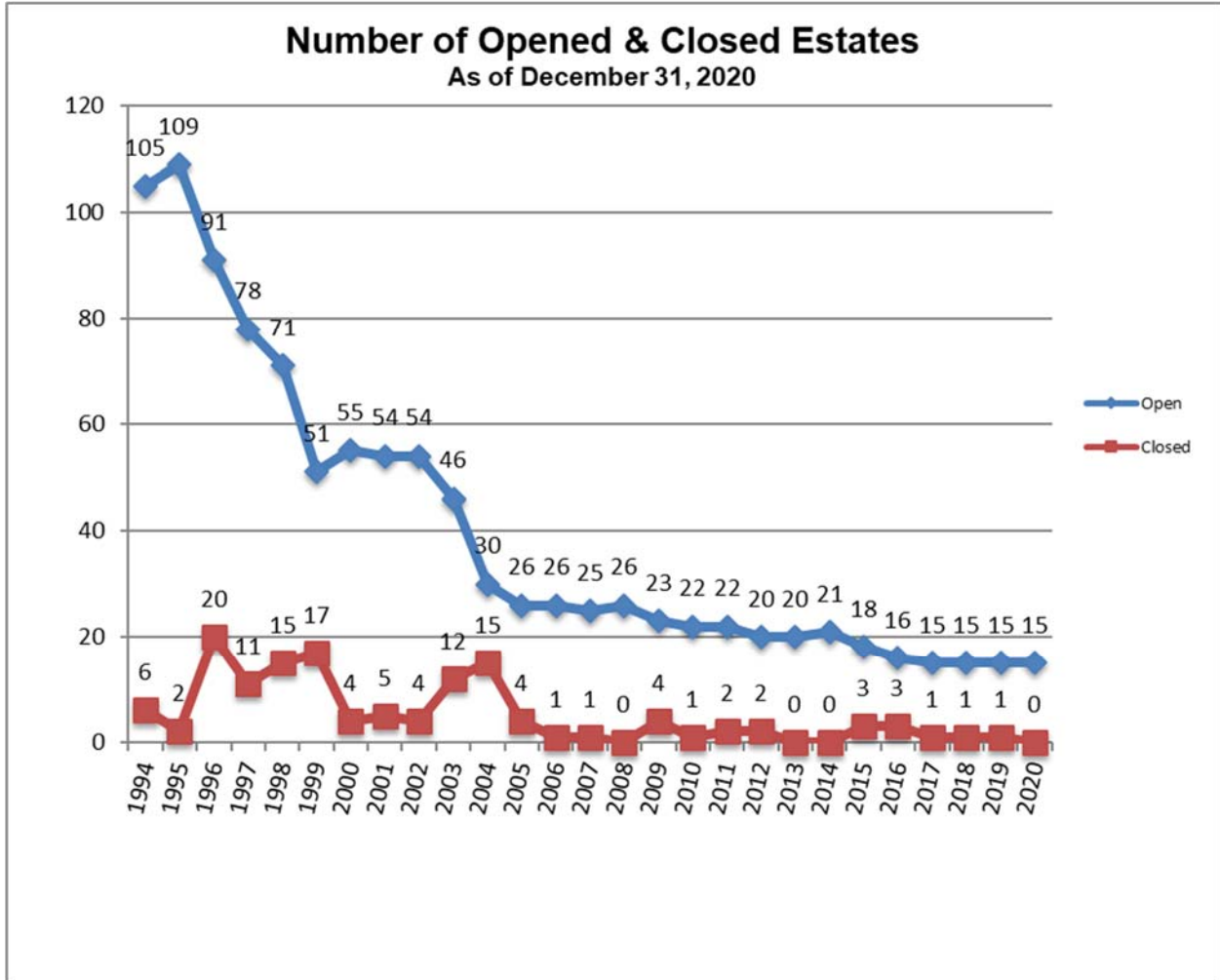
The 2020 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2020, there were 15 open estates under management. The open estates consist of 14 Property & Casualty Estates and one Life/Health Estate. The CLO goal in 2020 was to close one estate and distribute \$120 million.

The final distribution and closing of an estate is one of the more challenging milestones to achieve in the liquidation process. The Great States estate is awaiting a final federal tax refund to complete a final supplemental distribution and estate closure has been moved to 2021.

### 1. Closings

GOAL	RESULTS
Close 1 Estate: 1) Great States Ins. Co.	Due to delay of federal tax refund, Great States will not close until 2021.

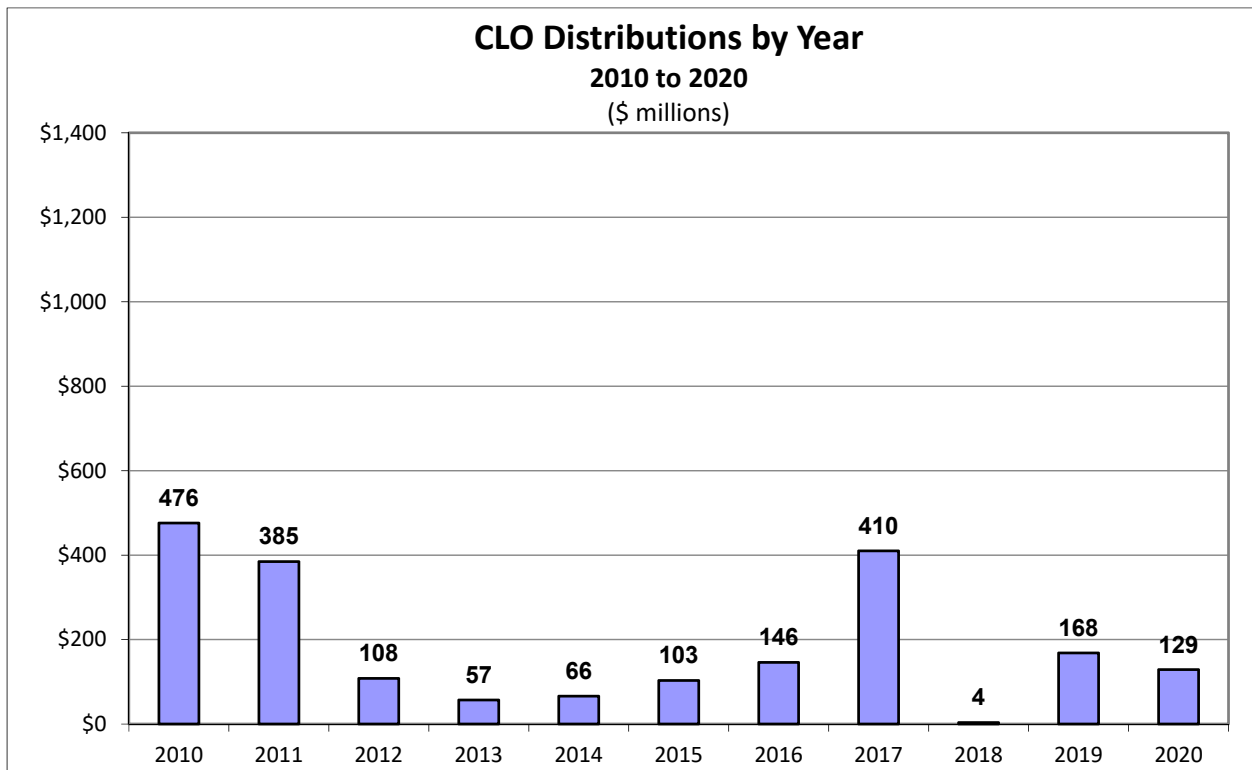


Since 1994, there have been approximately 133 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 56 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

**2. Distributions**

**Final Distributions**

<b>Estate</b>	<b>2020 Actual (\$ Millions)</b>	<b>2020 Goal (\$ Millions)</b>
Executive Life Ins. Co.	\$79.1	\$80.0
Mission Ins. Cos.	\$49.5	\$40.0
SeeChange (closed estate)	\$.3	\$0
<b>TOTAL DISTRIBUTIONS:</b>	<b>\$128.9</b>	<b>\$120.0</b>



## **CLO Investment Policy**

The CLO has a formal investment policy, as approved by its Oversight Board, requiring that investments be investment grade fixed income obligations of any type. These investments may be issued or guaranteed by (1) the U.S. and agencies, instrumentalities, and political sub-divisions of the U.S., and/or (2) U.S. corporations, trusts and special purpose entities. Such securities must be traded on exchanges or in over-the-counter markets in the U.S. None of the portfolio will be invested in fixed income securities rated below investment grade quality by Standard & Poor's, Moody's, or by another nationally recognized statistical rating organization. In addition, the duration must be maintained within +/- 12 months of the Barclays Capital U.S. Government/Credit 1-3 Yr. The average duration was approximately 1.5 years at December 31, 2020.

