

**COPY**

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*his capacity as Liquidator of Superior National*  
9 *Insurance Company, Superior Pacific Casualty*  
10 *Company, California Compensation Insurance*  
*Company, Commercial Compensation Casualty*  
11 *Company and Combined Benefits Insurance*  
*Company*

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 COUNTY OF LOS ANGELES  
14 CENTRAL CIVIL WEST  
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17 **INSURANCE COMMISSIONER OF THE**  
**STATE OF CALIFORNIA,**  
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Applicant,  
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v.  
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21 **SUPERIOR NATIONAL INSURANCE**  
**COMPANY,**  
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Respondent.  
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Case No.: BS061974  
Consolidated with: BS061675  
BS062171  
BS062173  
BS063746

**LIQUIDATOR'S FURTHER STATUS  
CONFERENCE STATEMENT FOR  
LEAD CASE**

Date: September 30, 2010  
Time: Non-Appearance Case Review  
Dept: CCW-322  
Judge: The Honorable Carl J. West

**CONFORMED COPY**  
**ORIGINAL FILED**  
Superior Court of California  
County of Los Angeles

SEP 29 2010

John A. Clarke, Executive Officer/ Clerk  
By     *C. Piedra*    , Deputy  
C. PIEDRA

1 TO THE COURT AND TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:  
2 THE LIQUIDATOR'S FURTHER STATUS CONFERENCE STATEMENT FOR LEAD CASE.

3 I.

4 OVERVIEW

5 The Insurance Commissioner, through his CLO<sup>1</sup>, manages the Superior National  
6 Insurance Companies<sup>2</sup> liquidation for the benefit of policy claimants and creditors. It is the  
7 purpose of this report to explain the current status of the liquidator's reinsurance and premium  
8 recovery efforts, to provide financial information and an updated look at the liquidator's ongoing  
9 litigation efforts. This report updates all the categories of information provided in the liquidator's  
10 report filed on June 30, 2010.

11 II.

12 REINSURANCE INFORMATION

13 The CLO continues to pursue the estate's reinsurance recoveries by performing  
14 accounting, audits, billings and collections. In addition to a general summary of reinsurance  
15 activities occurring since the last status conference, the Court has directed the CLO to continue to  
16 report a schedule of paid loss recoverables (net of premiums payable) including an aging report.  
17 Exhibit A is a schedule of paid loss recoverables (net of premiums payable) containing the  
18 requested aging report. Exhibit B is a schedule of ceded case reserves listing the amounts of all  
19 claims whether paid or reported to the reinsurer, but not yet billed, based on reserve amounts as  
20 established by the responsible IGA. Exhibit C is a schedule of ceded incurred but not reported  
21 reserves (IBNR). Exhibit D is a computation of difference in amounts of paid loss recoverables  
22 (net of premiums payable) between the current and prior reports. The following is a narrative that  
23 explains the latest versions of these reports in more detail.

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27 <sup>1</sup> Conservation and Liquidation Office.

28 <sup>2</sup> Also referred to as the "SNICIL" or the "Estate."

1 **Exhibit A – Paid Loss Recoverables (Net of Premiums Payable)**

2 Exhibit A lists paid loss recoverables (net of premiums payable) due from each reinsurer  
3 as of June 30, 2010. Paid loss recoverables are the amounts already paid to the claimants that are  
4 due from the reinsurers and premiums payable are amounts due reinsurers pursuant to the terms  
5 of each contract. Near the bottom of Exhibit A, a grand total of \$30,508,376 is shown as due  
6 from reinsurers, down from the \$372,111,562 reported in the June, 2010 status report. The  
7 decrease in paid loss recoverables (net of premiums payable) is \$341,603,186, resulting primarily  
8 from new billings of \$2,798,462 offset by collections of \$344,401,647 (Exhibit D is the  
9 arithmetical computation). \$2.1 million of the new billings are from the release of the fourth  
10 quarter of 2009 accounts of the US Life QS treaty and \$683,000 are from the release of updated  
11 reinsurance reports for various XOL treaties. Of the total collections, \$343,168,560 was from the  
12 US Life QS treaty and \$1,233,083 was primarily from Blackthorn/Ace American, LDG Re, Scor  
13 Re and St. Paul Re (all XOL treaty reinsurers).

