

ENDORSED
FILED
San Francisco County Superior Court

DEC 23 2011

CLERK OF THE COURT

By: RAYMOND WONG
Deputy Clerk

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7 *Insurance Commissioner*
of the State of California

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
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10 COUNTY OF SAN FRANCISCO
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13 **INSURANCE COMMISSIONER OF THE**
STATE OF CALIFORNIA,

14 Applicant,

15 v.

17 **MUNICIPAL MUTUAL INSURANCE**
COMPANY,

18 Respondent.
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Case No. CPF-07-507033

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

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

21 I, DICK OSHITA, declare as follows:

22 1. I am a Reinsurance Manager for the California Insurance Commissioner's
23 Conservation & Liquidation Office ("CLO"). I have over 22 years of experience in handling
24 reinsurance matters.

25 I have been employed by the CLO since February 2, 2002. I have been responsible for
26 overseeing the reinsurance matters of Municipal Mutual Insurance Company ("MMIC") since the
27 inception of its liquidation in October 2006. These reinsurance matters include reinsurance
28 treaties (agreements) wherein the reinsurer, for consideration (premium), agrees to indemnify the

1 treaties (agreements) wherein the reinsurer, for consideration (premium), agrees to indemnify the
2 insurance carrier against all, or part, of the loss that the carrier may sustain under the policy or
3 policies that it has issued.

4 I am familiar with the documents and files maintained by the CLO pertaining to the
5 reinsurance matters in MMIC's liquidation.
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7 2. If called upon to testify, I could competently testify to the following facts as they are
8 personally known to me, except as to those matters stated on information and belief, and as to
9 those matters, I believe them to be true.

10 3. Over the course of the liquidation, October 31, 2006 to September 30, 2011, the
11 Commissioner collected the following reinsurance:

REINSURER	SOURCE	COLLECTED
LDG Re	Billings	\$1,408,531.10
LDG Re	Commutation	2,100,000.00
CAN	Commutation	1,250,000.00
		\$4,758,531.10

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19 4. As of September 30, 2011, there remained one reinsurer, ALEA North America
20 Insurance Company ("ALEA"), whose liabilities to MMIC have not been fully extinguished. The
21 Commissioner has not been successful in completing an equitable commutation (settlement) with
22 ALEA. The MMIC policies that ALEA reinsured were workers' compensation policies, which
23 can have very "long tails," i.e., take many years to close. Therefore, without a commutation with
24 ALEA, the Commissioner would have to continue to bill ALEA for many more years before the
25 reinsurance is fully collected.
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5. The current value of the reinsurance recoverable against ALEA is \$227,088.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on December 2/2011 at San Francisco, California.



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DECLARATION OF SERVICE BY U.S. MAIL

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

I declare:

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

On December 23, 2011, I served the attached

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

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

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

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

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

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

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

Lydia Banaga
Declarant

Lydia Banaga
Signature