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, 2020, the CLO had \$402.6 million of estate marketable investment securities under management.

For the year ending December 31, 2020, the average portfolio balance was approximately \$365.6 million. The portfolio earned an interest yield of 2.3% and a net yield after security gains/losses and mark-to-market adjustments of 3.7%.

## **Administrative Expenses**

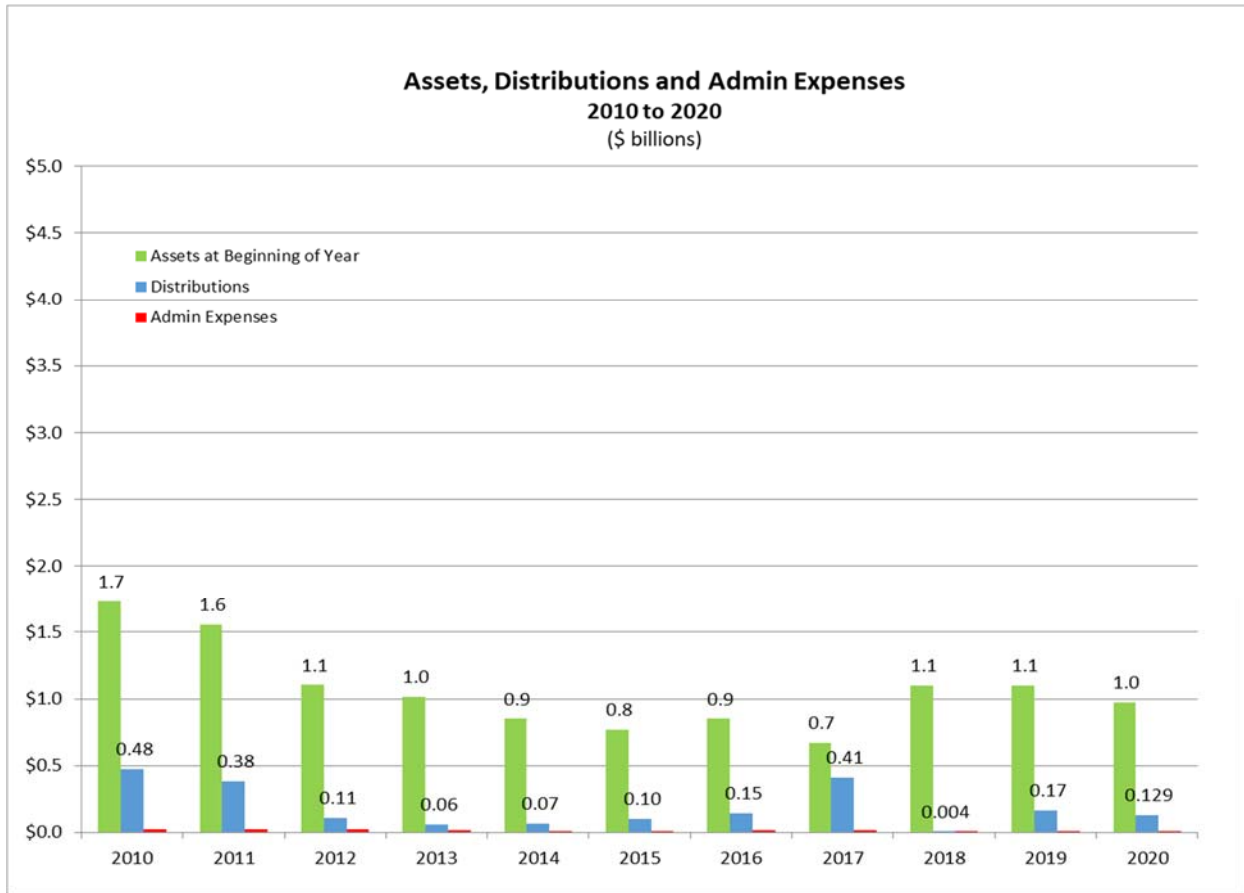
Administrative expenses consist of both direct and indirect expenses. See "CLO Financial Results" section of this report on the budget and actual expenditures for 2020 for direct and indirect expenses.

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, if applicable, office expenses, and depreciation of property and equipment.

Indirect expenses that are not incurred on behalf of a specific estate are allocated using an allocation method based on the ratio of employee hours directly charged to a specific estate to total direct hours charged to all estates. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours were incurred by all estates, that specific estate would be allocated 10% (200 hours divided by 2,000 total hours charged to all estates). Indirect expenses include CLO employee compensation, rent, and other facilities charges and office expenses.

In accordance with California Insurance Code Section 1035, the Commissioner may petition funds from a general appropriation of the State of California Insurance Fund if an estate does not have sufficient assets to pay for administrative expenses.





The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2010 to 2020. The table below lists these figures.

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
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
2019	\$1.1	\$168	\$13
2020	\$1.0	\$129	\$11

**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**

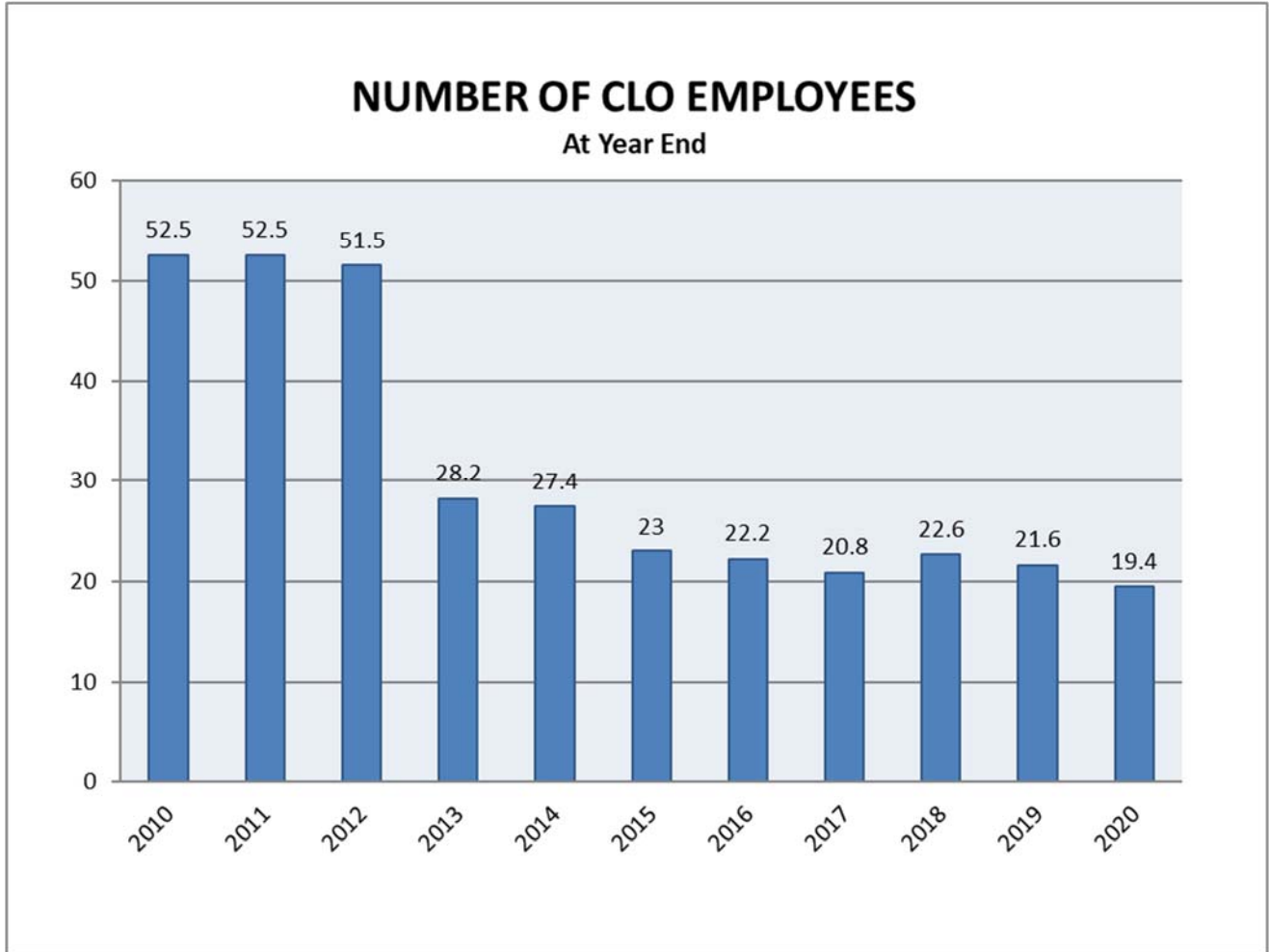
The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the Comp Analyst, which is a large survey representing thousands of companies across the U.S. which includes hundreds of jobs. This subscription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