14 \$157,168,560 of the amount received on the US Life QS treaty was paid to the CLO and a  
15 Special Schedule P Deposit withdrawal of \$186 million was paid directly to CIGA. Both  
16 payments were in settlement of the outstanding billed balances through the December 31, 2005  
17 account. In addition, interest through June 18, 2010 of \$185,573,356 was paid to the CLO. The  
18 total amount paid directly to the CLO was \$342,741,916.

19 A substantial portion of the total paid loss recoverables (net of premiums payable),  
20 \$25,048,766, are due under the US Life Q.S. Treaty. This balance represents the total billings  
21 from January, 2006 through December, 2009 of \$78,114,326 less the Special Schedule P Deposit  
22 withdrawal in February, 2009 of \$53,065,574.

23 Also included in the total paid loss recoverables (net of premiums payable) are amounts  
24 that are in dispute, due from companies in liquidation, or pre-liquidation receivables in the  
25 process of reconciliation. The remaining \$4,290,411 in losses due from reinsurers (net of  
26 premiums payable), as reported in the June, 2010 report, decreased by \$552,649 to \$3,737,762.  
27 This decrease is due to collections of \$1,233,083 offset by new billings of \$680,437 (see Exhibit  
28 D for arithmetical computation).

1 Trustmark owes SNICIL a total amount of \$1,398,902. The majority of this balance is  
2 due to disputes in penalty payments, CT claims, undocumented bill review payments and other  
3 billing issues. Castlewood owes SNICIL a total amount of \$3.1 million, up by \$170,000 from  
4 new billings. The CLO continues to submit billings and supporting documentation to them. The  
5 CLO is pressing both reinsurers to settle all billed and overdue amounts.

6 Trustmark, Castlewood, LDG Re and other reinsurers have expressed their desire to  
7 commute their reinsurance obligations to SNICIL. The California Insurance Guaranty  
8 Association (CIGA), responsible for handling the majority of the claims that will underlie the  
9 commutations, is in the process of evaluating and where necessary, adjusting the carried reserves  
10 on its open files in conformity with their reserving philosophy. Once this evaluation has been  
11 completed to the satisfaction of CIGA and any adjustments have been made, then the CLO will  
12 instruct its actuarial consultants to develop commutation proposals for submission to these  
13 reinsurers. The CLO is not inclined to make commutation proposal offers to any of the reinsurers  
14 until the CIGA claim evaluation has been finalized.

15 Reinsurers continue to request for claim audits. An audit by LDG Re is scheduled in the  
16 fourth quarter of 2010.

17 The CLO continues to reconcile the remaining pre-liquidation recoverables of \$281,257.

18 Exhibit A also shows the aging of the paid loss recoverables (net of premiums payable).

#### 19 **Exhibit B – Ceded Case Reserves**

20 Exhibit B lists the ceded case reserves as of June 30, 2010 related to each reinsurer's  
21 contract with the liquidating companies. These are claims that have been reported to the  
22 Liquidator but have not been paid to the claimants and therefore are not yet due from the  
23 reinsurers. The total of the ceded case reserves is currently \$161,044,619 up by \$7,545,786 from  
24 the \$153,498,833 reported in the June, 2010 status report. The increase is primarily due to the  
25 increase in reserves for claims being handled by CIGA that are subject to the SNICIL treaties.  
26 The reserves for the US Life QS treaty were reduced by \$1,179,817, from \$85,136,034 to  
27 \$83,956,217.

28 Excluding the reserves on the US Life QS Treaty of \$83,956,217, the net ceded case

1 reserves total \$77,088,402, up from the \$68,362,799 reported in the June, 2010 status report.  
2 The increase in the net ceded case reserves of \$8,752,603 resulted primarily from CIGA's review  
3 of the reserves of claims subject to the various XOL treaties.