	<b>2020</b>	<b>2021 (Budget)</b>
Number of CLO full-time equivalent employees at beginning of year	21.6	19.4
Total compensation and benefits for CLO employees	\$4,794,467	\$4,501,115



The chart above shows the number of CLO full-time employee equivalent from 2010 to 2020.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 63% compared to December 31, 2010.

**CLO Financial Results**

For Years Ended December 31, 2020 and December 31, 2019

Cash received	December 31, 2020 Actual	December 31, 2020 Budget	December 31, 2019
Reinsurance recoveries, and miscellaneous income	12,698,500	Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.	\$86,729,900
Investment income, net of expenses	19,963,500	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.	32,716,300
<b>Total:</b>	<b>32,662,000</b>		<b>\$119,446,200</b>

	December 31, 2020	December 31, 2020	December 31, 2019
	Actual	Budget	
<b>Distributions</b>	<b>\$128,865,300</b>	<b>\$120,000,000</b>	<b>\$168,464,580</b>

**Administrative – Estate Direct Expenses**

Estate Direct Expenses	December 31, 2020	December 31, 2020	December 31, 2019
	Actual	Budget	
Legal expenses	\$2,283,000	\$1,700,200	\$1,458,800
Consultants and contractors	1,587,900	1,902,900	1,495,700
Office expenses	686,400	843,300	1,953,900
Compensation and benefits			943,900
<b>Total:</b>	<b>\$4,557,300</b>	<b>\$4,446,400</b>	<b>\$5,852,300</b>

**Administrative – CLO Overhead Expenses**

CLO overhead expenses	December 31, 2020	December 31, 2020	December 31, 2019
	Actual	Budget	

Compensation and benefits	\$4,794,500	\$4,675,700	\$5,240,400
Office expenses	1,452,100	1,471,500	1,316,900
Consultants and contractors	101,500	100,400	146,800
Legal expenses	2,100	20,000	21,700
<b>Total:</b>	6,350,200	\$6,267,600	\$6,725,800
<b>Administrative Totals</b>	<b>December 31, 2020</b>	<b>December 31, 2020</b>	<b>December 31,</b>
	<b>Actual</b>	<b>Budget</b>	<b>2019</b>
<b>Estate Direct Expense Total</b>	4,557,300	\$4,446,400	\$5,852,300
<b>CLO Overhead Expense Total</b>	6,350,200	6,267,600	6,725,800
<b>Total:</b>	<b>10,907,500</b>	<b>\$10,714,000</b>	<b>\$12,578,100</b>

### **Estates Open Longer Than Ten Years**

After the entry of an order placing an impaired California insurer into conservation and/or liquidation, the Insurance Commissioner and the CLO have the statutory responsibility to marshal and resolve the assets and liabilities of the failed entity.

The time required to close an insolvency proceeding is largely determined by the amount and complexity of the assets to be monetized and distributed to claimants. In addition, the length of an insolvency is equally affected by the amount of time required to make a final determination of an estate's liability.

Most of the insolvencies that remain open for more than ten years have some combination of on-going litigation, complicated tax exposure, potential collection of additional material assets, and challenges associated with the evaluation of liabilities. Until both sides of the insolvent estate's balance sheet are resolved (assets collected and liabilities fixed), the insolvency proceeding will remain open. In addition, estates are subject to federal tax reporting and escheatment requirements after the final distribution. The estates listed below have been in liquidation for ten years or more.

#### ***Executive Life & ELIC Opt-Out Trust:***

The Estate has remained open until the full resolution of any remaining contingencies. Since the Estate was transferred to the CLO in 1997, the Estate has recovered \$906 million from litigation and distributed \$932 million to claimants. The ELIC Estate completed a final distribution on July 1, 2020. The Estate will work on a host of post distribution closing requirements (creditor outreach, escheatment, etc.) in 2021.

***Fremont Indemnity Company:***

Fremont released a \$83.4 million final distribution to approved Class 2 creditors on September 26<sup>th</sup>, the distribution paid 43.25% of approved policyholder claims. The Estate completed most all post distribution and closing activities in 2020 including the sale of a subsidiary entity to a third party. The Fremont Estate negotiated the sale of it's wholly owned subsidiary stock and charter for Fremont Life Insurance Company (FLIC). The Estate received court approval of the FLIC sale as part of it's comprehensive closing order. In addition, the Estate continues to hold certain non-transferrable annuity assets that will generate material payments to the estate over the next number of years. Together with the pending FLIC sale proceeds, the liquidation court has authorized the estate to retain the non-transferrable assets to be collected, and to distribute those funds when collections reach a \$5 million threshold.

***Golden Eagle:***

The Estate has filed pleadings administratively closing the legal proceeding on the active Superior Court docket subject to the remaining claims run-off plan. As reported in prior years, all Golden Eagle policyholder claims have been 100% reinsured and are being paid timely. The reinsurance program covering the court sanctioned run-off ensures Golden Eagle's ability to pay all policyholder claims when and as they become payable (up to the reinsurer's aggregate limit of liability). As such the Commissioner has not asked the court to take any action that would prematurely cut off any policyholder's right to submit and be paid on a claim covered under a Golden Eagle policy. Golden Eagle and the insurance guaranty associations remain liable to the policyholders in the very unlikely event the reinsurance is not sufficient to satisfy all claim obligations. The reinsurance program is believed to have sufficient coverage to accommodate all remaining claims exposure, but if the reinsurance protection is ever exhausted (by reaching the reinsurer's aggregate limit of liability) the Commissioner will take steps to trigger guaranty association protection for Golden Eagle's policyholders. Until all claims are resolved or paid out, the Estate will continue to honor all remaining claims run-off requirements but will remain in an administratively closed status. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

***Great States:***

The Estate resolved a surety bond matter in Arizona as well as navigated the recent legislative change in Arizona which complicated the process of determining the proper payee for distribution purposes. With the resolution of these final issues Great States completed a distribution in 2019 and was positioned for closure. The Estate is still due a material tax refund from the Federal government and will immediately seek to distribute the tax collection upon receipt and seek a final closure order. Significant delays in collecting the final tax recovery have been slowed by the recent civil

restrictions and their impact on the IRS. The Estate is estimated to collect its final recovery and distribute the funds and close in 2021.