4 **Exhibit C – Ceded IBNR (Incurred But Not Reported Reserves)**

5 Exhibit C lists the undiscounted ceded incurred but not reported reserves as of June 30,  
6 2010. \$68.1 million of the total IBNR of \$131.6 million is from the US Life QS Treaty. The  
7 IBNR figure for the US Life QS treaty is a result of the December 31, 2009 reserve analysis of  
8 our actuary, PriceWaterhouse Coopers.

9 The balance of \$63.5 million pertains to all other SNICIL treaties, some of which have not  
10 had the benefit of an actuarial study since liquidation and therefore, the carried IBNR is outdated  
11 and unreliable. At the moment, CIGA is conducting extensive reserve audits at their third party  
12 administrators and they expect the audits to be completed by the first quarter of 2011. CIGA  
13 highly recommended that the CLO generally hold off commuting with SNICIL reinsurers until  
14 the audit reports are received and they have a better fix on reserve adequacy. Updated reserve  
15 studies will be conducted shortly after and the IBNR carried in SNICIL's ledgers will be adjusted  
16 as the updated IBNR estimates become available. Based on CIGA's recommendation, the CLO  
17 does not expect to resume commutation discussions with reinsurers until after the reserves have  
18 been updated.

19 **III.**

20 **ARBITRATION AND OTHER MATTERS**

21 **A. *US Life Insurance Company v. SNICIL***

22 US Life has satisfied the judgment entered in favor of the estate. A copy of the  
23 Stipulation Acknowledging Satisfaction of Judgment by US Life and Withdrawing Motion for  
24 Order Identifying Applicable Rate of Post-Judgment Interest filed with the United States District  
25 Court, Central District of California, is attached hereto as Exhibit E.

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IV.

**FINANCIAL REPORT**

**A. ACCOUNTING STATEMENTS**

The CLO's Accounting Department has updated its financial statements through June 30, 2010, and a copy of the consolidated balance sheet for the SNICIL estates is attached hereto as Exhibit F. Secured claims liability balance includes \$28.0 million for the SNTL lien.

The financial statements have been updated to incorporate the results of a December 31, 2009 Pricewaterhouse Coopers actuarial report commissioned by the Liquidator to review the adequacy of SNICIL reserves and IBNR for workers' compensation claims.

As previously noted, Combined Benefit Insurance Company financial statement no longer has a positive net value. As of March 31, 2010 Combined Benefit Insurance Company's deficiency is \$7,409,400. Consequently, the Liquidator does not intend to adjudicate the Class 7 general claims.

The accounting department continues its other projects on an on-going basis, including its estate asset allocations, supporting the billing activities of the reinsurance department resolving statutory deposits accounts in various jurisdictions and/or recoveries and the IGA claims data reconciliation project.

V.

**CLAIMS ADMINISTRATION**

**A. Claims Processing**

**1. Premium and Subrogation Collection Activity**

From an internal standpoint premium collection and subrogation recoveries have virtually ceased. There are still some protracted collection and subrogation matters being monitored, but minimal expense is being incurred. The SNICIL estates will bear no direct cost, other than the minimal allocation for the monitoring process, as these matters are being pursued through vendors operating on a contingency fee basis. The total premium collected through for 2010 ending August 31, 2010 is \$588 and the total subrogation collected is \$28,177.75. Both totals represent collection on all five estates.

1 **2. Claims Administration**

2 The estates continue to have the two open claims previously noted. U.S. Life's claim will  
3 not be formally adjudicated until the entirety of the reinsurance matter is resolved. The non-  
4 covered Arkansas claim has exceeded the statutory payment cap of \$300,000. The Liquidator had  
5 the claim independently evaluated and the amount of future loss, medical alone, has been valued  
6 at \$956,000. Most of the remainder of the medical will be paid by Medicare who will be entitled  
7 to some recovery against the estate for benefits provided. The Liquidator is trying to establish  
8 contact with Medicare to ensure a resolution of their claim vis a vis the injured workers claim. In  
9 another estate Medicare has taken a position that its claim has a higher priority under federal  
10 priority statutes than a policyholder claim (Class 2 claim under California Insurance Code Section  
11 1033). This issue may require adjudication before the Liquidation Court.

12 The estates have finalized the claims of 10 of the 61 (multiple states have claims on more  
13 than one of the 5 estates) Guaranty Associations that have paid SNICIL claims. Since the formal  
14 resolution of the Guaranty Association claims involves a discounting of future reserves, the  
15 Liquidator generally waits until there appears to be a prospect of a relatively imminent closure of  
16 the estate before finalizing their claims. The 10 IGAs whose claims have been finalized have no  
17 open claims or minimal activity. We do note that 19 out of the remaining 51 Guaranty  
18 Association claims either have zero or one claim remaining open. The reconciliation process  
19 with those IGAs who no longer have any open claim files continues. The process of reconciling  
20 and approving IGA POC claims will continue for at least the next year, and if the estate  
21 approaches a closure position, the IGA resolution activity will have to be intensified.

22 **CONCLUSION**

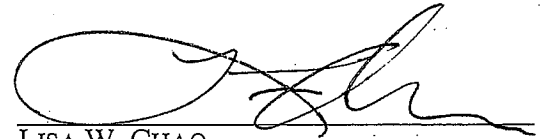
23 The Liquidating Companies continue to conduct significant run-off activities, including  
24 recovering reinsurance assets; claims administration, estate accounting, reinsurance negotiations  
25 and settlements. Moreover, these liquidating companies continue to fulfill a significant goal of  
26 collecting and distributing assets to the insurance guaranty associations, in order to close the gap  
27 between the assets of the liquidating companies and their financial obligations. If the Court has  
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questions concerning the contents of this status report, the liquidator will endeavor to provide answers within a reasonable time.

Dated: September 29, 2010

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W. DEAN FREEMAN  
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in his capacity as Liquidator of Superior National  
Insurance Company, Superior Pacific Casualty  
Company, California Compensation Insurance  
Company, Commercial Compensation Casualty  
Company and Combined Benefits Insurance Co.*

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# **EXHIBIT A**

Exhibit A  
**SUPERIOR NATIONAL INSURANCE COMPANIES IN LIQUIDATION**  
**Paid Loss Recoverables (Net of Premiums Payable) by Reinsurers**  
**June 30, 2010**

	TOTAL	< 30 days	30-59 days	60-89 days	90-119 days	120 days and over
Arrowwood Indemnity	1,246		1,246			
AUL RMS (SF)/American Acc Re	(144)					(144)
AUL RMS UNUM LIFE AM	(323,172)					(323,172)
AUL RMS/American United Life	21,125					21,125
AUL RMS/FED INS CHUBB	-					
Berkley	-					
Berkley/North Star Re	5,708		5,708			
Blackthorn Re Srvc/Ace American	93,863				93,864	
Captive Reinsurers	(3,077)					(3,077)
Cigna Re/Connecticut General Life	188,009		13,172			174,837
CIGNA Re/Life Insurance Co. of North America	-					
CIGNA*	-					
Clarendon	1,580		1,580			
Clearwater	-					
CNA Re/Continental Casualty	124,830		47,015		240	77,576
Continental*	23,076		4,813			18,263
Coronet/Camelback Re (In Liquidation)	1,188		1,188			
Donnelly Skirtich/Continental Assurance	(43)					(43)
Employers Re*	-					
Excess*	225,717					225,717
General Security National	389		389			
Global Re Corp of America	30,779		26,394			4,385
HartRe (CA)/Hartford Fire	127		127			
Home (In Liquidation)	-					
Int'l Sol/OA Re/Continental Casualty Co./Castlewood	3,139,313		169,531		118,055	2,851,727
JEH Re/John Hancock Mutual	-					
LDG Re Corp-OCR/Workers Comp Alternative Facility	154,130		22,673		(1,540)	132,997
LDG Re SRD/First All Financial	-					
Life Insurance Company of North America	-					
LRD Re- SRD/Transatlantic	64,199				35,555	28,644
New England Re*	-					
North America*	10,896					10,896
North Star Re	3,116		3,116			
Pennsylvania Manufacturers	6,574		6,574			
Praetorian	26,347		9,073			17,274
Reinsurance Services of Princeton/Amer United Life	(21,165)					(21,165)
ReliaStar Life	85,651		12,468			73,183
Reliastar Life UK	-					
Scandinavian Re	-					
Scor Re (IL)	100,263		96,104			4,159
Scor Re*	-					
St Paul Re	-					
Swiss Re America Corp	11,139		11,139			
Toa Re	1,353		1,353			
Transatlantic Re	-					
Travelers Indemnity*	20,060		3,458			16,602
Travelers/Phoenix*	9,777					9,777
Trustmark	1,398,902					1,398,902
Underwriters Re	-					
United Republic (In Liquidation)	43,578		1,408			42,170
US Life	25,048,766			2,115,429		22,933,337
Zurich (UK)	14,276		2,580			11,695
<b>Total at June 30, 2010</b>	<b>30,508,376</b>	<b>-</b>	<b>441,109</b>	<b>2,115,429</b>	<b>246,174</b>	<b>27,705,664</b>
	100.00%	0.00%	1.45%	6.93%	0.81%	90.81%
US Life (In Dispute)	(25,048,766)	-	-	(2,115,429)	-	(22,933,337)
Trustmark (In Dispute)	(1,398,902)	-	-	-	-	(1,398,902)
Home (In Liquidation)	-	-	-	-	-	-
United Republic (In Liquidation)	(43,578)	-	(1,408)	-	-	(42,170)
Coronet (In Liquidation)	(1,188)	-	(1,188)	-	-	-
Captive Program	3,077	-	-	-	-	3,077
*Pre-liquidation receivables in process of reconciliation	(281,257)	-	-	-	-	(281,257)
<b>Net Balance Due at June 30, 2010</b>	<b>3,737,762</b>	<b>-</b>	<b>438,513</b>	<b>-</b>	<b>246,174</b>	<b>3,053,076</b>
	100.00%	0.00%	11.73%	0.00%	6.59%	81.68%