***Mission/Mission National:***

Both Mission Insurance Company and Mission National Insurance Company have paid 100% of all Policyholder claim exposure. In addition to entering into agreements with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Mission estate received material distributions in 2019 and early 2020 from the Receivership estate of Centaur in Illinois. Subsequent to the Centaur collections, the Mission estate completed distributions to creditors totaling \$49.5 million. Mission and Mission National estates will remain open to collect final reinsurance obligations from other insolvent estates.

***Superior National Insurance Companies in Liquidation (SNICIL):***

After obtaining a Court sanctioned final claims cut-off date of June 30, 2019, the SNICIL Estate (5 related estates managed and referred to as a single estate internally) has addressed and finalized most all claims from the Guaranty Funds with properly submitted POCs. The CLO continues to work on a couple final claim approvals and the resulting claw-back requirements from a couple Guaranty Funds. Upon completion of the final creditor approvals, the estate will seek to file a motion for a final distribution in 2021. Collectively, the 5 estates have already distributed approximately \$1.5 billion dollars in early access distributions to state Guaranty Funds since 2001. Other than a very small claim from the Federal Government, all non-Guaranty Fund claims are resolved. The estate has essentially resolved the entire reinsurance program and its collections.

***Western Employers:***

After receiving a court sanctioned final claims cut-off date in 2017, the estate resolved all outstanding claims and released a final distribution in October, 2019 paying 100% of the estate's approved claims plus interest on that claim from the date of its approval until the date of the distribution. Subsequently, the Federal Government submitted a late claim after the claims cut-off date, arguing a super priority status and that the state court does not have the authority to bar the claim. Counsel for the Estate has negotiated a settlement of the late filed Federal claim, and is in the process of final ratification by both the Federal and State authorities. All claims other than that of the Federal Government have been paid in full. Upon final completion and funding of the settlement with the Federal Government the estate will perform all remaining post-distribution closing requirements as well as seek approval to release a final distribution of any residual estate assets to the equity holder.

**Claims History**

**Property and Casualty Estates**

<b>Estate</b>	<b>Liquidation Date</b>	<b>Proof Of Claims Filed</b>	<b>Proof Of Claims Resolved</b>	<b>Open POCs</b>
California Ins Co	N/A	TBD	TBD	TBD
CastlePoint National	4/1/2017	1,893	639	1,254
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle <sup>4</sup>	2/18/1998		n/a (see below)	
Great States	5/8/2001	1,169	1,169	0
Merced	12/3/2018	450	10	440
Mission (2 estates)	2/24/1987	141,646	141,646	0
Superior (5 estates)	9/26/2000	13,951	13,946	5
Western Employers	4/19/1991	9,792	9,791	1
	<b>Total:</b>	<b>214,574</b>	<b>212,874</b>	<b>1,700</b>

<sup>4</sup> *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.*

**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.



## 2021 Business Goals

The 2021 Business Plan is focusing on estate closings and distributions.

Entering 2021 there are 15 open estates under management by the CLO. The open estates consist of 14 Property & Casualty Estates and one Life/Health Estate. Our goal in 2021 is to distribute \$180.7 million.

Starting 2021, we have 19.4 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2021 Goals are as follows:

1. Close 1 Estate<sup>5</sup>  
Great States Ins. Co.

*<sup>5</sup>Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.*

2. Early Access and Final Distributions

Early Access Distribution:

CastlePoint National Ins. Co. ....60,000,000

Final Distributions:

Western Employers Ins. Co. ....40,000,000

Superior National Ins. Cos (SNICIL).....80,000,000

Great States Ins. Co. (supplemental). .... 700,000

**\$180,700,000**

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**Conservation or Liquidation Estates Opened During the Year 2020**

None

**Conservation or Liquidation Estates Closed During the Year 2020**

None

**Current Year and Cumulative Distributions by Estate<sup>6</sup>**

Conservation & Liquidation Office  
Current Year and Cumulative Distributions by Estate

	Year Ended 12/31/2020				Cumulative to 12/31/2020			
	Federal and State			***Total	Federal and State			Total
	Policyholders	Claims	General Creditors		Policyholders	Claims	General Creditors	
**CastlePoint National Ins Co	-	-	-	-	251,520,019	-	-	251,520,019
*Executive Life Ins Co	79,092,018	-	-	79,092,018	931,667,566	-	-	931,667,566
Fremont Indemnity Co	-	-	-	-	1,106,139,443	-	-	1,106,139,443
Great States Ins Corp	-	-	-	-	61,818,395	-	-	61,818,395
Mission Ins Co	-	-	38,358,301	38,358,301	846,832,560	23,861,132	390,041,525	1,260,735,218
Mission National Ins Co	7,484,651	-	-	7,484,651	536,482,595	4,850,000	27,077,326	568,409,921
California Comp Ins Co	(9,247,591)	-	-	(9,247,591)	912,811,476	-	-	912,811,476
Combined Benefits Ins Co	(1,627,476)	-	-	(1,627,476)	26,450,838	-	-	26,450,838
Superior National Ins Co	(74,619,890)	-	-	(74,619,890)	348,548,043	-	-	348,548,043
Superior Pacific Cas Co	(2,068,323)	-	-	(2,068,323)	54,901,416	-	-	54,901,416
Commercial Comp Cas Co	(187,589)	-	-	(187,589)	99,841,213	-	-	99,841,213
Western Employers Ins Co	(669,063)	-	-	(669,063)	174,034,103	59,669	8,974,372	183,068,144
	(1,843,264)	-	38,358,301	36,515,037	5,351,047,668	28,770,801	426,093,223	5,805,911,692

\*Since administration was transferred to CLO in 1997.

\*\*In addition, the CastlePoint estate made statutory deposit releases of \$227.6 million (2017), \$4.9 million (2018), and \$19 million (2019) for a cumulative total of \$251.5 million.

\*\*\*2020 Total Distribution amount of \$36.5 million is net of distribution credits from several Insurance Guaranty Associations. Actual estate distributions total \$124.9 million.

Note: Above schedule does not include closed estate 2020 distributions from Enterprise (\$3,630,353) and SeeChange (\$300,000)

<sup>6</sup>Golden Eagle, California Ins. Co., and Merced estates are not included on this schedule as no distributions have occurred.

**Estates in Conservation and/or Liquidation as of December 31, 2020**

<b>Estate Name</b>	<b>Date Conserved</b>	<b>Date Liquidated</b>
California Ins. Company	11/04/19	*
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
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 Liquidation Order obtained**

**\*\*No Conservation Order obtained**

## **Report on Individual Estates**

Each estate has its own unique set of challenges to monetizing assets, valuing the claims, distributing assets and closing. No two estates are the same. The remaining portion of Section 2 provides a brief summary of the 2020 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.<sup>7</sup>

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.

<sup>7</sup> *Each estate under management of the CLO has an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the [CLO webpage](#). Annual audits or reviews are waived for estates with little or no assets or activity*

## **ESTATE SPECIFIC INFORMATION**

### **California Insurance Company**

Conservation Order: November 4, 2019

#### **2020 Report**

California Insurance Company ("CIC") was placed into Conservation on November 4, 2019 by the California Superior Court for the County of San Mateo. The Conservator was appointed to address and resolve certain regulatory concerns related to CIC's recent attempt to exit the California market without the necessary authority to do so. The Conservator developed and seeks court approval of a comprehensive rehabilitation plan to address the issues with CIC and their desire to re-domesticate outside California. The Conservator expects his rehabilitation plan to be heard by the court during the summer of 2021.

California Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2019

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$1,115,073,495	\$1,019,322,004
Other assets	61,111,021	86,356,365
<b>Total assets</b>	<b>\$1,176,184,516</b>	<b>\$1,105,678,369</b>
<b>Liabilities</b>	<b>12/31/2019</b>	
Claims against policies	\$416,881,632	\$426,733,877
All other claims	168,717,178	85,275,968
<b>Total liabilities</b>	<b>585,598,810</b>	<b>512,009,845</b>
<b>Net assets (deficiency)</b>	<b>\$590,585,706</b>	<b>\$593,668,524</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019

<b>Income</b>	<b>2019</b>	
Net premium income	\$231,048,317	\$162,031,160
Investment income	74,249,691	16,387,861
Other income	10,456	304,111
<b>Total income</b>	<b>\$305,308,464</b>	<b>\$178,723,132</b>
<b>Expenses</b>	<b>2019</b>	
Loss and claims expense	\$215,713,991	\$175,040,286
Federal Income Tax expense	17,258,633	2,347,632
<b>Total expenses</b>	<b>232,972,624</b>	<b>177,387,918</b>
<b>Net income (loss)</b>	<b>\$72,335,840</b>	<b>\$1,335,214</b>

## **CastlePoint National Insurance Company**

Conservation Order: July 28, 2016

Liquidation Order: April 1, 2017

### **2020 Report**

CastlePoint National Insurance Company (CastlePoint) was a California domiciled property and casualty insurer that was placed into Conservation on July 28, 2016 and Liquidation effective April 1, 2017 by the San Francisco Superior Court.

CastlePoint is the successor by merger with the following companies prior to Conservation:

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

A Conservation and Liquidation Plan approved by the Court allowed CastlePoint to deconsolidate from its parent and from the consolidated taxpayer group. In addition, it allowed the Receiver to commute stop loss reinsurance treaties in return for a cash payment of \$200 million which enabled CastlePoint to continue to make claim payments while the claim files were being prepared for the transfer to the 47 affected guaranty associations. A total of 5,977 claim files were transferred through this process.

Since the order of liquidation, the Receiver has opened and/or re-opened approximately 2,900 claim files for the various guaranty associations. CastlePoint has also collected in excess of \$50 million in miscellaneous assets and \$55 million in reinsurance recoveries.

An addendum to an administrative services agreement between CastlePoint and AmTrust/National General was executed to continue to support the claims, IT and accounting functions of the insolvency through June 30, 2021.

CastlePoint settled a litigated matter where a claimant is seeking damages from CastlePoint and/or AmTrust as the third party administrator in 2020.



CastlePoint National Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$333,866,800	\$342,566,500
Recoverable from reinsurers	253,016,200	245,276,100
Other assets	17,575,600	17,572,200
<b>Total assets</b>	<b>604,458,600</b>	<b>605,414,800</b>
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims and accrued expenses	7,135,200	7,135,200
Claims against policies, before distributions	1,056,396,200	1,056,396,200
Less distributions to policyholders	(251,520,000)	(251,520,000)
All other claims	69,005,400	67,796,900
<b>Total liabilities</b>	<b>881,016,800</b>	<b>879,808,300</b>
<b>Net assets (deficiency)</b>	<b>(276,558,200)</b>	<b>(274,393,500)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$19,717,800	\$9,367,300
Salvage and other recoveries	2,808,700	1,101,200
<b>Total income</b>	<b>22,526,500</b>	<b>10,468,500</b>
<b>Expenses</b>	<b>2019</b>	<b>2020</b>
Loss and claims expenses	4,104,700	5,666,300
Other underwriting expenses incurred	-	-
Administrative expenses	6,094,000	4,152,600
<b>Total expenses</b>	<b>10,198,700</b>	<b>9,818,900</b>
<b>Net income (loss)</b>	<b>\$12,327,800</b>	<b>\$649,600</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$519,264,000
Recoveries, net of expenses .....	74,822,500
Distributions .....	(251,520,000)
<b>Monetary assets available for distribution .....</b>	<b>\$342,566,500</b>

## **Executive Life Insurance Company**

Conservation Order: April 11, 1991

Liquidation Order: December 6, 1991

### **2020 Report**

Executive Life Insurance Company (ELIC) was placed in conservation on April 11, 1991. ELIC had more than 330,000 policyholders and was one of the largest life insurance insolvency proceedings in United States history. In 1991, the Commissioner conducted an auction seeking bids to acquire the junk bond portfolio and insurance assets of ELIC. In December 1991, the Commissioner awarded the ELIC asset purchase to a group of French and European investors (the Altus/MAAF group) as the winning bidder, and the transaction was subsequently approved by the Conservation Court.

In 1992, ELIC's junk bond portfolio was sold to Altus Finance for approximately \$3 billion. In 1993, the Court approved a final Rehabilitation Plan under which the majority of ELIC's assets and its restructured insurance policies 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 could accept new coverage (Opt In) from Aurora National Life Assurance Company (Aurora, now RGA Reinsurance/Aurora) or terminate their ELIC policies (Opt Out) in return for a pro rata share of ELIC's assets. The Rehabilitation Plan also established Enhancement Trusts to marshal and distribute assets to 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.

On December 4, 2019, the Commissioner obtained court approval to distribute the remaining Altus funds to policyholders on July 1, 2020 and close ELIC's proceedings in 2021. Prior to the closure, ELIC unclaimed distribution checks will be escheated to the Unclaimed Property Division of the respective State of the policyholder's domicile on record. Since the Estate was transferred to the CLO in 1997, the Estate has recovered \$906 million from litigation and distributed \$932 million to claimants.

### **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. On July 1, 2020, the remaining assets of the Opt-Out Trust were distributed and the Opt-Out Trust will be closed in 2021 after the final escheatment is completed.

Executive Life Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$81,177,800	\$2,657,700
Total assets	81,177,800	2,657,700
<b>Liabilities</b>		
Secured claims and accrued expenses	89,900	-
Policyholder liability	79,814,400	-
Total liabilities	79,903,700	-
Net assets (deficiency)	1,274,100	2,657,700

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$2,721,300	\$2,148,500
Total income	2,721,300	2,148,500
<b>Expenses</b>		
Post-liquidation Federal income tax	(1,623,000)	632,000
Administrative expenses	1,008,400	668,000
Loss and claims expenses	109,934,300	40,300
Total expenses	109,319,700	1,340,300
Net income (loss)	(106,598,400)	808,200

**CHANGE IN MONETARY ASSETS<sup>8</sup>**

Beginning monetary assets at takeover .....	\$112,111,400
Recoveries, net of expenses .....	822,213,800
Distributions .....	(931,667,500)
Monetary assets available for distribution .....	\$2,657,700

<sup>8</sup> 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, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$12,086,600	\$11,594,400
<b>Total assets</b>	<b>12,086,600</b>	<b>11,594,400</b>
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims	9,615,800	9,646,400
Unclaimed funds payable	1,793,700	1,704,200
Reserve for administrative expenses	677,100	243,800
<b>Total liabilities</b>	<b>12,086,600</b>	<b>11,594,400</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income and Expenses</b>	<b>2019</b>	<b>2020</b>
Investment income	\$414,600	\$534,000
Administrative expenses	324,400	1,351,700
<b>Net income (loss)</b>	<b>\$90,200</b>	<b>(\$817,700)</b>

## **Fremont Indemnity Company**

Conservation Order: June 04, 2003

Liquidation Order: July 02, 2003

### **2020 Report**

Fremont was a “Monoline” Workers’ Compensation insurer writing 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). Approximately 65% of Fremont’s Workers’ Compensation claims are attributable to business written in California. The Fremont claims bar date, set by the liquidation court was June 30, 2004.

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

Legal Counsel for the Estate obtained a “tail-cutting” order from the court establishing July 28, 2017 as the date all open claims must be liquidated, the order further established September 29, 2017 for all liquidated claims to be perfected and submitted to the Liquidator. Fremont released an \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019. The distribution paid 43.25% of approved policyholder claims. The estate conducted significant post distribution and closing activities in 2020. The estate continues to hold certain non-transferrable assets that generate material payments to the estate over the next number of years. As part of the Fremont closing order the liquidation court authorized the estate to retain the non-transferrable assets to be collected and to distribute those funds when collections reach a \$5 million threshold.

The Fremont estate negotiated the sale of the charter and stock of Fremont Life Insurance Company, a wholly owned subsidiary of the Fremont Estate. The sale has been approved by the liquidation court and is scheduled to close in early 2021.

Fremont Indemnity Co

**ASSETS AND LIABILITIES**

As of December 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$2,721,000	\$3,667,500
Recoverable from reinsurers	1,858,700	1,425,000
Other assets	67,200	67,200
<b>Total assets</b>	<b>4,646,900</b>	<b>5,159,700</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	32,300	32,300
Claims against policies, before distributions	2,532,388,200	2,532,388,200
Less distributions to policyholders	(1,106,139,400)	(1,106,139,400)
All other claims	221,395,500	221,395,500
<b>Total liabilities</b>	<b>1,647,676,600</b>	<b>1,647,676,600</b>
<b>Net assets (deficiency)</b>	<b>(\$1,643,029,700)</b>	<b>(\$1,642,516,900)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$2,499,000	\$102,700
Salvage and other recoveries	305,900	625,800
<b>Total income</b>	<b>2,804,900</b>	<b>728,500</b>
<b>Expenses</b>		
Loss and claims expenses	22,155,100	-
Federal Income Tax Expense	663,000	35,000
Administrative expenses	508,600	180,600
<b>Total expenses</b>	<b>23,326,700</b>	<b>215,600</b>
<b>Net income (loss)</b>	<b>(\$20,521,800)</b>	<b>512,900</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$434,855,900
Recoveries, net of expenses .....	674,951,000
Distributions .....	(1,106,139,400)
<b>Monetary assets available for distribution .....</b>	<b>\$3,667,500</b>

## **Golden Eagle Insurance Company**

Conservation Order: January 31, 1997

Rehab./Liquidation Plan Approved: August 4, 1997

Liquidation Order: February 18, 1998

### **2020 Report**

Golden Eagle Insurance Company (Golden Eagle) is the subject of a Plan of Rehabilitation and Liquidation (Plan) approved by the Superior Court in 1997. The Plan provides for an orderly “run-off” of claims under Golden Eagle’s pre-1997 insurance policies, a process which is ongoing.

As part of the process to run off the remainder of the Golden Eagle estate, additional reinsurance coverage was purchased from Liberty Mutual affiliates to cover all the remaining covered insurance policy exposures. Golden Eagle’s insurance liabilities are fully funded under the Plan eliminating the need for a formal finding of insolvency, and thus have not triggered the claim payment obligations of the Insurance Guaranty Associations (IGAs). Under the court approved Plan these claims will continue to be received, adjusted, and paid in the ordinary course of the run-off of Golden Eagle’s policyholder liabilities. The IGAs remain as a back-up, in the unlikely event that the claims payment assets available under the Plan are exhausted prior to the final policyholder claim payment.

All remaining policyholder claims continue to be administered and paid under the Plan’s indemnity reinsurance and excess of loss reinsurance agreements all within the range of expected cost and reinsurance coverage. The Plan agreements will remain in full force and effect until the entire remaining exposure is paid, assumed, or novated. Currently the legal proceeding is administratively closed on the active court docket, yet the Golden Eagle Estate must remain open to monitor the long-term claim run-off and to give policyholders access to appeal rights through the OSC process that is incorporated into the Plan.

The only assets that remain in the Estate consist of a reserve to fund the administrative expenses that the CLO will incur while monitoring the duration of the run off process.



Golden Eagle Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$1,390,000	\$1,340,000
Total assets	1,390,000	1,340,000
<b>Liabilities</b>		
Total liabilities	-	-
Net assets (deficiency)	\$1,390,000	\$1,340,000

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$48,200	\$49,300
Total income	48,200	49,300
<b>Expenses</b>		
Administrative expenses	65,300	99,300
Total expenses	65,300	99,300
Net income (loss)	(\$17,100)	(\$50,000)

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover <sup>9</sup> .....	\$2,029,000
Recoveries, net of expenses .....	(689,000)
Monetary assets available for distribution .....	\$1,340,000

<sup>9</sup> 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

### **2020 Report**

Great States Insurance Company was domiciled in California and was licensed to write workers compensation coverage in 14 states concentrated in Arizona, California, Colorado, and Nevada. The final date to submit a claim against the Estate, was December 2, 2001.

The Estate resolved a contentious surety bond matter in Arizona as well as address a legislative change which complicated the process of determining the proper payee for distribution purposes. The Estate released a court approved final distribution in 2019, and subsequently learned of a material federal tax refund due the estate. Upon collection of the final refund asset from the IRS the Estate will release a supplemental final distribution in 2021 and work to close the proceeding by year-end 2021.

Great States Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$652,900	\$584,300
<b>Total assets</b>	<b>652,900</b>	<b>584,300</b>
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims and accrued expenses	66,900	67,600
Claims against policies, before distributions	70,352,500	70,352,500
Less distributions to policyholders	(61,818,400)	(61,818,400)
All other claims	11,917,600	11,917,600
<b>Total liabilities</b>	<b>20,518,600</b>	<b>20,519,300</b>
<b>Net assets (deficiency)</b>	<b>(\$19,865,700)</b>	<b>(19,935,000)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$623,600	\$22,500
Salvage and other recoveries	900	100
<b>Total income</b>	<b>624,500</b>	<b>22,600</b>
<b>Expenses</b>	<b>2019</b>	<b>2020</b>
Loss and claims expenses	(1,416,200)	-
Federal Income Tax Expense	(215,400)	-
Administrative expenses	233,200	91,800
<b>Total expenses</b>	<b>(1,398,400)</b>	<b>91,800</b>
<b>Net income (loss)</b>	<b>\$2,022,900</b>	<b>(\$69,200)</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$7,889,700
Recoveries, net of expenses .....	54,513,000
Distributions .....	(61,818,400)
<b>Monetary assets available for distribution .....</b>	<b>\$584,300</b>

## **Merced Property & Casualty Company**

Liquidation Order: December 3, 2018

### **2020 Report**

Merced Property & Casualty Company (“Merced”) located in Atwater, California is a wholly owned subsidiary of United Heritage Financial Group, and was licensed and authorized to transact homeowners insurance including fire, surety, plate glass, liability, burglary and automobile in California.

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

The liquidation team has completed the 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. CIGA is projected to ultimately pay \$77.7 million Camp Fire claims. Independent of the CLO, CIGA filed a subrogation claim against PGE and to date has recovered \$55.4 million in recoveries.

As of December 31, 2020, the Merced Estate, in coordination with the California Insurance Guarantee Association (CIGA), has paid approximately \$76.5 million in loss payments to insureds and loss expenses and currently estimates an additional \$1.4 million in expected case reserves to develop over the next couple quarters. In addition CIGA has paid out approximately \$3 million in unearned premium refunds. As of June 30, 2019, all of Merced’s liquidation estate operations are now managed from the CLO’s San Francisco office. The estate has filed a \$26.6 million proof of claim in the Pacific Gas & Electric (PGE) bankruptcy proceeding seeking recovery of the estate’s expenses incurred to date as well as a reserve for future costs of administration. The Estate filed its first status report and fee application with the court and attended a status conference in September 2019. The court accepted the status report and approved the liquidation fees and expenses.

The Atwater home office building and land have been placed under an exclusive listing with the Merced branch of CB Richard Ellis Real Estate.

The Estate is working to schedule a early access distribution in 2021 upon determination of the estate's overcap exposure. Annual status and fee application filings will be submitted to the court during the 2<sup>nd</sup> quarter of 2021.