# **EXHIBIT B**

Exhibit B  
**SUPERIOR NATIONAL INSURANCE COMPANIES IN LIQUIDATION**  
 Ceded Case Reserves by Reinsurers  
 June 30, 2010

American Accident Group I	79,071
American United Life	-
AUL RMS (SF) Unum Life American	-
AUL RMS Fed Ins Chubb	1,532,421
Berkley	62,117
Berkley/North Star Re	7,150
Blackthorn Re/Ace American	6,400,315
Captive Reinsurers	695,408
CIGNA	148,191
Cigna Re/Connecticut General Life	3,156,193
CIGNA Re/Life Insurance Co. of North America	2,424,362
Clarendon National	53,368
Clearwater	6,930
CNA Re/Continental Casualty	2,830,674
Cologne Re of America	3,519
Continental	5,242
Coronet/Camelback Re (In Liquidation)	1,206
Excess	31,448
First Allmerica Financial (LDG Re-SRD)	2,089,665
General Security National	9,488
Global American Re	1,296,219
HartRe (CA)/Hartford Fire	40,395
Home (In Liquidation)	14,265
Int'l Sol/IOA Re/Continental Casualty Co./Castlewood	20,444,980
JEH Re/John Hancock Mutual	99,050
New England Re	-
North America	32,953
North Star Re	4,363
Partner Re of NY	-
Pennsylvania Manufacturer's	21,366
Praetorian	617,209
Reliastar Life (Minnesota)	2,374,268
ReliaStar Life (UK)	-
Scor Re	751,320
Scor Re (IL) (All State)	7,170,039
Security of Hartford-	1,408
St. Paul Re	3,058,099
Swiss Re America	58,377
Toa Re Co. of America	17,337
Transatlantic Re	1,427,068
Transatlantic Re (LDG Re-SRD)	2,424,362
Travelers Indemnity	15,306
Travelers/Phoenix	20,133
Trustmark	10,254,790
United Republic Re (in Liquidation)	10,866
US Life	83,956,217
Workers Comp Alternative Facility (LDG Re)	7,238,913
Zurich Re (UK) Ltd./Benfield Ltd.	158,548
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Total at June 30, 2010	161,044,619
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Disputed - US Life	(83,956,217)
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<b>Net Ceded Case Reserves</b>	<b>77,088,402</b>

# **EXHIBIT C**

**Exhibit C**  
**SUPERIOR NATIONAL INSURANCE COMPANIES IN LIQUIDATION**  
**Ceded IBNR by Reinsurers**  
**June 30, 2010**

US Life	68,056,221
All Other Treaties (In Process of Review)	63,520,771
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<b>Total at March 31, 2010</b>	<b>131,576,992</b>
Disputed - US Life	(68,056,221)
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<b>Net Ceded IBNR</b>	<b>63,520,771</b>

# **EXHIBIT D**

**Exhibit D**  
**COMPUTATION OF DIFFERENCES IN AMOUNTS OF PAID LOSS**  
**RECOVERABLES (NET OF PREMIUM PAYABLES)**  
**BETWEEN THE SEPTEMBER 2010 AND JUNE 2010**  
**STATUS CONFERENCE REPORTS**

**Paid Loss Recoverables (Net of Premium Payables)**

\$ (341,603,186) Decrease in paid loss recoverables (net of premium payables) computed as follows:

New Billings	\$ 2,798,462
Less: Collections	\$ (344,401,647)
<b>Increase</b>	<b>\$ (341,603,185)</b>

**Net Balance Due**

\$ (552,649) Decrease in net balance due computed as follows:

New Billings	\$ 680,437
Less: Collections	\$ (1,233,083)
<b>Increase</b>	<b>\$ (552,646)</b>



# **EXHIBIT E**

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9 Attorneys for Petitioner  
UNITED STATES LIFE INSURANCE COMPANY

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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES LIFE INSURANCE  
COMPANY,

Petitioner,

vs.

SUPERIOR NATIONAL INSURANCE  
COMPANY, SUPERIOR PACIFIC  
CASUALTY COMPANY,  
CALIFORNIA COMPENSATION  
INSURANCE COMPANY,  
COMMERCIAL COMPENSATION  
INSURANCE COMPANY, and  
COMBINED BENEFITS INSURANCE  
COMPANY,

Respondents.

And consolidated related action.

Case No. CV 07-00850 VBF (JTLx)  
Case No. CV 07-01458 VBF (JTLx)  
[Consolidated Cases]

Hon. Valerie Baker Fairbank

**STIPULATION ACKNOWLEDGING  
SATISFACTION OF JUDGMENT BY  
US LIFE AND WITHDRAWING  
MOTION FOR ORDER  
IDENTIFYING APPLICABLE RATE  
OF POST-JUDGMENT INTEREST  
[DKT. NO. 58]**

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Petitioner United States Life Insurance Company ("US Life") and Respondents Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Commercial Compensation Insurance Company and Combined Benefits Insurance Company ("SNICIL"), hereby stipulate as follows:

1. On June 25, 2007, a judgment was entered in the above-captioned actions in favor of SNICIL against US Life (the "Judgment"). SNICIL hereby acknowledges full and complete satisfaction of US Life's obligations pursuant to the Judgment, including full and complete satisfaction of all interest payment obligations.

2. The parties agree that US Life's pending Motion for Order Identifying Applicable Rate of Post-Judgment Interest and Confirming Satisfaction of Judgment [Dkt. No. 58] (the "Motion") has been rendered moot in light of the parties' agreement that US Life has satisfied the Judgment, including all interest payment obligations. Accordingly, because US Life and SNICIL agree that no open issues remain concerning the applicable rate of post-judgment interest, US Life hereby withdraws the Motion without costs to either party.

Dated: July 26, 2010

EDMUND G. BROWN JR.  
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W. DEAN FREEMAN  
FELIX E. LEATHERWOOD  
Supervising Deputy Attorneys General

By   
\_\_\_\_\_  
Lisa W. Chao  
Deputy Attorney General  
Attorneys for  
SUPERIOR NATIONAL INSURANCE  
COMPANIES IN LIQUIDATION

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SIMPSON THACHER & BARTLETT LLP

By Deborah Stein  
Deborah L. Stein

Attorneys for Petitioner  
UNITED STATES LIFE INSURANCE  
COMPANY



**SERVICE LIST**

*United States Life Insurance Company v. Superior National  
Insurance Company et al., USDC, C.D. Case No CV 07-00850*