Merced Property and Casualty Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$30,705,200	\$31,457,700
Recoverable from reinsurers	74,200	-
Other assets	804,800	804,800
<b>Total assets</b>	<b>31,584,200</b>	<b>32,262,500</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	56,100	56,100
Claims against policies, before distributions <sup>10</sup>	83,201,500	28,332,900
All other claims	400,400	400,400
<b>Total liabilities</b>	<b>83,658,000</b>	<b>28,789,400</b>
<b>Net assets (deficiency)</b>	<b>(52,073,800)</b>	<b>3,473,100</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$435,000	\$1,115,400
Other income	800,000	53,865,100
<b>Total income</b>	<b>1,235,000</b>	<b>54,980,500</b>
<b>Expenses</b>		
Loss and claims expenses	11,907,600	(961,900)
Administrative expenses	1,556,200	395,400
<b>Total expenses</b>	<b>13,463,800</b>	<b>(566,500)</b>
<b>Net income (loss)</b>	<b>(12,228,800)</b>	<b>55,547,000</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$23,011,357
Recoveries, net of expenses .....	8,446,343
Distributions.....	-
<b>Monetary assets available for distribution .....</b>	<b>\$31,457,700</b>

<sup>10</sup> Claims against policies do not reflect approximately \$4.4 million of claims for damages above the guaranty fund statutory liability since these claims were not adjudicated prior to the issuance of these financial statements.

**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

**2020 Report**

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

In accordance with a 2006 court approved closing plan, the Mission estates completed a final policyholder distribution in 2006 whereby all policyholder claimants for Mission, Mission National and Enterprise were paid 100% of their approved claim. As of year-end 2020, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims.

The Mission estates participate as members of a consolidated tax group (Covanta being the parent) and, as such, are joint and severally liable for the tax exposure of the group. The Mission estate has been indemnified from certain tax and tax related exposure by the ultimate taxpayer.

After legal counsel for the estate reached an agreement with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Estates made a material distribution in 2017 to all creditors. In November, 2019 the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. By August 2020, the Mission estate completed distributions to creditors totaling over \$1.2 billion. Both estates must remain open as there are material assets to recover from other insolvent entities.

Mission Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$40,425,100	\$3,488,300
Recoverable from reinsurers	649,700	649,700
Other assets	23,816,500	23,816,400
<b>Total assets</b>	<b>64,891,300</b>	<b>27,954,400</b>
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims and accrued expenses	1,170,600	1,130,100
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	113,850,200	74,061,200
<b>Total liabilities</b>	<b>115,020,800</b>	<b>75,191,300</b>
<b>Net assets (deficiency)</b>	<b>(50,129,500)</b>	<b>(\$47,236,900)</b>

**INCOME AND EXPENSES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$223,600	\$1,393,200
Salvage and other recoveries	95,200	735,500
<b>Total income</b>	<b>318,800</b>	<b>2,128,700</b>
<b>Expenses</b>	<b>2019</b>	<b>2020</b>
Loss and claims expenses	(15,026,300)	(1,382,600)
Administrative expenses	383,100	618,700
<b>Total expenses</b>	<b>(14,643,200)</b>	<b>(763,900)</b>
<b>Net income (loss)</b>	<b>\$14,962,000</b>	<b>\$2,892,600</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$133,667,000
Recoveries, net of expenses .....	1,106,806,500
Distributions .....	(1,236,985,200)
<b>Monetary assets available for distribution .....</b>	<b>\$3,488,300</b>

Mission National Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$8,124,900	\$3,288,200
Recoverable from reinsurers	1,793,200	1,793,200
<b>Total assets</b>	<b>9,918,100</b>	<b>5,081,400</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	1,258,100	1,511,400
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(528,997,900)	(536,482,600)
All other claims	16,838,100	16,838,100
<b>Total liabilities</b>	<b>85,196,800</b>	<b>77,965,400</b>
<b>Net assets (deficiency)</b>	<b>(\$75,278,700)</b>	<b>(\$72,884,000)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$142,200	\$281,200
Salvage and other recoveries	83,200	89,800
<b>Total income</b>	<b>225,400</b>	<b>371,000</b>
<b>Expenses</b>		
Loss and claims expenses	(3,387,600)	(2,214,200)
Administrative expenses	94,400	190,500
<b>Total expenses</b>	<b>(3,293,200)</b>	<b>(2,023,700)</b>
<b>Net income (loss)</b>	<b>\$3,518,600</b>	<b>2,394,700</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$18,289,000
Recoveries, net of expenses .....	548,559,100
Distributions .....	(563,559,900)
<b>Monetary assets available for distribution .....</b>	<b>\$3,288,200</b>



## **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

### **2020 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 ordered the liquidation of each of the five Superior National Estates, Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Commercial Compensation Casualty Company, and Combined Benefits Insurance Company based on insolvency. The Court appointed the Commissioner to serve as Liquidator of the insurers. All five of the estates were primarily workers' compensation estates, and most of the losses were transferred per statute to various Insurance Guaranty Funds to administer and resolve.

The estate obtained a Court sanctioned final claims cut-off date as of June 30, 2019, and has been actively addressing various closure activities throughout 2020. The estate has essentially finalized all claims from the Guaranty Funds with the exception of a couple still to be documented in final form. Counsel for the estate has commenced drafting a Motion for a final distribution scheduled to be filed in early 2021. Collectively, the five estates have already distributed approximately \$1.5 billion dollars in early access distributions to state Guaranty Funds since 2001. Other than a very small claim from the Federal Government, all non-Guaranty Fund claims are resolved. The Superior National Estates will complete pending commutations with three remaining reinsurers with modest amounts of recovery dollars at issue and the estates are scheduled to release a final distribution in 2021.

California Compensation Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$16,120,400	\$16,167,700
Recoverable from reinsurers	619,400	619,400
<b>Total assets</b>	<b>16,739,800</b>	<b>16,787,100</b>
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims and accrued expenses	231,200	231,200
Claims against policies, before distributions	1,942,215,900	1,723,180,600
Less distributions to policyholders	(922,059,100)	(912,811,500)
All other claims	119,228,500	119,107,300
<b>Total liabilities</b>	<b>1,139,616,500</b>	<b>929,707,600</b>
<b>Net assets (deficiency)</b>	<b>(\$1,122,876,700)</b>	<b>(\$912,920,500)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$535,700	\$574,100
Salvage and other recoveries	3,279,800	435,900
<b>Total income</b>	<b>3,815,500</b>	<b>1,010,000</b>
<b>Expenses</b>	<b>2019</b>	<b>2020</b>
Loss and claims expenses	(56,280,700)	(218,605,100)
Administrative expenses	535,600	517,300
<b>Total expenses</b>	<b>(55,745,100)</b>	<b>(218,087,800)</b>
<b>Net income (loss)</b>	<b>\$59,560,600</b>	<b>\$219,097,800</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$165,879,200
Recoveries, net of expenses .....	763,100,000
Distributions .....	(912,811,500)
<b>Monetary assets available for distribution .....</b>	<b>\$16,167,700</b>

Combined Benefits Ins Co

**ASSETS AND LIABILITIES**

As of December 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$7,391,300	\$7,837,100
<b>Total assets</b>	<b>7,391,300</b>	<b>7,837,100</b>
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims and accrued expenses	600	600
Claims against policies, before distributions	30,981,600	26,428,500
Less distributions to policyholders	(28,078,300)	(26,450,800)
All other claims	6,157,400	6,756,600
<b>Total liabilities</b>	<b>9,061,300</b>	<b>6,734,900</b>
<b>Net assets (deficiency)</b>	<b>(\$1,670,000)</b>	<b>1,102,200</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$247,200	\$258,200
Salvage and other recoveries	292,000	24,700
<b>Total income</b>	<b>539,200</b>	<b>282,900</b>
<b>Expenses</b>	<b>2019</b>	<b>2020</b>
Loss and claims expenses	(2,594,000)	(3,849,200)
Administrative expenses	73,500	80,100
<b>Total expenses</b>	<b>(2,520,500)</b>	<b>(3,769,100)</b>
<b>Net income (loss)</b>	<b>\$3,059,700</b>	<b>\$4,052,000</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$11,115,400
Recoveries, net of expenses .....	23,172,500
Distributions .....	(26,450,800)
<b>Monetary assets available for distribution .....</b>	<b>\$7,837,100</b>

Superior National Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$24,405,200	\$36,557,600
Recoverable from reinsurers	326,600	326,700
<b>Total assets</b>	<b>24,731,800</b>	<b>36,884,300</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	77,500	77,500
Claims against policies, before distributions	807,408,000	738,270,300
Less distributions to policyholders	(423,517,700)	(348,548,000)
All other claims	28,722,700	28,803,000
<b>Total liabilities</b>	<b>413,040,300</b>	<b>418,602,800</b>
<b>Net assets (deficiency)</b>	<b>(\$388,308,500)</b>	<b>(\$381,718,500)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$840,200	\$1,433,400
Salvage and other recoveries	469,500	1,131,000
<b>Total income</b>	<b>1,309,700</b>	<b>2,564,400</b>
<b>Expenses</b>		
Loss and claims expenses	(22,897,900)	(67,987,600)
Administrative expenses	233,400	223,200
<b>Total expenses</b>	<b>(22,664,500)</b>	<b>(67,764,400)</b>
<b>Net income (loss)</b>	<b>\$23,974,200</b>	<b>\$70,328,800</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$68,622,300
Recoveries, net of expenses .....	316,483,300
Distributions .....	(348,548,000)
<b>Monetary assets available for distribution .....</b>	<b>\$36,557,600</b>

Superior Pacific Casualty Co

**ASSETS AND LIABILITIES**

As of December 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$14,271,200	\$14,759,900
Recoverable from reinsurers	2,090,300	2,072,000
<b>Total assets</b>	<b>16,361,500</b>	<b>16,831,900</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	400	400
Claims against policies, before distributions	194,518,400	155,041,300
Less distributions to policyholders	(56,969,700)	(54,901,400)
All other claims	62,365,700	62,365,700
<b>Total liabilities</b>	<b>199,914,800</b>	<b>162,506,000</b>
<b>Net assets (deficiency)</b>	<b>(\$183,553,300)</b>	<b>(\$145,674,100)</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$406,600	\$521,700
Salvage and other recoveries	26,000	5,700
<b>Total income</b>	<b>432,600</b>	<b>527,400</b>
<b>Expenses</b>		
Loss and claims expenses	(18,483,600)	(39,476,400)
Administrative expenses	151,000	147,000
<b>Total expenses</b>	<b>(18,332,600)</b>	<b>(39,329,400)</b>
<b>Net income (loss)</b>	<b>\$18,765,200</b>	<b>39,856,800</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$58,666,300
Recoveries, net of expenses .....	10,995,000
Distributions .....	(54,901,400)
<b>Monetary assets available for distribution .....</b>	<b>\$14,759,900</b>

Commercial Compensation Casualty Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$23,286,600	\$13,163,500
Total assets	23,286,600	13,163,500
<b>Liabilities</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Secured claims and accrued expenses	682,600	682,600
Claims against policies, before distributions	142,875,900	130,948,800
Less distributions to policyholders	(100,028,800)	(99,841,200)
All other claims	13,918,500	13,918,500
Total liabilities	57,448,200	45,708,700
Net assets (deficiency)	(\$34,161,600)	(\$32,545,200)

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$389,500	\$428,500
Salvage and other recoveries	81,600	12,100
Total income	471,100	440,600
<b>Expenses</b>	<b>2019</b>	<b>2020</b>
Loss and claims expenses	2,302,700	(11,927,100)
Administrative expenses	83,100	100,300
Total expenses	2,385,800	(11,826,800)
Net income (loss)	(\$1,914,700)	\$12,267,400

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$6,420,700
Recoveries, net of expenses .....	106,584,000
Distributions .....	(99,841,200)
Monetary assets available for distribution .....	\$13,163,500

## **Western Employers Insurance Company**

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

### **2020 Report**

Western Employers Insurance Company (WEIC) was licensed in 38 states plus D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. WEIC went into voluntary run-off in 1987 and then was formally liquidated on April 19, 1991.

WEIC underwrote commercial liability policies on both a primary and excess basis, and many of those policies involved claims that had EPA toxic tort exposures. The estate has devoted the past several years resolving complex and elusive EPA-related claims with the Federal Government.

By obtaining a court-sanctioned final claims cut-off date in 2017, the estate was able to resolve all outstanding claims existing as of that time. All approved claims were paid at 100% of their approved claim amount plus interest paid through the final distribution date in October, 2019. Complicating and extending matters the Federal Government submitted a late claim well after the Superior Court claims cut-off date, arguing that the state court does not have the authority to bar the claim. Counsel for the Estate has negotiated the settlement of the pending Federal Government claim and will work through the ratification process in early 2021. Both Federal and State courts/regulators must approve the final settlement. At this time all claims other than the pending late filed Federal Government claim have been paid in full. The estate expects to release a final payment to the Federal Government and thereafter remit any remaining estate assets to the current equity holder of the WEIC stock in 2021.

Western Employers Ins Co

**ASSETS AND LIABILITIES**

As of Decemeber 31, 2019 and December 31, 2020

<b>Assets</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Cash and investments	\$41,436,300	\$42,502,900
<b>Total assets</b>	<b>41,436,300</b>	<b>42,502,900</b>
<b>Liabilities</b>		
Secured claims and accrued expenses	193,400	195,300
Claims against policies, before distributions	176,034,100	176,034,100
Less distributions to policyholders	(174,034,100)	(174,034,100)
All other claims	-	-
<b>Total liabilities</b>	<b>2,193,400</b>	<b>2,195,300</b>
<b>Net assets (deficiency)</b>	<b>39,242,900</b>	<b>40,307,600</b>

**INCOME AND EXPENSES**

For Year Ended December 31, 2019 and 2020

<b>Income</b>	<b>2019</b>	<b>2020</b>
Investment income	\$3,251,300	\$1,508,700
Salvage and other recoveries	1,100	86,500
<b>Total income</b>	<b>3,252,400</b>	<b>1,595,200</b>
<b>Expenses</b>		
Loss and claims expenses	19,718,100	-
Federal Income Tax Expense	757,000	236,000
Administrative expenses	623,800	294,500
<b>Total expenses</b>	<b>21,098,900</b>	<b>530,500</b>
<b>Net income (loss)</b>	<b>(\$17,846,500)</b>	<b>\$1,064,700</b>

**CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION**

Beginning monetary assets at takeover .....	\$74,867,900
Recoveries, net of expenses .....	150,703,100
Distributions .....	(183,068,100)
<b>Monetary assets available for distribution .....</b>	<b>\$42,502,900</b>



**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
(a) The names of the persons proceeded against under this article.....	201
(b) Whether such persons have resumed business or have been liquidated or have been mutualized.....	201
(c) Such other facts on the operations of the Conservation & Liquidation Office as will acquaint the Governor, the policyholders, creditors, shareholders and the public with his or her proceedings under this article, including, but not limited to:	
(1) An itemization of the number of staff, total salaries of staff, a description of the compensation methodology, and an organizational flowchart.....	185, 191-192
(2) Annual operating goals and results. ....	186-188

- (3) A summary of all Conservation and Liquidation Office costs, including an itemization of internal and external costs, and a description of the methodology used to allocate those costs among insurer estates. .... 189-193
- (4) A list of all current insolvencies not closed within ten years of a court ordered liquidation, and a narrative explaining why each insolvency remains open. .... 194-196
- (5) An accounting of total claims by estate. .... 194-196
- (6) A list of current year and cumulative distributions by class of creditor for each estate.. 200
- (7) For each proceeding, the net value of the estate at the time of conservation or liquidation and the net value at the end of the preceding calendar year. ....202-229
- (d) Other facts on the operations of the individual estates as will acquaint the Governor, Legislature, policyholders, creditors, shareholders, and the public with his or her proceedings under this article, including, but not limited to:
  - (1) The annual operating goals and results.....202-229
  - (2) The status of the conservation and liquidation process.....202-229
  - (3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year. ....202-229