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# **EXHIBIT F**

Insurance Commissioner of the State of California  
Conservation & Liquidation Office

**CONSOLIDATED SUPERIOR NATIONAL ESTATES**  
**STATEMENT OF ASSETS AND LIABILITIES IN LIQUIDATION**  
As of June 30, 2010

	Cal Comp	Combined Benefits	Superior Natl	Superior Pacific	Commercial Comp	TOTAL
<b>ASSETS</b>						
Cash and cash equivalents:						
Restricted	508,800	-	-	-	-	508,800
Participation in pooled investments	261,047,200	7,972,800	100,229,800	9,300,600	35,860,800	414,411,200
Non-pooled short-term investments:						
Restricted	116,400	229,700	-	-	-	346,100
Accrued investment income	275,200	10,300	88,200	24,400	29,600	427,700
Statutory deposits held by other states	785,900	-	320,500	-	632,900	1,739,300
Funds held by guaranty associations	-	-	10,741,900	-	225,100	10,967,000
Recoverable from reinsurers - paid	13,716,800	1,836,300	9,942,300	(237,200)	5,250,200	30,508,400
Recoverable from reinsurers - case reserves	61,607,000	2,147,200	63,951,700	19,170,300	14,168,400	161,044,600
Recoverable from reinsurers - IBNR	85,531,500	2,453,600	24,389,500	11,262,300	7,940,000	131,576,900
Salvage and subrogation recoverable	3,000	-	20,200	-	1,200	24,400
<b>Total Available Assets</b>	<b>423,591,800</b>	<b>14,649,900</b>	<b>209,684,100</b>	<b>39,520,400</b>	<b>64,108,200</b>	<b>751,554,400</b>
<b>LIABILITIES</b>						
Secured claims <sup>Note 1</sup>	21,803,000	203,600	4,974,900	72,300	1,116,100	28,169,900
Accrued administrative expenses <sup>Note 2</sup>	26,000	500	12,800	500	466,400	506,200
Claims against policies, including guaranty associations, before distributions	1,951,532,200	34,121,400	850,655,800	215,814,900	138,429,900	3,190,554,200
Early access and other Class 2 distributions	(575,883,600)	(21,480,400)	(261,703,100)	(30,594,300)	(53,849,900)	(943,511,300)
All other claims	119,715,600	4,767,800	28,764,600	62,526,000	13,521,900	229,295,900
<b>Total Estimated Liabilities</b>	<b>1,517,193,200</b>	<b>17,612,900</b>	<b>622,705,000</b>	<b>247,819,400</b>	<b>99,684,400</b>	<b>2,505,014,900</b>
<b>NET ASSETS (DEFICIENCY)</b>	<b>(1,093,601,400)</b>	<b>(2,963,000)</b>	<b>(413,020,900)</b>	<b>(208,299,000)</b>	<b>(35,576,200)</b>	<b>(1,753,460,500)</b>

<sup>Note 1</sup> Includes \$28 million for SNTL lien, pursuant to an approved court order dated May 7, 2003.

<sup>Note 2</sup> Does not include expenses for final distribution and related closing activities.



**DECLARATION OF SERVICE BY U.S. MAIL**

Case Name: **Insurance Commissioner v. Superior National Insurance Co.**

Case No.: **BS 061974 (Los Angeles Superior Court- Central Civil West)**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 300 South Spring Street, Suite 1702, Los Angeles, CA 90013.

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 **September 29, 2010**, I served the attached

**LIQUIDATOR'S FURTHER STATUS CONFERENCE STATEMENT  
FOR LEAD CASE**

by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Mail at Los Angeles, California, addressed as follows:

**SEE ATTACHED SERVICE LIST**

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 **September 29, 2010**, at **Los Angeles, California**.

\_\_\_\_\_  
Evelyn Mendoza  
Declarant

\_\_\_\_\_  
*Evelyn Mendoza*  
Signature

**SERVICE LIST**

**CASE: INSURANCE COMMISSIONER v. SUPERIOR NATIONAL  
INSURANCE COMPANY and CONSOLIDATED PROCEEDINGS**  
**CASE NO: BS 061974**

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